

WASHINGTON, D.C. April 24, 2009

TO: NCSJ Leadership and Interested Parties

**FROM: Richard Stone, NCSJ Chairman;
Alexander Smukler, NCSJ President;
Mark B. Levin, NCSJ Executive Director**



In Brief: NCSJ at Remembrance Events

Dear Friend,

I participated in two significant and meaningful commemorative events this week.

On Thursday, I joined a diverse group of Americans at the annual Holocaust Days of Remembrance ceremony in the U.S. Capitol Rotunda. This year, with President Obama and Nobel Laureate Eli Wiesel as the featured speakers, seemed particularly poignant. The President spoke about confronting evil; part of the responsibility for the Holocaust, he said, rests on the shoulders of those who saw what was happening but did nothing. Professor Wiesel in his remarks, applauded President Obama's decision to not have the U.S. participate in this week's UN Conference on Racism (Durban II), which featured Iranian President Mahmoud Ahmadinejad, and as predicted, degenerated into anti-Zionist hatemongering. Wiesel had just returned from the site of the conference, and spoke about the counter-conference he and others organized.

Today, I was privileged to represent NCSJ at a service at Arlington National Cemetery commemorating the meeting of U.S. and Red Army forces on April 24, 1945, at the Elba River. This annual ceremony brings together American and Russian World War II veterans, current military personnel, U.S. and Russian government officials, and diplomats from almost all the countries of the former Soviet Union. There was much good spirit, and expressions of hope that the U.S.-Russian relationship is headed in a more positive direction.

Much has happened in the FSU region since my last update: the U.S. and Russian governments announced the dates for President Obama's visit to Moscow (July 6-8); Ukraine received additional financial assistance from the IMF, the Moldovan Constitutional Court certified the ruling party's victory and anti-government demonstrations continue in Georgia. We have included articles on all of these events.

Lastly, I want to remind everyone that NCSJ's next Board of Governors meeting, on Tuesday, June 9 from 10:00 a.m. to 1:00 p.m., at our offices in Washington. We will focus on the upcoming summit and current conditions that affect the Jewish communities of the former Soviet Union.

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. April 24, 2009

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

1. *Ukrainian Holocaust memorial vandalized; Ukrainian Jewish, Muslim leaders meet; Sharansky is pick for Jewish Agency; St. Petersburg Jews Mark Holocaust Remembrance Day*
Briefs, April 19-22, 2009
2. *I.M.F. to Release Second Part of a \$16.4 Billion Loan to Ukraine*
By Andrew E. Kramer
New York Times, April 18, 2009
3. *Tajik Jewish Community Gets New Synagogue*
By Farangis Najibullah
RFE/RL, April 7, 2009
4. *Latvia struggling to meet terms of bailout: IMF*
AFP, April 18, 2009
5. *Potemkin Country*
By George F. Will
Washington Post, April 19, 2009
6. *A Coup for the Kremlin*
By Owen Matthews and Anna Nemtsova
Newsweek, April 27, 2009
7. *Communist victory confirmed in Moldova poll recount*
Reuters, April 21, 2009
8. *Russia Not At NATO Mtg Over Georgia Exercises*
AFP, April 20, 2009
9. *Crisis or Not, Russia Will Build a Bridge in the East*
By Clifford J. Levy
New York Times, April 21, 2009
10. *Russia to Free Oil Magnate's Former Lawyer*
By Michael Schwartz
New York Times, April 22, 2009
11. *Medvedev reaches out to Russia's unruly bloggers*
AFP, April 22, 2009
12. *Russian Communists honor Soviet founder Lenin*
By Mansur Mirovalev
AP, April 22, 2009

13. *Do not expect massive strategic offensive reductions - Russian diplomat*
Interfax, April 21, 2009
14. *Russia moves troops closer to Georgia's capital*
By Lynn Berry
AP, April 21, 2009
15. *Georgia's Saakashvili, Ex-Allies Clash; Protests Enter 14th Day*
By Helena Bedwell
Bloomberg, April 22, 2009
16. *Medvedev conducts "liberal" public relations campaign amid rising unemployment*
By Yury Zarakovich
Jamestown Foundation Eurasia Daily Monitor, April 22, 2009
17. *Putin gives banks, borrowers a boost*
By Catarina Stewart
AP, April 22, 2009
18. *Diplomats make end run with early ratification of final Durban document*
By Michael J. Jordan
JTA, April 21, 2009
19. *Determined to thwart a repeat of 2001, pro-Israel groups fight hard at Durban II*
By Michael J. Jordan
JTA, April 23, 2009
20. *Despite forecasts, cold front lingers over US-Russia relations*
By Fred Weir
Christian Science Monitor , April 22, 2009
21. *Obama Pays Tribute to Holocaust Victims*
By Kent Klein
Voice of America, April 23, 2009
22. *At Capitol, Obama Reflects on Lessons of Holocaust*
By Michael A. Fletcher
Washington Post, April 23, 2009
23. *Russia, US to hold "unprecedented" talks on economy*
By Gleb Bryanski
Reuters, April 23, 2009

#1a

Ukrainian Holocaust memorial vandalized JTA, April 19, 2009

KIEV, Ukraine – A Holocaust monument was vandalized in southern Ukraine.

Swastikas and anti-Semitic graffiti were smeared in paint on the Holocaust memorial near the village of Voskresensk, in the Nikolayevsky region, where some historians say more than 8,000 Jews were murdered in 1941.

The graffiti, which included “Death to Jews,” were painted in German and Russian. Representatives of local authorities washed off the graffiti.

The vandalism occurred sometime in early April but was first reported Friday. Local Jews said it was unclear if it was act of anti-Semitism or hooliganism.

“The atmosphere is rather calm in Nikolayev region and this is the first act of vandalism in recent months,” Mikhail Goldenberg, chair of the Regional Jewish Community, told JTA. “I believe this is hooliganism.”

Jewish leaders said local police are investigating.

Law enforcement agencies still have not found the vandals who damaged a monument in Nikolayev in February in honor of the late Lubavitcher rebbe Menachem Mendel Schneerson, who died in 1994.

#1b
Ukrainian Jewish, Muslim leaders meet
JTA, April 19, 2009

KIEV, Ukraine - Jewish and Muslim leaders in Ukraine agreed to hold an interfaith conference later this year.

The leaders met Thursday to discuss having more interfaith contact and joint efforts to counteract religious extremism and hate crimes in Ukraine.

Ukrainian lawmaker Alexander Feldman, leader of the Ukrainian Jewish Committee, and Sheik Akhmed Tamim, the country's mufti and head of the Spiritual Directorate of Muslims in Ukraine, met in Kiev.

“Jewish and Muslim communities and organizations should develop mutual understanding and protect themselves against such ultra-right parties as Svoboda, headed by Oleg Tyagnybok,” said Feldman.

Tamim spoke about the importance of developing Muslim-Jewish-Christian dialogue in Ukraine and counteracting extremism together.

The Ukrainian Jewish Committee organized the meeting.

#1c
Sharansky is pick for Jewish Agency
JTA, April 19, 2009

JERUSALEM -- Natan Sharansky is Israeli Prime Minister Benjamin Netanyahu's choice to head the Jewish Agency.

Netanyahu will recommend to the Jewish Agency Board of Governors that the former prisoner of Zion be appointed as the agency's next chairman, according to a statement from the Prime Minister's Office released Saturday night.

Sharansky, 61, now heads the Adelson Institute for Strategic Studies at the Shalem Center Institute for International and Middle East Studies in Jerusalem.

Sharansky has served as a minister in several Israeli governments. He was awarded the Presidential Medal of Freedom by U.S. President George W. Bush in 2006.

#1d
St. Petersburg Jews Mark Holocaust Remembrance Day
RFE/FL, April 22, 2009

ST. PETERSBURG -- St. Petersburg's Jewish community has observed Yom Hashoah or Holocaust Remembrance Day, RFE/RL's Russian Service reports.

Aleksandr Frenkel, the director of the Jewish Community Center in St. Petersburg, told RFE/RL that Holocaust Remembrance Day is marked each year on the 27th of the month of Nissan according to the Jewish calendar, which this year is April 21.

Frenkel said this year's Yom Hashoah coincides with the 66th anniversary of the Jewish armed resistance to Nazi troops in the Warsaw Ghetto.

More than 120 survivors of the Nazi concentration camps gathered at St. Petersburg's Jewish Cultural House, and special morning events were held at the city's Jewish schools and synagogues.

There are estimated to be a few hundred thousand Jews in Russia, down from more than 1 million in 1989.

#2

I.M.F. to Release Second Part of a \$16.4 Billion Loan to Ukraine By Andrew E. Kramer New York Times, April 18, 2009

MOSCOW — The International Monetary Fund agreed on Friday to release the second portion of a \$16.4 billion loan to Ukraine that had been delayed over a disagreement on the budget, easing concerns that the country's finances would unravel into a default.

The loan's second installment had been delayed two months because Prime Minister Yulia V. Tymoshenko had declined to cut a budget deficit that the I.M.F. says is equal to 4 percent of the gross domestic product but that the Ukrainian government says is closer to 3 percent.

On this important point, the I.M.F. softened its objections. It agreed to the budget deficit, citing as justification the deepening recession in the country and the need for government spending on one hand, and signs that inflation is falling on the other.

For Ms. Tymoshenko, who is likely to run for president this year, the decision was an important victory on a critical point of economic policy. Despite mounting pressure from the West and within Ukraine, she had held out on the need to maintain social spending such as on pensions, which would be unpopular to cut before an election. The I.M.F. had signaled that it might withhold its lending if the deficit were not reduced. Her main rival, President Viktor A. Yushchenko, had supported a balanced budget.

"Today we received a positive signal concerning Ukraine's stability and solvency, and I am convinced it will be an additional signal for investors to come here," Ms. Tymoshenko said in Kiev, the capital, The Associated Press reported.

In a compromise, the cabinet pared some public spending and overhauled utility tariffs to meet I.M.F. demands. Because these changes were rejected by the Parliament, the government passed them by decree on Tuesday. Mr. Yushchenko also approved this procedure.

Ceyla Pazarbasioglu, the head of the I.M.F. mission to Ukraine, said the agreement would "pave the way for an early return to sustainable economic growth."

The I.M.F. first agreed to the loan last fall on the condition that Ukraine run a balanced budget, and it swiftly disbursed \$4.5 billion. The next disbursement was due in February. But by then Ms. Tymoshenko had insisted on the deficit, and the I.M.F. declined to negotiate the release of the second portion. Ms. Tymoshenko responded with a gambit: she appealed to Russia and other foreign governments for multibillion-dollar bilateral loans to finance the deficit in a noninflationary manner. That would have met the I.M.F.'s requirements and allowed the deficit.

Gregori N. Perepelitsa, director of the Foreign Policy Research Institute in Kiev, said already sharp concern in the West about Russia's mounting influence in former Soviet states may have tipped the I.M.F.'s board members, mostly drawn from Western governments, to signal approval for the loan in spite of the deficits. The I.M.F.'s statement on Friday said only that the deficit was acceptable "in line with available financing," without specifying the source of that financing.

#3

Tajik Jewish Community Gets New Synagogue

By Farangis Najibullah

RFE/RL, April 7, 2009

The small Jewish community in the Tajik capital, Dushanbe, has a special reason to celebrate during the spring holiday of Passover, which begins on April 8. After nearly a year without a place of worship, the congregation has received a new building to use as a synagogue.

The building has yet to be consecrated as a synagogue by Dushanbe's chief rabbi, which is expected to happen on May 1, but the handover of the property has already taken place.

The two-story house, with pale pink walls and elegant marble detailing, replaces Dushanbe's old synagogue, which was bulldozed a year ago as part of an urban renovation plan pushed through by city authorities.

The new building, located on Dushanbe's elite Ozodii Zanon Street, was donated to the city's Jewish community by Hasan Assadullozoda, the head of Tajikistan's Orient-Bank and a brother-in-law of President Emomali Rahmon.

Dushanbe's chief rabbi, Mikhail Abdurahmonov, says he was enthusiastic about the new building. "After being deprived of a place to worship for nearly a year, everyone in the community is delighted to have a synagogue once again," Abdurahmonov says.

The decision in 2008 to tear down Dushanbe's only synagogue provoked an angry outcry from regional and international Jewish groups, as well as from organization like UNESCO.

The 100-year-old building was demolished along with a large tract of family homes in order to make way for the construction of a luxurious presidential palace.

Home To A Community

The old synagogue was more than just a place of worship for Dushanbe's dwindling Jewish community. It also functioned as a community center where people gathered for cultural events, to celebrate important days on the Jewish calendar, or simply to meet with friends.

The city's Jewish poor were also welcomed there to receive free food and financial support donated by foreign Jewish organizations.

The old synagogue also held great historic significance for Tajik Jews, as a reminder of a time when the country's Jewish culture and traditions were flourishing.

There were an estimated 15,000 Jews living in Tajikistan before the breakup of the Soviet Union, but many of them have since left the Muslim-majority country, resettling in Israel, the United States, and Europe. The community has now dwindled to only a few hundred people, many of them elderly and poor.

At the time of the synagogue's construction, in the early 1900s, Dushanbe was home to two Jewish quarters. For years, the old synagogue was home to a Hebrew-language library and Hebrew classes.

At the new synagogue, those cultural and religious services will resume, Rabbi Abdurahmonov says. "The synagogue is a place where Jews get together. It's a place to organize cultural events, and it's a space where everything takes place in accordance with the Jewish way of life," he says.

"People used to bring their children here, and they will do so again. Children would learn from their parents, they would repeat [the traditions] after their parents, and they would learn Jewish lifestyle and history," Abdurahmonov says.

The new synagogue has already begun distributing kosher food ahead of Passover celebrations this week, commemorating the story of Jewish liberation from slavery in Egypt.

#4 Latvia struggling to meet terms of bailout: IMF AFP, April 18, 2009

RIGA — Latvia is facing a tough task meeting the terms of an International Monetary Fund-led bailout in the face of an ever-deepening recession, the IMF said Friday.

"Program implementation is proving challenging, especially in the fiscal area, while sharper-than-expected adjustment presents new risks and challenges," the IMF said in a report.

Meeting budget deficit targets may prove to be "extremely challenging" for Riga, warned the report, which was prepared in February but released Friday.

Recession casualty Latvia has been progressively tightening its belt to try to meet the requirements of a 7.5-billion-euro (9.7-billion-dollar) rescue package approved in December by the IMF and other lenders including the EU.

It has already received some 1.6 billion euros but two weeks ago failed to get a 200-million-euro tranche from the IMF because it was deemed not to have done enough.

Under terms of the bailout, the centre-right government is meant to bring its public deficit below five percent of gross domestic product.

Riga had unsuccessfully pleaded for some leeway as it slashed public spending -- including public sector pay, which sparked mass street protests -- and is trying to make still deeper cuts in June.

On Thursday, Finance Minister Einars Repse said "everything is pointing" to Latvia missing out on a payment of 1.7 billion euros from the EU unless it slashes spending by another 40 percent.

Prime Minister Valdis Dombrovskis has warned that Latvia may face bankruptcy if it fails to get the funds by June.

The IMF also pointed to concerns about political instability that could upset the drive to meet the terms of the bailout.

Its report was prepared shortly after Dombrovskis' embattled centre-right predecessor, Ivars Godmanis, resigned. Dombrovskis was confirmed in office in March.

With municipal elections looming on June 6, the government's room for manoeuvre is limited, the IMF said.

Latvia won independence from the crumbling Soviet bloc in 1991 and gained a reputation as an economic success story in the European Union, which it joined in 2004.

The economy of the country of 2.3 million people grew 11.9 percent in 2006 and 10.2 percent in 2007. But output fell 4.6 percent in 2008 and the government forecasts it will shrink 13.0 percent this year.

As the economy withered, the government in November nationalised the country's largest locally-owned bank, Parex, after masses of jittery customers withdrew their cash.

Overall, bank profits in Latvia fell 80 percent in 2008, the IMF said.

#5

Potemkin Country

By George F. Will

Washington Post, April 19, 2009

America's "progressive" president has some peculiarly retro policies. Domestically, his reactionary liberalism is exemplified by his policy of No Auto Company Left Behind, with its intimated hope that depopulated Detroit, where cattle could graze, can somehow return to something like the 1950s. Abroad, he seems to yearn for the 1970s, when the Soviet Union was rampant and coping with it supposedly depended on arms control.

Actually, what was needed was not the chimera of arms control but Ronald Reagan's renewal of the arms race that helped break the Soviet regime. The stately minuet of arms negotiations helped sustain U.S. public support for the parallel weapons spending.

Significant arms agreements are generally impossible until they are unimportant. Significant agreements are those that substantially alter an adversarial dynamic between rival powers. But arms agreements never do. During the Cold War, for example, arms negotiations were another arena of great-power competition rather than an amelioration of that competition.

The Soviet Union was a Third World nation with First World missiles. It had, as Russia still has, an essentially hunter-gatherer economy, based on extraction industries -- oil, gas, minerals, furs. Other than vodka, for what manufactured good would you look to Russia? Caviar? It is extracted from the fish that manufacture it.

Today, in a world bristling with new threats, the president suggests addressing an old one -- Russia's nuclear arsenal. It remains potentially dangerous, particularly if a portion of it falls into nonstate hands. But what is the future of the backward and backsliding kleptocratic thugocracy that is Vladimir Putin's Russia?

Putin -- ignore the human Potemkin village (Dmitry Medvedev) who currently occupies the presidential office -- must be amazed and amused that America's president wants to treat Russia as a great power. Obama should instead study pertinent demographic trends.

Nicholas Eberstadt's essay "Drunken Nation" in the current World Affairs quarterly notes that Russia is experiencing "a relentless, unremitting, and perhaps unstoppable depopulation." Previous episodes of depopulation -- 1917-23, 1933-34, 1941-46 -- were the results of civil war, Stalin's war on the "kulaks" and collectivization of agriculture, and World War II, respectively. But today's depopulation is occurring in normal -- for Russia -- social and political circumstances. Normal conditions include a subreplacement fertility rate, sharply declining enrollment rates for primary school pupils, perhaps more than 7 percent of children abandoned by their parents to orphanages or government care or life as "street children." Furthermore, "mind-numbing, stupefying binge drinking of hard spirits" -- including poisonously impure home brews -- "is an accepted norm in Russia and greatly increases the danger of fatal injury through falls, traffic accidents, violent confrontations, homicide, suicide, and so on." Male life expectancy is lower under Putin than it was a half-century ago under Khrushchev.

Martin Walker of the Woodrow Wilson Center in Washington, writing in the Wilson Quarterly ("The World's New Numbers"), notes that Russia's declining fertility is magnified by "a phenomenon so extreme that it has given rise to an ominous new term -- hypermortality." Because of rampant HIV/AIDS, extreme drug-resistant

tuberculosis, alcoholism and the deteriorating health-care system, a U.N. report says "mortality in Russia is three to five times higher for men and twice as high for women" as in other countries at a comparable stage of development. The report, Walker says, "predicts that within little more than a decade the working-age population will be shrinking by up to 1 million people annually." Be that as it may, "Russia is suffering a demographic decline on a scale that is normally associated with the effects of a major war."

According to projections by the United Nations Population Division, Russia's population, which was around 143 million four years ago, might be as high as 136 million or as low as 121 million in 2025, and as low as 115 million in 2030.

Marx envisioned the "withering away" of the state under mature communism. Instead, Eberstadt writes, the world may be witnessing the withering away of Russia, where Marxism was supposed to be the future that works. Russia, he writes, "has pioneered a unique new profile of mass debilitation and foreshortened life previously unknown in all of human history."

"History," he concludes, "offers no examples of a society that has demonstrated sustained material advance in the face of long-term population decline." Demography is not by itself destiny, but it is more real than an arms control "process" that merely expresses the liberal hope of taming the world by wrapping it snugly in parchment.

#6

A Coup for the Kremlin

Georgians want better relations with Russia, which won't bend till Saakashvili goes. He may have to.

By Owen Matthews and Anna Nemtsova

Newsweek, April 27, 2009

Five years ago, tens of thousands of Georgians took to the streets to overthrow a corrupt, pro-Russian government and put a bright, young, American-educated lawyer into power. It was a heady and hopeful time—not just for Georgia, but for a swath of post-Soviet countries that had gained nominal independence but were still mired in crony capitalism and political dependence on Moscow. Georgia's new leader, Mikheil Saakashvili, was "energetic, well educated—he liked to take risks," remembers Nino Burzhanadze, one of his closest allies during the Rose Revolution. "He had 100 percent support in his country and practically 100 percent support in the West—no other president in the world has ever had the chances that President Saakashvili had."

Now Saakashvili's pro-Western project, which included joining NATO, creating an open society, weeding out corruption and reforming the economy, is coming apart. In early April thousands of demonstrators gathered again in Tbilisi, this time not to support the president but to demand his resignation. They threw rabbit food at the presidential residence and called Saakashvili a coward for losing last summer's war against Russia, and said he brought disaster on Georgia's head by arrogantly confronting its big neighbor. Popular disgust with the war has become a trap for Saakashvili, with the vast majority of Georgians saying they want better relations with Russia, and Moscow saying that won't happen while Saakashvili is still in power. That may not be much longer. Since the war ended, Saakashvili's popularity rating has slipped from 80 percent to 30 percent, and poor relations with Russia have made the economic downturn particularly painful. Three years ago, Russia began to cut off the trade in wine and agricultural goods from Georgia, and it completely stopped cross-border trade after the war, translating into a 70 percent drop in Georgian exports. Foreign investment has also plummeted, from \$525 million in the second quarter of 2008 to \$188 million in the fourth quarter.

Signs of Saakashvili's struggle to make good on his economic promises are everywhere. In Kutaisi, Georgia's second-biggest city (population: 200,000), the narrow, pedestrian, cobblestoned streets of the city center resemble Tallinn, Estonia, with freshly painted buildings, boutique cafes and restored churches, but tap water runs for less than three hours every other day and the city's Soviet-era factories went bankrupt in the 1990s. "Look behind the bright facade and you will see how rotten and poor our city is," says Tsisfer Kansheli, a former factory manager.

More worryingly for Saakashvili, many are now speaking nostalgically of the days of free trade with Moscow. "My family sold fruit and vegetables to Russia for decades—we want to have the border open for trade again," says Bela Banzeladze, an unemployed exporter. At Gori State University, students worried that Saakashvili had put too much faith in the West. "Was our president wrong by choosing his strategic partners?" wonders Edgar Khasakhashvili, a law student and an ethnic-Georgian refugee from South Ossetia.

Saakashvili is feeling increasingly isolated. Georgian officials seem unnerved by the Obama administration's offer to "reset" relations with Moscow—and its perceived retreat from support for Georgia's entry into NATO. Last week Georgian officials met with U.S. Secretary of State Hillary Clinton, who confirmed U.S. plans to deepen cooperation with Georgia on military training. Meanwhile, the U.S. Congress is set to approve \$242.5 million in aid this month, but U.S. subsidies won't substitute for full trade relations with Russia—something Russian President Dmitry Medvedev has made clear won't happen while Saakashvili is in power.

Georgia today is still more liberal and economically stronger than many of its neighbors. But for his own sake, if nothing else, Saakashvili will have to find a way to defuse the political tensions. After all, Georgians don't want a leader who sacrifices his country's prosperity and security for the sake of an infatuation with NATO and the West. They want a pragmatist who can cut deals when they're needed, and reopen trade with Russia. Saakashvili will have to work hard to convince his people that he is that man.

#7

**Communist victory confirmed in Moldova poll recount
Reuters, April 21, 2009**

CHISINAU - Moldova's ruling Communist party was again declared the winner on Tuesday in the ex-Soviet state's disputed parliamentary election in a recount ordered after violent protests against the initial result.

Iurie Ciocan, Secretary of the Central Election Commission, said the results differed little from the original figures issued after the April 5 election giving the Communists just short of 50 percent of the vote.

"The difference between the recount and original count is not significant," Ciocan told reporters after a Commission meeting.

He read out figures showing the Communists far ahead with more than 760,000 votes of 1.556 million cast. He gave no percentage figures, but said the relative standings of the parties would be unchanged.

The recount must still be confirmed by the Constitutional Court, which ordered the recount at the request of Communist President Vladimir Voronin.

The original figures gave the Communists, in power since 2001, 60 of 101 seats, one short of the number needed to elect their candidate when the assembly elects a new president.

Voronin has been in power since 2001 and cannot stand for a third term, but says he wants to retain a decision-making role. He called for the recount after protesters denouncing the vote as rigged ransacked the president's offices and parliament.

Voronin accused opposition parties of trying to stage a coup and said neighboring Romania had fomented the violence. But he said the recount could restore trust in the country of 4 million wedged between Ukraine and EU member Romania.

Opposition parties, broadly pro-Romanian in outlook, said they would mount a legal challenge to the recount.

"We, the three opposition parties, will challenge the result in the Chisinau Court of Appeal. We do not agree with it," said Nicolae Railean of the Our Moldova party.

The three parties scored a combined total of 35.34 percent in the original count and won 41 seats.

#8

**Russia Not At NATO Mtg Over Georgia Exercises
AFP, April 20, 2009**

MOSCOW -- Russia will pull out of a meeting with senior North Atlantic Treaty Organization military officials to protest about "provocative" war games that the alliance plans to hold in Georgia, Moscow's NATO envoy was quoted as saying Monday.

"If there will be no reaction (to a Russian complaint about the exercises) we will take certain measures," envoy Dmitry Rogozin said in an interview with Vesti-24 television, quoted by the Interfax news agency.

"I can reveal one of them now: the meeting of the commanders of the general staffs of Russia and NATO, planned for May 7, will not take place," he said.

Rogozin blasted the exercises as "provocative" but didn't say whether Moscow would scuttle a meeting of the NATO-Russia Council - the highest-level body linking Russia and the alliance - expected to take place in May or June.

Russia and Georgia have been at loggerheads since fighting a brief war in August and Moscow has been extremely wary of any cooperation between NATO and the pro-Western government in Tbilisi.

"From Russia's point of view, and from Georgia's point of view, and from the viewpoint of world affairs, such war games carry a clearly provocative character," Rogozin said.

In Brussels, NATO said that it hadn't been informed about Russia's plan to cancel the meeting of top military personnel and that it would push on with the exercises in Georgia.

"As far as NATO is concerned, nothing has changed. The chiefs of defense meeting will take place and Russia remains invited. It is their decision to attend or not," a NATO spokesman said.

The exercises, which have been planned since the spring of 2008, were originally expected to involve 1,300 personnel from 19 NATO and partner countries.

Earlier Monday, Russia's ally Kazakhstan, a partner in NATO's Partnership for Peace programme, pulled out of the exercises, which are to be held at a training center 20 kilometers east of Tbilisi.

"Planning for the exercise - of which Russia have been fully informed since planning began a year ago - continues," the NATO spokesman said.

He said that the meeting of top NATO and Russian officials is an "informal meeting for them to prepare future engagements."

Formal high-level contacts between Russia and NATO only resumed recently after being frozen by NATO in the wake of last summer's war in Georgia.

Analysts said the exercises come at an awkward time, given that Moscow's relations with the West have been improving since the inauguration of U.S. President Barack Obama.

Russian President Dmitry Medvedev has called the exercises a "dangerous decision" that would threaten Moscow's relations with NATO.

Georgian Foreign Minister Grigol Vashadze, speaking at a press conference in Stockholm on Monday, said it was his country's right as a sovereign state to host the exercises.

"I am not very much interested in Russia's reaction to those exercises because it is a constitutional and sovereign right of Georgia to hold exercises...together, with whom ever it pleases us," Vashadze said.

#9

Crisis or Not, Russia Will Build a Bridge in the East

By Clifford J. Levy

New York Times, April 21, 2009

VLADIVOSTOK, Russia — Here on Russia's eastern edge, seven time zones from Moscow, a huge project is beginning to take shape. Two miles worth of steel and cable will connect the mainland to a small island where there is not much besides a few thousand residents, some age-old ice fishing grounds and patches of locally prized curative herbs.

The comparison, of course, is hard to shake: the Kremlin is building its very own Bridge to Nowhere. And not even the financial crisis is putting a stop to it.

The government plans to spend well over \$1 billion on the span, which is to be one of the longest suspension bridges in the world, and at least \$6 billion on related projects in this thinly populated region, near China and North Korea.

The projects are supposed to spruce up Vladivostok to serve as the host for the Asian Pacific Economic Cooperation summit meeting in 2012, and come on top of another \$6 billion that the government is allocating for the 2014 Winter Olympics in the southern resort city of Sochi. The costs for both ventures are likely to soar because of inadequate planning and widespread corruption in Russia, officials acknowledged.

The government is pouring money into the Vladivostok and Sochi events despite acute pressure on the federal budget from the financial crisis and rising concerns about the overall neglect of infrastructure in Russia. Poor quality roads, ports, power plants and other facilities have long been a drag on the Russian economy, as any multinational company that tries to do business in the country can attest.

The spending looms large because the government has sharply cut the rest of the infrastructure budget in response to the financial crisis. As a result, the work in Vladivostok and Sochi is drawing criticism that the Kremlin is focusing on trophy projects that might burnish national pride, but will not yield long-term economic benefits.

"Obviously, this spending on Vladivostok and Sochi doesn't make any sense," said Ivan Tchakarov, chief economist for Russia at Nomura International, a securities firm. "If Russia wants to diversify from the oil and gas sector, the only way to create sustainable growth is to create real infrastructure — such as, for example, doing badly needed repairs to Russia's transport systems, including the dilapidated railway network, and spending on ports and the electricity grid."

Before the financial crisis, Prime Minister Vladimir V. Putin proposed a \$1 trillion program to modernize infrastructure, but those plans have been largely shelved, officials said, in favor of spending on social and employment programs, which are aimed at helping to soothe tensions in distressed parts of the country.

Financial analysts estimated that Russia spent roughly \$42 billion for infrastructure in 2008, about 13 percent of government spending. This year and next, however, that figure is expected to drop to 5 to 7 percent, they said, and that includes the outlays for Vladivostok and Sochi.

The Kremlin is eager to use the Vladivostok meeting in 2012 to demonstrate that Russia is as much an Asian power as a European one. Yet it seems highly unlikely that the region could turn into an economic engine in the near future.

It is thousands of miles from Russia's political and business core, and has less than 5 percent of the country's population. The region's manufacturing and maritime industries have been in steep decline since the Soviet Union's fall, while the area's population has plunged by 25 percent, to six million people from eight million.

Still, the government hopes to impress participants at the 2012 summit meeting by holding meetings on Russki Island off the coast of Vladivostok. It is currently reachable only by ferry.

In Soviet times, Vladivostok was closed to foreigners because it was deemed a strategic port, and the island was a secret military facility. Officials intend to build a conference center, hotels and a university campus there. Already worried about costs, they recently canceled plans for a medical center and a theater for opera and ballet in the city.

The government is also renovating Vladivostok's airport, and erecting a smaller bridge between two sections of the city to ease bottlenecks. Improvements will be made to water treatment and other facilities.

Yevgeny V. Khokholkov, a vice governor of the region, said federal investment was desperately needed to stem the flow of people abandoning the Far East for the European part of Russia. Mr. Khokholkov said the bridge to Russki Island and related projects would symbolize the country's commitment to Asia.

"The center of development in the world economy is shifting here," he said. "So it is important for Russia to develop this territory as much as we can."

Residents of Vladivostok have long complained about neglect from Moscow, but even some supporters of an increased federal role here question the wisdom of the summit meeting master plan.

"Without a doubt, it will do some good things for our city," said Alan V. Gutnov, an analyst at the Far Eastern Marine Research, Design and Technology Institute. "But personally, I believe that all that money could be spent more effectively if invested in the economy of the Far East. These projects won't create many jobs in the future."

On a visit to Russki Island in February, residents expressed ambivalence about the 2012 meeting, saying that they realized that the region was suffering economically, but that they worried that the projects would destroy the environment.

Standing on the deck of a ferry as it chugged through a channel in the ice, Natalya A. Andreyeva, 51, an emergency room doctor, said the island should be turned into a national park.

"Visitors seriously pollute the island," Dr. Andreyeva said. "Boatfuls arrive, and after that I personally myself will go and clean the beaches. It's terrible what happens. Why is it worth spending those billions? Good ferries and boats would be enough."

As the ferry approached Russki, the landscape changed.

All over the ice, heavily bundled people sat on chairs, holding small fishing rods above small holes in the surface. Some had been there many hours, as if there were no better pastime than staring into the horizon, bracing against the wind and hoping that a fish takes a bite.

Among them was Yuri T. Minayenko, 78, a retired driver who moved to Russki Island from Ukraine after the fall of Communism, looking to spend his final years here.

"I love the quiet," he said. "If they construct that, there will be more people, more problems, more cars, more commotion and everything else. I don't want that. As an old man, I want silence. That's all."

#10

Russia to Free Oil Magnate's Former Lawyer

By Michael Schwartz

New York Times, April 22, 2009

MOSCOW — A Moscow court granted early parole on Tuesday to a former lawyer for the Yukos Oil company, jailed as part of the government-backed prosecution of the company's former owner, Mikhail B. Khodorkovsky.

Svetlana Bakhmina, the lawyer and a mother of three, was halfway through a six-and-a-half-year prison sentence for embezzlement and tax evasion as deputy head of Yukos's legal department, and spent most of the last three years in a prison camp in the former Soviet Gulag town of Mordovia, 400 miles from Moscow.

Like the new trial of Mr. Khodorkovsky, under way in Moscow, Ms. Bakhmina's case has been seen by some human rights groups as a test for President Dmitri A. Medvedev, who has made promoting the rule of law and stamping out what he has termed "legal nihilism" a centerpiece of his presidency.

Ms. Bakhmina's imprisonment has long been denounced by human rights groups as politically motivated. But public calls for her release — including from prominent cultural figures and politicians like Mikhail S. Gorbachev — sharpened after she became pregnant in March 2008 during a furlough to visit her family. Almost 96,000 people have signed an online petition demanding that she be freed.

Ms. Bakhmina, 39, who already had two young sons, gave birth to a daughter in a prison hospital last November.

"The court took into consideration the fact that Bakhmina admitted her guilt, committed no rule violations during her time in prison and also that she has young children," Judge Irina Vyrysheva said, according to the Interfax news service.

The courtroom erupted in applause when the judge announced her decision, Interfax reported.

Ms. Bakhmina's lawyer, Roman Golovkin, said prosecutors were not planning to appeal the decision and he predicted that his client would be released in the next few days.

Russian news media have said that officials might be engineering Ms. Bakhmina's release in exchange for incriminating testimony against her former boss.

Mr. Golovkin said he was unsure whether Ms. Bakhmina would be called to testify in the second trial against Mr. Khodorkovsky.

On Tuesday, Mr. Khodorkovsky and his former business partner, Platon Lebedev, who is also on trial, pleaded not guilty to laundering more than \$20 billion and embezzling hundreds of millions of tons of oil, charges both defendants have called absurd.

#11

Medvedev reaches out to Russia's unruly bloggers AFP, April 22, 2009

Russian President Dmitry Medvedev praised the openness of the Internet on Wednesday as he made his debut on LiveJournal, a popular blogging community seen as an outpost of free speech in Russia.

"Lately the Internet has grown into a fully fledged self-regulating system, and one that strongly influences all aspects of our life. At the forefront are social networks and blogs," Medvedev said.

"Trying to regulate the Internet, to do this primitively, is very difficult. On the Internet one must act by its rules," he added, speaking in a video posted on his new LiveJournal blog.

The Russian version of LiveJournal is a freewheeling blogging community with a broad range of users including government critics rarely featured on Russia's state-dominated mainstream media.

Medvedev, a 43-year-old who claims to be an avid Internet user, first began blogging on the Kremlin's own website last year. But the move to LiveJournal could attract more visitors and provoke more online discussion.

Hundreds of comments poured into the blog in the hours after it started, including some mildly critical of the president.

"You are the president of a mighty nation, but the blog is rather boring," said one user, posting under the pseudonym zloy_volzhebnyk (Evil Magician).

Medvedev has recently called for greater government openness and granted an interview to an opposition newspaper, Novaya Gazeta, known for its fierce criticism of his predecessor, president-turned-premier Vladimir Putin.

Analysts meanwhile continue to question the extent to which Medvedev is prepared to push democratic reforms, especially given the continued influence of his mentor Putin.

#12
Russian Communists honor Soviet founder Lenin
By Mansur Mirovaley
AP, April 22, 2009

Russia's Communist Party leader left flowers at the tomb of Vladimir Lenin on the Soviet founder's 139th birthday Wednesday and pledged to resist any plans to remove Lenin's embalmed body from Moscow's Red Square.

Gennady Zyuganov led hundreds of supporters of the dwindling Communist Party in a procession on the square to commemorate the man they still call a great reformer.

The small gathering sharply contrasted with the massive Soviet-era cult of Lenin.

Zyuganov praised Lenin's role in "changing the history of mankind" and said implementation of Lenin's principles in politics and economy could have prevented the ongoing economic crisis.

Zyuganov said anyone intending to remove Lenin from the mausoleum will face a "proper rebuff." Polls say two thirds of Russians would like Lenin to be buried.

Lenin's body was embalmed and placed in the mausoleum just outside the Kremlin days after his death in 1924 - despite the protests of his family.

The Orthodox Church denounces the public display of his body and says it needs a "traditional" burial.

In 2001, then-President Vladimir Putin said he opposed the removal of Lenin's body because it might disturb civil peace. Putin's predecessor, Boris Yeltsin, strongly pushed for the removal, but was stopped by vigorous opposition from the Communist Party.

During Wednesday's procession, Zyuganov called on the government to allocate more funds to Russia's poor instead of supporting big corporations.

"Authorities still stuff money into banks that gambled their assets away at stock exchanges," he told reporters standing outside the mausoleum under a red Communist flag.

After the Soviet collapse, the Communist Party remained a significant force in Russian politics, and Zyuganov came within a hairsbreadth of being elected president in 1996. In 1999, the party held a quarter of the seats in the Russian parliament; now it has just 12 percent.

#13

Do not expect massive strategic offensive reductions - Russian diplomat Interfax, April 21, 2009

There are no grounds so far for a radical reduction of strategic offensive weapons, Russian Deputy Foreign Minister Sergey Ryabkov has said.

"I do not believe anything extraordinary is going to happen in terms of a reduction in these parameters. Prerequisites for this are not yet in place, and in my view there are no grounds today for speaking of such radical cuts," he said in an Interfax interview on Tuesday (21 April). The deputy minister was commenting on some experts' opinion that Russia and the USA could make a substantial cut in their nuclear potential, to 1,000 or even to several hundred items.

Asked whether Russia was ready to substantially reduce the arms "ceilings" to those figures, Ryabkov said: "1,000 or 500 items are not the figures that we hear from the Americans when they set out their official position." "Strictly speaking, one can hypothetically discuss any numerical parameters but one has to bear in mind that the lower we go in terms of numbers of warheads and delivery vehicles, the more seriously the questions to do with antimissile defence and the strategic offensive potential of other nuclear powers arise," he stressed.

According to the deputy minister, "the very logic of strategic stability makes each new step towards reducing potential more difficult." "Therefore one has to be realistic and not set clearly unachievable goals," Ryabkov said.

He declined to answer to what level Russia was then prepared to reduce its armaments, stressing that this would be one of the main issues at the negotiations with the US side. "Clearly it is totally impossible to give any figures now, let alone to do so publicly," the deputy minister said.

He recalled that, under the agreement between Moscow and Washington, the "ceilings" for delivery vehicles and warheads should be lower than the levels envisaged in the Moscow Treaty on Strategic Offensive Reductions (SORT). That treaty provided for a reduction to 1,700-2,200 warheads.

"As regards delivery vehicles, here we have the parameters of the START treaty, and they have long been surpassed. So, ultimately, one should simply look and see how far the parties are willing to go on," Ryabkov said.

"We are as yet at the earliest stage of discussion, and armament 'ceilings' are one of the key results of the whole process of negotiations," the senior diplomat stressed.

#14

Russia moves troops closer to Georgia's capital By Lynn Berry AP, April 21, 2009

AKHMAJI, Georgia -- At a military checkpoint between Georgia and its breakaway region of South Ossetia, the word "Russia" is hand-painted in pink on a concrete security barrier.

"It will be Russia," said a Russian army lieutenant as the Ossetian soldiers under his command nodded.

"And Georgia used to be Russian, too," said the young freckle-faced lieutenant, who would give only his first name, Sergei. Three armored personnel carriers and a tank were dug in around the checkpoint.

Russia has troops just 25 miles (40 kilometers) from the Georgian capital, in violation of the European Union-brokered cease-fire that ended last year's brief war. And in recent weeks, it has put even more soldiers and armored vehicles within striking distance of the city ahead of street protests against Georgia's president.

The protests, which began April 9, drew about 10,000 people Tuesday, and opposition leaders said they would continue daily until President Mikhail Saakashvili resigned.

The demonstrations have been fed by public anger over Georgia's humiliating defeat in the August war, which left Russian troops on previously Georgian-controlled territory and drove tens of thousands of Georgians from their homes.

By reinforcing its military presence at a time of potential political instability, Russia appears determined to maintain pressure on Saakashvili, whom Moscow has openly said must be replaced before relations can be repaired.

Georgia's Western-leaning government accuses the Kremlin of hoping to capitalize on political unrest to restore its influence over the former Soviet republic, which for almost 200 years was ruled by Moscow.

The presence of the Russian troops poses a dilemma for Washington as it aims to improve relations with Moscow. Georgia worries the Obama administration will be reluctant to pressure Russia to comply with the cease-fire while seeking its cooperation on priority issues like the war in Afghanistan and North Korea's nuclear weapons program.

Tensions over Georgia also complicate efforts to restore ties between Russia and NATO, which broke off contacts following the war. Russia has strongly objected to NATO military exercises scheduled to begin May 6 in Georgia and has warned the U.S. against helping Georgia rebuild its army.

The military checkpoint near Akhmaji enforces a new boundary between Georgia and South Ossetia, the Russian-supported region that was at the center of the fighting. After routing the Georgian army, Russian troops took over entire districts of South Ossetia that had long been under Georgian control.

Russian forces also occupied a new swath of territory in a second breakaway republic, Abkhazia, along the Black Sea coast.

The European Union and United States consider Russia in violation of the cease-fire signed by President Dmitry Medvedev, which called for troops to pull back to positions held before the war began.

Russia says the cease-fire has been superseded by separate agreements it signed with South Ossetia and Abkhazia, which Moscow now recognizes as independent states.

The actions by Russia reflect both its military strength and its willingness to challenge the West to reclaim a dominant role in Georgia and elsewhere in its former sphere of influence.

Georgia's government sees Russia as determined to prevent the West from considering Georgia a reliable transit country for oil and natural gas, contending that was Russia's main objective in the war.

The pipelines that cross Georgian territory are among the few that bypass Russia in supplying Europe with energy from the Caspian Sea and Central Asia. During the war, Russia bombed areas near the pipelines.

"Russia wants to be the monopoly supplier," said political analyst Shalva Pichkhadze.

Russia's Foreign Ministry confirmed the Kremlin has sent reinforcements to the boundary lines. It was responding to fears the Georgian government would provoke clashes to distract from the opposition protests, ministry spokesman Andrei Nesterenko said.

Georgia's Interior Ministry said Russia has 15,000 soldiers in South Ossetia and Abkhazia, which would be far more than in past months. Since the beginning of April, Russia has moved 130 armored vehicles toward the boundary line from elsewhere in South Ossetia and 70 more have entered South Ossetia from Russia, ministry spokesman Shota Utiashvili said.

Russia's Defense Ministry refused to comment on the composition of its forces, and Georgia's claims could not be independently verified. European monitors who patrol the boundary lines are not allowed into South Ossetia or Abkhazia, and journalists also are stopped at Russian checkpoints.

Peter Semneby, the EU special representative for the South Caucasus, said the Russian military presence is clearly "significantly larger" than it was.

From a Georgian police checkpoint just 100 yards (meters) from a Russian roadblock controlling access to the village of Akhmaji, a half dozen Russian tanks and other armored vehicles can be seen in the valley.

Local police chief Timur Burduli said the vehicles appeared during the first week of April and are the Russian forces closest to Tbilisi, the Georgian capital. "A tank needs only 40 minutes," he said.

Along the highway to Tbilisi, a freshly dug anti-tank trench stretches across a long field. Steve Bird, spokesman for the EU monitors, said the Georgians have been building such defenses in recent weeks.

#15

Georgia's Saakashvili, Ex-Allies Clash; Protests Enter 14th Day

By Helena Bedwell

Bloomberg, April 22, 2009

Georgian opposition demonstrations in the Georgian capital Tbilisi entered a 14th day today, pitting President Mikheil Saakashvili against an array of former allies united by a single purpose: to drive him from office.

Most of Georgia's opposition leaders, including former parliament speaker Nino Burjanadze and Irakli Alasania, who served as ambassador to the United Nations, sided with Saakashvili in the 2003 Rose Revolution, when he ousted his predecessor Eduard Shevardnadze.

The opposition backs many of Saakashvili's policies, such as leading Georgia into the North Atlantic Treaty Organization, while accusing the president of grabbing too much power and using it to betray their shared principles.

"Georgia has become a one-man state," Alasania said in an interview. "Lots of reforms started after the Rose Revolution were good for the country, but then the government got off track and began to violate human and property rights, to clamp down on the media and put pressure on business."

Protesters have blocked off Tbilisi's Freedom Square, where former U.S. President George W. Bush delivered a speech in 2005. Activists continue to gather each day outside Saakashvili's office, the office of Prime Minister Nika Gilauri, parliament and the state television station.

The opposition will rally today at 3 p.m. Yesterday about 3,000 supporters turned out, down from a police estimate of 25,000 when demonstrations began on April 9.

Violent Clashes

The last time Georgia's opposition held anti-government rallies in Tbilisi on this scale, in November 2007, violent clashes erupted with police, who used rubber bullets, tear gas and water cannons against protesters. Saakashvili declared a state of emergency.

The opposition has called repeatedly for early parliamentary and presidential elections since a war last August with Russia over the separatist region of South Ossetia. They blame the president for Georgia's defeat in the conflict that caused about \$1 billion in damage to the economy, and say he has clamped down on democracy and freedom of speech.

While he supports Saakashvili's push toward NATO and the European Union, Alasania said Georgia needs to repair relations with South Ossetia and Abkhazia. Russia recognized their independence after the war and plans to deploy about 3,700 troops at bases in each region.

"We need to establish direct contact with South Ossetia and Abkhazia, to build confidence and begin to improve relations with Russia in order to secure the removal of Russian forces from our territory," Alasania said.

No Plan

For all their unity of purpose in defying Saakashvili, the opposition hasn't made clear what it wants to do beyond removing the president and holding an election. No consensus leader has emerged to rival the president in terms of name recognition and popularity.

"No one in the opposition has presented a clear political or economic plan," Alexander Rondeli, head of the Tbilisi-based Georgian Foundation for Strategic and International Studies, said by telephone.

"This demonstrates their political immaturity," he said. "It should also be noted that their supporters haven't demanded such a plan. This reflects the state of Georgia's political culture at this stage."

Davit Bakradze, the current speaker of parliament and a long-time Saakashvili ally, declined to comment on why so many former members of the Rose Revolution team have defected to the opposition over the years.

Ultimatum

The government has consistently offered to sit down and discuss the opposition's grievances, Bakradze said. "Every attempt to open a dialogue has been rejected and criticized. They have complaints about the economy, or the political system? We're here to talk."

The problem, Bakradze said, is that "the only thing they have to say is that Saakashvili must resign. That's not the right approach."

Saakashvili's chief of staff, Eka Sharashidze, echoed Bakradze's comments. "The opposition has one ultimatum: for Saakashvili to resign," she said. "But talking in ultimatums is deadly for the country."

Burjanadze said the opposition coalition would splinter if Saakashvili stepped down and new elections were called. "This is normal," she said.

"We don't need a leader with 85 percent support, like Saakashvili," she said. "We need several leaders with different political platforms so people have a real choice."

After the November 2007 clashes, Saakashvili called a snap presidential election in response to the opposition's demands. He won with 50.5 percent of the vote, twice as much as his nearest competitor, Levan Gachechiladze.

Saakashvili's United National Movement party went on to win an early parliamentary election last May.

#16

Medvedev conducts "liberal" public relations campaign amid rising unemployment

By Yury Zarakhovich

Jamestown Foundation Eurasia Daily Monitor, April 22, 2009

On Tuesday April 14, traffic on the Garden Ring Road in downtown Moscow was seriously hampered, as President Dmitry Medvedev made a high profile visit to the Institute of Contemporary Development (INSOR) - his pocket think tank, staffed with many known liberal academics. Medvedev's formal position as Head of

INSOR's Board of Trustees is a part of his carefully nurtured "closet liberal" image. The Presidential visit to his scholars, stage-managed with all the typical Kremlin royal pomp and massive media coverage, centered on discussing the increasingly alarming problem of unemployment, badly worsened by the current Russian economic crisis (www.gazeta.ru, April 14).

Indeed, according to the Russian State Statistics Committee, among the country's entire population of 142 million, only 75.6 million (53 percent) are economically active. By late February 2009, 6.4 million (8.5 percent) of the economically active population qualified as unemployed under the International Labor Organization (ILO) standards. Meanwhile, only 2.2 million are officially registered in Russia as unemployed, with 1.7 million of them receiving state support (www.gks.ru).

During the past year unemployment in Russia has doubled (Moskovsky Komsomolets, April 14, 2009), and it continues to grow unchecked, threatening to quickly reach what some experts consider as the critical level of 10 to 12 percent -beyond which social upheavals will become a serious possibility (www.market-pages.ru, April 14).

Hence, Medvedev's visited INSOR in order to publicize his concern over the issue. The current 8.5 percent unemployment level, as well as its rapid growth, "Are not the indicators we need," Medvedev stated (www.gazeta.ru, April 14).

Two key INSOR experts responsible for briefing Medvedev on the issue were Yevgeni Gontmakher, Director of the Social Policies Center at the Institute of Economy (Russian Academy of Sciences), and Tatyana Maleva, Director of the Independent Institute of Social Policies. In their interviews with the Moscow-based Echo Moskyv radio station following the meeting, both experts praised Medvedev's grasp of the issue and his understanding of the general need for Russia's modernization as a remedy for unemployment among other economic and social ills. "It is not like when they talk to you in the cabinet," Maleva said pointedly in what sounded like a jibe against Prime-Minister Vladimir Putin. "There, on the contrary, the conversation goes like 'Tell us what should be done about modernization,' but five minutes later you realize that they are talking about crisis-management suggestions which you are supposed to submit next week." Gontmakher explained: "We did not expect that much media coverage: the entire Kremlin pool and all possible TV stations. I guess he did it to show publicly that he is personally interested in this issue, not just the cabinet who presented their crisis program to him" (www.echo.msk.ru, April 14).

According to these INSOR experts, it is not the rate of unemployment which is most dangerous (in other countries it reached 20 percent), but that it is becoming chronic. This is now the case in Russia, they maintain: "Now, when we do not have a clue, when this crisis will end and the tensions ease, of course, everyone is scared that unemployment might set in for a long period," said Maleva. "As long as new jobs are not being created, this unemployment may indeed become chronic. Then, even the current 8.5 percent level spells major trouble" (www.echo.msk.ru, April 14).

They also believe that the cabinet (indirectly referring to Putin) stubbornly supports an inefficient and obsolete economy to maintain employment. This policy might postpone a social explosion, they say, but only for a while. Neither will this policy ever allow Russia to emerge as a modern and well developed economy. Gontmakher emphasized -in another thinly veiled taunt aimed at the Putin regime- that only free private business can save the situation, but this freedom has long been badly restricted within Russia.

The INSOR experts made some striking suggestions on how to restructure the entire economy and employment system. They talked about a freeze on hiring young people by obsolete industrial giants, left over from the Soviet era. They mentioned the idea of creating social workers systems, unheard-of within Russia, and getting a lot of people, particularly unemployed women in crisis-stricken cities that have grown up around dying industries, employed as social workers. Medvedev listened favorably and nodded approvingly to such ideas as the need to retrain office personnel, most of whom have fake university diplomas, he said.

The INSOR meeting of minds is a striking example of the promotion of Medvedev's image, which his staff recently launched: on April 16, the liberal opposition Novaya Gazeta biweekly ran his interview -the first he has given to a Russian newspaper. On the same day as his INSOR visit, April 14, Medvedev met with a group of

top Russian human rights activists and NGO leaders. He conceded at the meeting that the current law on NGO's, (passed by the Russian Duma on Putin's orders) was unduly harsh and needed some corrections (www.24new.ru, April 14).

However, the approving nods to Novaya Gazeta and NGO's, listening to INSOR's ideas and showing a firm grasp of strategic issues make a great public relations campaign. However, it does not promote any meaningful changes in the political and economic scenes, which are still firmly controlled by Putin. More people are applying for the misery of state benefits, which Putin on January 12 ordered to be raised to 4,900 Rubles (\$146). Yet, Maleva insists, 4,900 is the highest level. Many people in the regions are bitterly disappointed, when they come to collect the expected 4,900, only to go away with some 800 Rubles (\$24) instead (www.echo.msk.ru, April 14).

#17

Putin gives banks, borrowers a boost

By Catarina Stewart

AP, April 22, 2009

Russian Prime Minister Vladimir Putin announced aggressive measures Wednesday to encourage more lending to companies and shore up the troubled banking sector as lenders grapple with a growing deluge of bad debts.

Putin urged the Central Bank to lower interest rates now that the threat of soaring inflation has receded. He also called on officials to make it easier for banks to recover money from the state in cases where state guarantees back the loans of struggling enterprises.

"There must be a higher comfort level for commercial banks, so that providing guarantees actually lowers the credit risks and, I would hope, loan interest rates," the prime minister said during a meeting with business leaders on Wednesday.

Plunging oil prices and a rapid slowdown in demand for its exports has driven Russia to the brink of a recession for the first time in a decade. Unemployment has soared, factories have scaled back production and many companies are locked in sensitive restructuring talks with their lenders.

Officials have said they expect the economy to contract by 2.2 percent this year as lending to the real economy dries up. But that estimate is considered optimistic by many, and the IMF predicted Wednesday that Russia's economy would shrink by 6 percent in 2009.

Responding to calls for lower interest rates, Putin said no lender that has received state aid should charge interest of more than 16 percent - based on a refinancing rate of 13 percent plus 3 percent. Russian borrowers, who have little access to overseas credit, have complained that banks are offering loans at exorbitant rates.

The government's efforts to restart lending come as warning signs emerge of growing problems in the banking system.

German Gref, the influential head of Russia's largest bank, Sberbank, warned earlier this month that Russia's banking crisis is only just beginning. He said that bad loans were probably much higher than official figures suggested, and said the state should not encourage banks to increase lending when they still have bad assets on their books.

Non-performing loans currently account for 3.7 percent of domestic bank portfolios, according to official statistics. But Nataliya Orlova, an economist at Alfa Bank, said the real figure could be as high as 15 percent.

Meanwhile, Russian Finance Minister Alexei Kudrin said Wednesday that Russia will use up almost its entire 4.1 trillion ruble (\$120.5 billion) "rainy day" reserve fund by the end of next year - faster than expected - to support its economy through the global financial crisis.

Russia salted away windfall oil profits during the boom years of Putin's presidency to cushion the country against a drastic fall in oil prices.

Russia has tapped into the reserve fund to cover its first budget deficit in a decade. Parliament's upper house on Wednesday passed the revised crisis budget, which envisages a budget deficit of 7.4 percent of gross domestic product, or 3 trillion rubles (\$88 billion).

The government had previously suggested the reserve fund would cover Russia's budgetary deficits through mid-2011.

#18

Diplomats make end run with early ratification of final Durban document

By Michael J. Jordan

JTA, April 21, 2009

GENEVA -- Durban II reached its conclusion, it seemed, three days early.

A day after Iranian President Mahmoud Ahmadinejad's tirade against Israel triggered a walkout by the European delegation and generated headlines around the world, diplomats at the U.N. forum scrambled to ratify the conference's final document on Tuesday -- three days before the parley's close, when the document was scheduled to be adopted.

It was not immediately clear whether the move was meant to head off further debate over the text or to prevent additional walkouts by delegations in protest.

The document ratified by delegates includes the item that prompted Israel and half a dozen other countries to boycott the conference: reaffirmation of the 2001 Durban document, which highlighted the plight of the Palestinians in a section dedicated to "victims of racism, racial discrimination, xenophobia and related intolerance."

"Clearly they were panicking and had to get a quick victory before the text could spiral even further out of control," Hillel Neuer, executive director of the Geneva-based UN Watch, said of the delegates' vote. "Of course, the text is unacceptable because it still ratifies the flawed 2001 text."

Despite the document's early ratification, the very public walkout by EU delegates during Ahmadinejad's speech and the events surrounding the conference guaranteed that Durban II would not be a reprise of the 2001 World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance. Pro-Palestinian elements hijacked the original event in Durban, South Africa, and turned it into an anti-Israel free-for-all.

Geneva has had some similarities with Durban.

In 2001, the conference provided a platform for a polarizing leader from the developing world to rebuke Western nations: Cuba's Fidel Castro, who was greeted enthusiastically by thousands of activists at the NGO Forum that preceded the conference. This time it was Ahmadinejad, the only head of state to address the conference, who called Israel a "racist government."

But whereas the Durban conference was chaotic, noisy advocacy in Geneva was banned from U.N. grounds and activists were restricted to a few minutes per day to address its follow-up.

And whereas critics of Israel in 2001 went largely unanswered or drowned out pro-Israel voices, Ahmadinejad's speech was met by denunciations in the media, including a rare rebuke by U.N. Secretary-General Ban Ki-moon. And after Ahmadinejad relinquished the podium, the very next speaker, Norwegian Foreign Minister Jonas Gahr Store, called the Iranian president's speech "incitement to hatred, spreading politics of fear and promoting an indiscriminate message of intolerance."

For their part, pro-Israel protesters went on the offensive, interrupting Ahmadinejad's speech and providing context to the Israel-focused tone of the conference with their own news conferences, demonstrations and Holocaust commemorations -- the conference coincided with Yom Hashoah -- in Geneva and beyond.

While the singling out of Israel surprised delegates at the 2001 conference, Israel's allies worked hard in the months leading up to Geneva to ensure it did not devolve into a repeat of Durban.

To some extent, then, the document's early adoption Tuesday could be considered a defeat.

The document had been the center of diplomatic activity in the weeks leading up to the conference in Geneva, which was supposed to evaluate progress toward the goals set by the 2001 event.

Diplomats worked late last Friday to hammer out details of the final draft of the document, in part to avoid threats of boycott by countries concerned about what some have called its implicit suggestion that the Palestinians are victims of racism. In the end, the changes were insufficient to satisfy concerns by the United States, Australia, Germany and a few other countries, which announced they would not attend the conference. Most European countries, however, did not pull out.

In theory, the document could have been debated and changed at the conference itself, for better or for worse. Indeed, the 57-nation Organization of the Islamic Conference called for "open discussion on all issues" at the conference. But any such possibility ended when the draft document was ratified Tuesday with no additional changes.

U.N. High Commissioner for Human Rights Navi Pillay told reporters the original scheduled adoption date of April 24 was "just in case the main committee needed that much time -- just in case various debates reopened or questions were raised."

"None of that happened," she said.

Pillay called the document's early adoption "great news," saying it "reinvigorates the commitment" of states to combat racism and "highlights the suffering of many groups."

B'nai B'rith denounced the document's ratification, calling it "flawed and offensive" and blaming Libya for engineering its early and swift passage.

"We condemn this rubber stamp document in the strongest terms possible," Richard Heideman, the head of the B'nai B'rith Delegation in Geneva, said. "The adoption of this document shows nothing has changed since 2001, no lessons have been learned."

Though the document was adopted by consensus, it was tainted by the boycott of 10 nations, including the Czech Republic, whose delegates walked out in protest during Ahmadinejad's speech and never returned to the conference. Along with the United States, Australia and Germany, the other boycotting countries included Canada, New Zealand, Italy, the Netherlands and Poland.

The extent of the boycott was cheered by Jewish and pro-Israel groups, which sought to discredit the Geneva proceedings.

After Monday's theatrics and Tuesday's ratification, the remainder of the conference was expected to be taken up by NGO activists criticizing the deprivation of human rights for various peoples, including the Palestinians.

#19

Determined to thwart a repeat of 2001, pro-Israel groups fight hard at Durban II

By Michael J. Jordan

JTA, April 23, 2009

GENEVA -- Eight years ago, the European Union of Jewish Students sent a 10-person delegation to Durban, South Africa, for the first U.N. World Conference Against Racism.

They, like other pro-Israel activists there, were blown away by the anti-Israel and anti-Semitic hostility that greeted them.

So when the follow-up to Durban came to Geneva this week in the form of Durban II, the union was better prepared.

They came en masse -- with some 150 Jewish students from about 30 European countries -- constituting more than one-tenth of all activists accredited to the Durban Review Conference. Throughout the week, they advocated on behalf of Israel.

"We wanted to be sure that if something happened here like in Durban, we'd be ready to respond," said Jonas Karpantschof, the Danish chairman of the student union.

The European Union of Jewish Students was just one component of an enormous Jewish presence in Geneva this week that drew a lot of attention from competing activists, U.N. staff and the media.

Jewish groups hosted or participated in daily pro-Israel or pro-human rights events outside the U.N. grounds, organized anti-discrimination panels inside the United Nations and brought in some of the heaviest hitters in pro-Israel advocacy: Nobel laureate Elie Wiesel, attorney Alan Dershowitz, Canadian parliamentarian Irwin Cotler, French intellectual Bernard-Henri Levy, actor Jon Voight and Father Patrick Desbois, among others.

"If the promise of 'Never Again' is going to mean anything, you're going to have apply action to that phrase," said Roz Rothstein, founder and CEO of StandWithUs, which co-organized a pro-Israel, pro-human rights demonstration called whose message was "The U.N. remains silent." The rally was covered on CNN and the BBC.

On Monday, Wiesel and Dershowitz joined members of the European Union of Jewish Students when they tried to confront Iranian President Mahmoud Ahmadinejad before his speech at the U.N. forum, in which he described Israel as "racist perpetrators of genocide."

During the speech, several of the Jewish students shouted "Racist!" from the upper gallery before guards hustled them out. One French Jewish student with a rainbow wig who was not from the union made headlines around the world when he rushed Ahmadinejad during the speech and hurled a red rubber nose at him.

On Tuesday, the student union joined with Darfuri groups outside the United Nations building to protest the genocide in Sudan and highlight other human rights abuses, such as Iran's treatment of the Baha'i and homosexuals.

"We couldn't stay silent when there's so much hatred, discrimination and racism in the world that the U.N. doesn't want to deal with," said Lili Dardashti, the student union's Swiss director.

The only other group as highly visible as the pro-Israel advocates were Iranians.

In 2001, anti-Israel forces overplayed their hand at Durban, producing a screed so toxic that even the U.N. high commissioner for human rights rejected it. This time, pro-Israel advocates had a strong showing -- though at least one Jewish critic of Israel said the "pro-occupation lobby" overplayed its hand.

"The charge of anti-Semitism is lethal, for good reason -- but only if it's fair," said Cecilie Surasky, communications director for Jewish Voice for Peace. "The problem is that to them, any criticism of Israel becomes not only anti-Semitic but almost Nazism, which not only turns off any reasonable person, it also fuels anti-Semitism."

The director of international relations for the Simon Wiesenthal Center, Shimon Samuels, said fear of sparking conspiracy theories about Jewish power is no reason to stay silent.

"If we don't speak up, there'll be more Israel bashing and anti-Semitic insinuation," Samuels said. "If we do, it's the 'Jewish lobby' and Jewish conspiracies."

Aside from the noise outside U.N. headquarters in Geneva, groups such as the International Jewish Caucus held more discreet meetings with top-level diplomats to press their case against singling out Israel for condemnation.

B'nai B'rith International brought a contingent of 50, hailing from Romania to Uruguay, to meet with ambassadors from places like Mexico, Germany and France, delegation head Richard Heideman said.

"We had to be here because Durban I was such a hate fest," said Heideman, who was among those who led the Jewish walkout from Durban eight years ago. "This time there was no reason for us to leave. Quite the contrary: We tried to impact the delegations with the wide human-rights agenda that transcends the Israel-Palestinian conflict so many countries tried to make a focus here."

Ultimately, Jewish groups condemned the final draft declaration of the conference, which upheld the conclusions of the 2001 Durban conference, enshrining a paragraph that singles out Israel by including the Palestinians in a section titled "Victims of racism, racial discrimination, xenophobia and related intolerance."

Still, the pressure before and during the conference made an impression, according to Michael Schneider, secretary-general of the World Jewish Congress.

Before the conference, the WJC met with 17 ambassadors, making the somewhat difficult case for why countries should boycott what appeared to be the most important anti-racism event on the human-rights calendar just because of a solitary, Palestinian-related paragraph.

Once the conference started, Schneider said, Ahmadinejad helped make the case for them.

"His speech was a tremendous boost in our efforts, showing the U.N. conference for what it is -- a mockery," he said.

#20

Despite forecasts, cold front lingers over US-Russia relations

Nuclear powers bicker over NATO war games, nuclear weapons, and fighter jets in Kyrgyzstan

By Fred Weir

Christian Science Monitor , April 22, 2009

Moscow - It's been less than a month since presidents Barack Obama and Dmitry Medvedev dramatically pressed the "reset button" in US-Russian relations, symbolically calling a halt to several years of chilly ties.

But the roadblocks are already proliferating.

Three flashing amber lights in the past few days have signaled profound differences between Moscow and Washington, and suggest that warm smiles and handshakes at summit meetings might not be enough to bring the two nations together. Although the emerging problems aren't insurmountable, experts say that they may be a small indication of things to come as Russian and US negotiators attempt to find a common language after several years of shouting past each other.

"I couldn't understand why some observers were recently talking about a 'full reset' of relations between us; that's just asking to be disappointed," says Dmitri Suslov, an expert with the independent Council on Foreign and Defense Policies in Moscow. "I prefer to speak about a pause in the growth of dangerous tendencies. Now, after the honeymoon, we're coming back to hard realities."

Some recent "go slow" signs:

- Moscow this week angrily canceled one of its first scheduled meetings with NATO, just weeks after the Western alliance decided at a summit meeting to resume the dialogue that had been frozen in the wake of Russia's war with neighboring Georgia last summer. The reason, according to Moscow's ambassador to NATO, Dmitri Rogozin, is the West's refusal to call off "provocative" 19-nation war games to be held in eastern Georgia next month under the auspices of NATO's Partnership for Peace.

"The recent cooling in our relations with NATO exposes clear problems in our dialogue," Russian Foreign Minister Sergei Lavrov said in a BBC interview Tuesday. "We do not understand this tendency – still there, still not understood by us – to try to downplay the norms of international law [and] the role of the UN Security Council."

- In a speech in Helsinki, Finland, Monday, Mr. Medvedev cautiously dissented from Mr. Obama's resounding goal of building a nuclear weapons-free world, saying that Russia would rather concentrate on solving immediate issues, such as cementing a new strategic-weapons accord with the US, and would put several conditions upon further cooperation with Washington in the crusade to ban nuclear arms.

Those conditions would include, he said, banning weapons in space, major efforts to cut conventional forces, and guarantees that nuclear weapons would be destroyed rather than just stockpiled. He also insisted that cuts in offensive weapons would be pointless if the Obama administration went ahead with Pentagon plans to build a globe-girdling missile-defense shield.

"We are very concerned about the prospects of a unilateral deployment of antimissile systems ... which complicates nuclear disarmament," Medvedev said.

- The ink is barely dry on the Kyrgyz president's decree ordering the US to vacate its airbase at Manas, a vital link in NATO's supply line to Afghanistan. The move is widely believed to have been motivated by the announcement of more than \$2 billion in Russian aid to the impoverished central Asian state. This week, the Kremlin also announced that it will beef up Russia's military presence at Kant, including fighter planes, just a few miles from the soon-to-be-defunct US installation.

If it sounds like nothing much has changed from the acrimonious Bush years, experts say that's because, well, nothing much has actually changed. At least not yet.

"We're at the beginning of a long and difficult process, and we shall have to navigate many obstacles along the way," says Andrei Klimov, deputy chairman of the Russian State Duma's international affairs committee. "Lots of people on both sides are still sunk in a cold war mentality."

Mr. Klimov says that each of the recent glitches suggests opportunities for progress, as long as both sides recognize the other's interests. "We must have better understanding, which means we must speak frankly," he says. "We need to develop the conversation."

Take this week's tempest over NATO ties.

"The sight of NATO-led war games in Georgia, which so recently attacked and killed Russian peacekeepers in South Ossetia, is an affront to the Russian public," says Dmitri Trenin, an expert with the Carnegie Center in Moscow. "The Kremlin had to react, and so it did. But now we can move on; both sides still want to develop the relationship."

As for nuclear disarmament, everyone agrees that it's a good thing, but the US must recognize that Russia relies more on its strategic nuclear deterrent for defense than the US does, says Fyodor Lukyanov, editor of Russia in Global Affairs, an independent Moscow-based foreign policy journal.

"To reduce is one thing, but there is a certain level below which Russia cannot allow itself to go," he says. "But Medvedev's conditions are not an obstacle – they can also be seen as a practical starting point for moving toward the goal."

Experts say everyone must get accustomed to a Russia that asserts its hegemony more forcefully, something that could cause future friction over everything from gas pipelines to military bases. But it doesn't mean there can't be targeted cooperation in areas of mutual concern such as Afghanistan.

"It's a complicated, evolving relationship; you can't just sweep the pre-history under a carpet. But you can deal with it," says Mr. Lukyanov. "Nobody really thought that pressing the 'reset button' would produce a blank slate, did they?"

#21
Obama Pays Tribute to Holocaust Victims
By Kent Klein
Voice of America, April 23, 2009

U.S. President Barack Obama has paid tribute to the memory of the 6 million Jews murdered in the Holocaust. The president called on people worldwide to ensure that nothing like it ever happens again.

In a Holocaust Days of Remembrance ceremony at the U.S. Capitol, President Obama warned of the dangers of silence when atrocities are being committed. And he said bearing witness to such horrors is only the first step.

"To commit ourselves to resisting injustice and intolerance and indifference, in whatever forms they may take, whether confronting those who tell lies about history or doing everything we can to prevent and end atrocities like those that took place in Rwanda, those taking place in Darfur," Mr. Obama said.

Holocaust Days of Remembrance is a week-long observance, recalling the brutality of Nazi Germany and its collaborators toward Europe's Jews and others during World War II.

Mr. Obama did not name names, but said that some people still deny that the Holocaust took place.

"There are those who insist the Holocaust never happened, who perpetrate every form of intolerance-racism and anti-Semitism, homophobia, xenophobia, sexism and more-hatred that degrades its victim and diminishes us all," Mr. Obama said.

Iranian President Mahmoud Ahmadinejad has often denied the Holocaust. At the Capitol Hill ceremony, Nobel laureate and Holocaust survivor Elie Wiesel condemned the Iranian leader's comments this week at the United Nations Conference on Racism.

"I just came back from Geneva, where we attended an event that was incredibly offensive," Wiesel said.

Wiesel, the founding chairman of the U.S. Holocaust Memorial Museum, objected to Mr. Ahmadinejad's remark that Israel is a "cruel, repressive and racist regime."

"And he used the solemn setting of a United Nations gathering again to insult the state of Israel in a way that no civilized person should ever do there," Wiesel said.

The Days of Remembrance ceremony also honored five Polish citizens as "Righteous Among the Nations," for rescuing Jews during the Holocaust.

The observance concluded with a Jewish prayer for the victims of the Nazi regime, led by Morris Rosen, a Holocaust survivor from Poland.

#22

At Capitol, Obama Reflects on Lessons of Holocaust

By Michael A. Fletcher

Washington Post, April 23, 2009

President Obama, speaking at an annual memorial to the Holocaust at the Capitol today, said that silence is not an option when courageous people confront mass evil.

"Today, and every day, we have an opportunity, as well as an obligation, to confront these scourges -- to fight the impulse to turn the channel when we see images that disturb us, or wrap ourselves in the false comfort that others' sufferings are not our own," Obama said. "Instead, we have the opportunity to make a habit of empathy; to recognize ourselves in each other; to commit ourselves to resisting injustice and intolerance and indifference in whatever forms they may take."

Millions of Jews were rounded up and murdered by Nazi Germany and its allies during World War II, an atrocity that was heavily documented but is nonetheless denied or minimized by some.

Obama pointed out that the heinous acts were carried out by one of the world's most advanced nations. "Science that can heal, used to kill. Education that can enlighten, used to rationalize away basic moral impulses," he said.

Obama said part of the responsibility for the Holocaust rests with people who saw it and chose to do nothing. And while modern atrocities persist in places such as the Sudan, Obama also pointed to some hopeful examples, including Rwanda and Northern Ireland, where bloody confrontations have given way to coexistence.

"Our fellow citizens of the world, showing us how to make the journey from oppression to survival, from witness to resistance, and ultimately to reconciliation," Obama said. "That is what we mean when we say, 'Never again.'"

#23

Russia, US to hold "unprecedented" talks on economy

By Gleb Bryanski

Reuters, April 23, 2009

WASHINGTON - Russia will hold "unprecedented" talks on the economy with the new U.S. administration during the G7/G20 finance ministers meeting in Washington, a Russian delegation source said on Thursday.

The source said the Russian delegation, headed by Finance Minister Alexei Kudrin, will meet with the new U.S. Commerce Secretary Gary Locke and President Barack Obama's economic advisers Lawrence Summers and Paul Volcker.

"Such broad contacts with the economic bloc (of the U.S. administration) have never taken place before, they are unprecedented," the source, who spoke on the condition of anonymity, told reporters.

The source said Kudrin has already been working closely with U.S. Treasury Secretary Timothy Geithner but the two countries needed to broaden these contacts to include other officials.

The Obama administration has pledged to "reset" relations with Russia after they reached post-Cold War lows under former President George W. Bush, most recently over Russia's war with Georgia and the planned U.S. anti-missile system.

The United States accounts only for 3.6 percent of Russia's foreign trade compared with over 10 percent for Germany but Russia holds about half of its forex reserves, the world's third largest, in dollar-denominated assets, mainly U.S. government bonds.

The source said the delegation aimed at creating a mechanism of economic cooperation similar to the 1990s commission headed by then Russian Prime Minister Viktor Chernomyrdin and U.S. Vice President Albert Gore.

"Such mechanism is needed. The new U.S. administration has settled and the business community is actively developing the contacts," the source said, adding results of bilateral meetings will serve as a groundwork for the next Russia-U.S. summit.

The source said the officials also will discuss Russia's long-standing bid to join the World Trade Organization after Obama and Russia's President Dmitry Medvedev urged their governments to finalise Russia's bid.

FROZEN FOR YEARS

The United States wants Moscow to first fulfill anti-piracy and other commitments it made in 2006 while Russia wants the United States to lift a Cold War-era restriction on trade with Russia known as the Jackson-Vanik amendment.

"The WTO talks are part of our agenda. They were in a frozen state for years under the previous U.S. administration. We are hoping to move them forward but it is too early to talk about any breakthrough," the source said.

The source said reform of the International Monetary Fund, a larger use of the IMF's Special Drawing Rights and an agenda for the first meeting of the Financial Stability Board in June will be discussed during meetings in Washington.

"We have our own position on most of these issues and it is close to other BRIC countries," said the source, referring to Brazil, Russia, India and China, whose finance ministers held a separate meeting prior to the G20 gathering three weeks ago.

Russia and China pushed for a discussion on a new global currency ahead of the G20 summit on April 2 but the issue got sidetracked. The source said it was premature to push for the SDRs to fulfill this role.

"The role of this instrument will be increasing during the crisis and such possibilities will be discussed. To say that SDRs can tomorrow become a supranational currency is premature," the source said.

The source said a separate statement of the G20 countries was likely after the Washington meeting but the issue was still under discussion. He said BRIC finance ministers will hold a meeting before the BRIC countries summit in Istanbul.

He said Russia will question the simplified mechanism for disbursing IMF funds to members such as Mexico and Poland and said more control over IMF resources was needed after a commitment to triple them to a total of \$750 billion.

"The fund has accumulated large resources but the management mechanism has not been formalised. Old schemes are not working while the new clearly defined procedure does not exist," the source said.