

**WASHINGTON, D.C. June 5, 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 Board Meeting; U.S.-Russia Summit

Dear Friend:

As we prepare for [next week's Board of Governors meeting](#) at our offices in Washington, D.C., it is increasingly clear that anyone expecting a quiet summer in the former Soviet Union will be disappointed.

The Board meeting will focus on some of the most pressing issues in the region, including the ongoing drama in Ukraine and the upcoming Summit between Presidents Obama and Medvedev.

NCSJ is also concentrating on: unfolding developments between Russia and Georgia; Russia's role in preventing Iran from obtaining nuclear weapons; unresolved issues with Lithuania on elderly Jewish WWII partisans and restitution; unchecked growth of xenophobia and extremism in the region; the possible graduation of several countries from the Jackson-Vanik amendment; and, of course, the continuing impact of the global economic crisis on the region's Jewish communities.

Any one of these issues could dominate our attention as well as have a profound influence on the affected Jewish populations. We will continue to monitor, analyze and be in contact with community and government leaders to safeguard against any negative consequences.

There is growing anticipation about next month's U.S.-Russia Presidential summit in Moscow. Attention is being paid to possible breakthroughs on a number of issues, including arms control and non-proliferation. I expect the meeting to go well for both presidents. If circumstances change for the worse, some of the above issues could negatively affect the Summit. On a more positive note, I do expect that civil society issues will be on the agenda. We continue to be in contact with both the U.S. and Russian governments about our specific areas of interest for the Summit.

NCSJ, like many of our Federations, member agencies and supporters, has not been spared from the downturn in the economy. However, we are trying not to let fewer resources adversely affect our work. Your ongoing support allows us to do the work necessary to protect and promote the interests of more than one million Jews living in the former Soviet Union. I hope we can continue to count on your support as we go through this difficult period.

As always, I look forward to any comments and/or suggestions about our work and what we can improve on.

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. June 5, 2009

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

1. *Russian Ministry Reverses Course in Allowing Jewish Students to Postpone Exams; Ukraine village unveils Holocaust memorial; Ukrainian Jewish youth discuss self-identification; President honors Ukrainian Jews; Russian Support For WTO Membership Weakening – IMF; Ukraine says will pay for Russian May gas on time; Ukrainian youth survey Jewish burial sites; Shmatko: Russia concerned by European Union not sufficiently active on Ukraine's gas problem; Vandals damage Jewish gravestones in Russia; Ukrainian Jewish businessman honored; Russia's attitude to Israel much better than in Europe – Lieberman; Kantor raps tone of EU election rhetoric*  
Briefs, May 27-June 4, 2009
2. *Communists seek to secure power in Moldova*  
By Sabina Zawadzki  
Reuters, May 28, 2009
3. *Southern Mountain Region Celebrates Arrival of Historic Torah Scroll*  
By Reuvena Leah Grodnitzky  
Chabad.org, May 28, 2009
4. *Lieberman heads to Russia, Belarus for 5 days*  
By Herb Keinon  
Jerusalem Post, May 31, 2009
5. *Israel's former president, Ephraim Katzir, dies*  
JTA, May 31, 2009
6. *Islamic extremism on the rise again in Central Asia*  
AsiaNews/Agencies, May 28, 2009
7. *Amnesty raps Medvedev on Russia rights violations*  
By Amie Ferris-Rotman  
Reuters, May 28, 2009
8. *Europe's Last Dictatorship*  
By Jeffrey Gedmin  
Wall Street Journal, May 29, 2009
9. *Gazprom Urges European Action to Avoid New Ukraine Gas Crisis*  
By Mark Sweetman  
Bloomberg, May 29, 2009
10. *Russia Stocks Surge Most in World as UBS Sees Further 30% Rally*  
By William Mauldin  
Bloomberg, June 1, 2009

11. *Georgians, And Some Westerners, Nervous As Political Deadlock Persists*  
By Ghia Nodia  
RFE/RL, June 1, 2009
12. *Lukashenko Tells Govt to Stop Looking to Russia For Support*  
Interfax, May 29, 2009
13. *A welcome new stage in Azerbaijani-Israeli ties*  
By Alexander Murinson  
Jerusalem Post, June 1, 2009
14. *Moscow's plan: Teach students to see through Kremlin spin*  
By Fred Weir  
Christian Science Monitor, June 1, 2009
15. *Russian economy to stagnate in 2010 - IMF*  
By Toni Vorobyova and Gleb Bryanski  
Reuters, June 1, 2009
16. *At Russia's Alfa, Hardball Still Reigns*  
By Gregory L. White  
Wall Street Journal, June 2, 2009
17. *Russia, Israel play down Mideast differences*  
By Marina Lapenkova  
AFP, June 2, 2009
18. *Bitter rivals open coalition talks in Ukraine*  
By Maria Danilova  
AP, June 2, 2009
19. *When Interpreting History Becomes a Crime*  
By Yevgeny Kiselyov  
Moscow Times, June 3, 2009
20. *Georgian officials in US warn of Russian buildup*  
By Desmond Butler  
AP, June 2, 2009
21. *Analysis: U.S. still wants Azeri energy flowing westwards*  
By John C.K. Daly  
UPI, June 2, 2009
22. *Rise in Oil Price Eases Push for Reform in Russia*  
By Andrew E. Kramer  
New York Times, June 4, 2009
23. *Kremlin Aims to Defuse Unrest in Hard-Hit Town*  
By Andrew Osborn  
Wall Street Journal, June 4, 2009
24. *US-Russia nuclear disarmament talks 'productive': US*  
AFP, June 4, 2009
25. *EU to send mission to Moscow and Kiev over gas dispute*  
AFP, June 4, 2009

## **#1a**

### **Russian Ministry Reverses Course in Allowing Jewish Students to Postpone Exams**

**By Joshua Runyan**

**Chabad.org, May 27, 2009**

Following the intervention of Russian President Dmitry Medvedev, Jewish schoolchildren in his country will be able to postpone their matriculation exams in light of the approaching holiday of Shavuot.

The national exams, which are scheduled for this Friday – when Jews the world over will attend synagogue to celebrate the giving of the Torah 3,321 years ago – were brought up in an emergency meeting last month between Medvedev and Russian Chief Rabbi Berel Lazar, a Chabad-Lubavitch emissary. At the meeting, which came days after a letter from Russian Ministry of Education announcing the exams, Lazar explained to the president the importance of the holiday and the prohibition of performing work on the day.

In a letter to Lazar last week, Educational Minister Andrei Aleksandrovitch Forsenko cited the Constitution of the Russian Federation in explaining that students in the Ohr Avner Chabad network of Jewish day schools and Jewish children in public schools could take their exams no later than June 17.

The constitution “guarantees the freedom of religion,” wrote Forsenko. In addition, “international rules stipulate that ... education [programs] respect the rights of parents [to adhere] to religious and philosophical [mandates].”

## **#1b**

### **Ukraine village unveils Holocaust memorial**

**JTA, May 28, 2009**

KIEV, Ukraine -- A memorial to victims of the Holocaust and repression was unveiled in a Ukraine village.

Yuri Kanner, the newly elected president of the Russian Jewish Congress, was among those who attended the ceremony in Kamenny Brod, in the northwest Zhytomyr region. Kanner, a Kamenny Brod native, and Vadim Stul initiated the project and provided financial support for a memorial to their relatives and all Holocaust victims.

Local officials, area rabbis and Jewish community activists also attended the event.

Kanner also proposed to combine the Russian Jewish Congress project "Babi Yars of Europe" and the Jewish Foundation of Ukraine project "Memory and Gratitude" into a joint Internet effort.

## **#1c**

### **Ukrainian Jewish youth discuss self-identification**

**JTA, May 31, 2009**

KIEV, Ukraine -- Ukrainian Jewish youth gathered in Crimea for a self-identification program.

The 30 youth from Crimea, Kharkov and Odessa met May 28-31 in the Crimean city of Simferopol for the Shabbaton seminar hosted by the Association of Jewish Organizations and Communities of Crimea, and the Reform/Progressive Ner Tamid Congregation in Simferopol.

The intensive schedule included participation in different programs run by the Jewish community of Crimea.

The event encouraged the youth to learn more about Ukrainian Jewry, self-identification and modern challenges.

The seminar was organized by the Association of the Jewish Organizations and Communities of Crimea, together with the Simferopol Reform Jewish Congregation. Financial support was provided by the Holland Jewish Humanitarian Foundation.

"Such seminars are very important for Jewish youth because they help to accept the challenges of our time and increase Jewish self-identification. The participants from different cities get a charge out of the miracle of Jewish unity," Eduard Dolinsky, executive director of the Ukrainian Jewish Committee, told JTA.

**#1d**  
**President honors Ukrainian Jews**  
**JTA, May 31, 2009**

KIEV, Ukraine -- The president of Ukraine cited several Jews for their achievements in professional activities.

They were among a group of Ukrainians to receive national honors Friday from President Victor Yuschenko on Kiev Day.

Among the Jews recognized were Mikhail Kagan, a teacher of specialized school number 181; and Maks Goltzberg, chairman of the Department of the International Institute of Management.

Yuschenko's decree said the honorees were honored for their "personal contribution to the social, economic and cultural development of the capital of Ukraine, and considerable achievements in professional activities, long-time work and on the occasion of Kiev Day."

Yuschenko presented Kagan with the title of Honored Teacher of Ukraine, and Goltzberg with the title Honored Economist of Ukraine.

**#1e**  
**Russian Support For WTO Membership Weakening - IMF**  
**AFP, June 1, 2009**

MOSCOW --The International Monetary Fund expressed concern on Monday that Russia's desire to join the World Trade Organization had slackened after a series of delays.

"This mission expresses its concern that support for the membership of the WTO has been weakening," it said in a statement, adding that swift adhesion by Russia would benefit the investment climate hugely.

President Dmitry Medvedev said in April that delays to its membership of the global trade body had "irritated" Moscow and it wouldn't allow the process to become a "never-ending story."

Russia is the largest world economy still outside the WTO. Initial membership negotiations began in 1993 but were delayed by disputes over a variety of issues and were set back by Russia's war with Georgia last year.

Meanwhile, the IMF said that it was downgrading its forecast for the Russian economy in 2009 to a contraction in GDP of 6.5% compared with its previous forecast of 6%.

For 2010, it expects zero growth in the country, the fund said in the statement issued after the completion of its latest mission to Russia.

**#1f**  
**Ukraine says will pay for Russian May gas on time**  
**Reuters, June 1, 2009**

KIEV - Ukrainian state energy firm Naftogaz on Monday said it would make payment in full and on time for May's imports of Russian gas.

"We are accumulating the funds," Naftogaz's press secretary, Valentyn Zemlyansky, told Reuters. He gave no details on the volume of imports or the sum to be paid.

Payment for Russian imports has been a focus of attention since the two sides clinched a supply deal in January to end a three-week suspension of supplies that left hundreds of thousands of European consumers without gas.

Under the terms of that deal, Ukraine is to complete payment for monthly imports by the seventh day of the following month. No disruption in the payment timetable has so far been recorded.

But Russian officials have questioned Naftogaz's solvency. And the two neighbours have so far failed to reach agreement on financial conditions for supplying gas to be kept in underground storage facilities in Ukraine.

Russian gas monopoly Gazprom (GAZP.MM) last month described the situation with Ukrainian payment for gas as "very, very difficult."

## **#1g**

### **Ukrainian youth survey Jewish burial sites**

**JTA, June 1, 2009**

KIEV, Ukraine -- Teams of Ukrainian youth visited Jewish burial grounds in the Kiev and Odessa regions as a part of a project to survey hundreds of Jewish burial sites in Ukraine.

Participants led by the Kiev-based Center for Jewish Education and Odessa Jewish University carried out comprehensive surveys at 48 Jewish burial grounds in 29 locations. Each location will be accessible on the Lo Tishkach Database, which is coordinating the project with the support of the Genesis Philanthropy Group.

According to the foundation, the first year of this three-year educational project will engage young Ukrainians with their culture and history, and collect information for the foundation's database.

The foundation has completed a report on legislation and practice relating to the protection and preservation of Jewish burial grounds in Ukraine. It found that most of the country's Jewish cemeteries and mass graves lack proper demarcation, identification and regular maintenance, and are not properly recognized as burial grounds.

Ukraine is thought to have more than 2,000 Jewish cemeteries and World War II-era Jewish mass graves.

## **#1h**

### **Shmatko: Russia concerned by European Union not sufficiently active on Ukraine's gas problem**

**Interfax-Ukraine, June 2, 2009**

MOSCOW - Russia is concerned by the European Union being insufficiently active in solving the problem of pumping Russian gas into Ukraine's underground storage facilities, Russian Energy Minister Sergei Shmatko said in an interview with the Vesti television channel.

"We are extremely worried that today, when Ukrainian political leaders do not have a concerted stand on the gas deal with Russia, for instance, when these things become a subject of speculation, when declarations are being about the inefficiency or insignificance of the gas deals, in my view the EU, European political and business leaders must show much greater concern over these sort of claims. For our part, we are telling our country leaders about what we see as an insufficiently active position of the EU countries on this matter," he said.

Russia is not interested in repeating the January 2009 gas conflict with Ukraine, the minister said. "We by no means want a repeat of the situation that happened in January this year. This is a very serious big problem of retaining our reputation as a reliable supplier of gas to Europe, which we always had. And I think that we will make sure that we retain this reputation anyway," Shmatko said.

But there is still time to resolve the situation around Ukraine, he added.

#### **#1i**

#### **Vandals damage Jewish gravestones in Russia JTA, June 2, 2009**

MOSCOW -- Vandals damaged 19 gravestones in the Jewish section of a Russian cemetery.

Police are investigating the incident at the Marina Roshcha cemetery in Nizhny Novgorod, reported a May 27 article on Jewish.ru, according to the UCSJ: Union of Councils for Jews in the Former Soviet Union.

Vandals have targeted the Marina Roshcha cemetery several times in recent years.

Russian police ordered to visit synagogue after anti-Semitic scandal  
mosnews.com, June 2, 2009

The St. Petersburg police academy is sending its students and staff to the city synagogue for obligatory training after a scandal erupted around an anti-Semitic manual written by one of the academy's professors, Russian news agencies reported Tuesday.

In March, mass media quoted the nationalistic textbook of Russia's the soviet history, written by Professor Drozhin, and widely used at the St. Petersburg Interior Ministry University. One of Russia's largest universities for training law-enforcers.

The book openly blamed Jews for the breakdown of the Soviet Union, with excerpts including:

"The fall of the USSR and appearance of the CIS on its territory made Hitler's dream come true. What German Nazism couldn't do, Zionism managed to accomplish."

"Zionists physically eliminated Stalin."

"Speaking at the Israeli parliament in February 1992, Gorbachev-Garber said, 'Everything I did to the Soviet Union I did in the name of our God Moses'."

Following the articles in the media, the academy's managers removed the book from the libraries and replaced it with a more moderate manual. Drozhin was fired in April.

However this did not seem repentant enough to the academy's management, and its Rector Vasiliy Kudin went to see a rabbi to discuss religious tolerance.

During the meeting, Kudin promised that in the near future the academy's students and professors will visit the St. Petersburg synagogue to learn about Jewish culture and tolerance.

#### **#1j**

#### **Ukrainian Jewish businessman honored JTA, June 3, 2009**

KIEV, Ukraine -- Prominent Ukrainian Jewish philanthropist and businessman Victor Pinchuk was honored by the city of Kiev.

Pinchuk, 49, was named an Honored Citizen of Kiev last week for his "valuable personal contribution to the development of business in Ukraine and in the city of Kiev, for strengthening the international authority of the Ukrainian capital -- Kiev -- and for personal merits in the state, public, philanthropic and cultural activity, and on the occasion of the celebration of Kiev Day," according to the Kiev City Council.

Pinchuk has been developing and supporting a number of philanthropic projects in Ukraine. In 2006, he consolidated the activities under the Victor Pinchuk Foundation, the largest private Ukrainian philanthropic foundation.

The foundation's projects include the production and promotion of a film with Steven Spielberg on the Holocaust in Ukraine; human rights projects with George Soros and support of Ukrainian Jewish communities; creation of a network of modern neonatal centers throughout Ukraine; cooperation programs with the Clinton HIV/AIDS Initiative, the Elton John AIDS Foundation and the ANTIADS Foundation of his wife, Elena; and the opening of the Pinchuk Art Center.

Pinchuk, the son-in-law of former Ukrainian President Leonid Kuchma, according to many political experts will play an essential role during the upcoming presidential and parliamentary elections in Ukraine.

#### **#1k**

#### **Russia's attitude to Israel much better than in Europe – Lieberman Itar-Tass, June 3, 2009**

MOSCOW - Russia's authorities and society have much better attitude to Israel and the Jewish people than those in many European countries, Israeli Foreign Minister Avigdor Lieberman told a news conference at Itar-Tass on Wednesday.

Referring to the results of recent public opinion surveys, he underlined that "the degree of tolerance to Israel and Jews" is much higher in Russia than in many European countries.

"Of course, there are marginal groups in Russia. There is enough xenophobia, but in general Russian authorities and society's attitude is more than positive," he said.

Lieberman noted that at present, some countries, in particular in Europe, take attempts to revise the world history, including that concerning WWII and the Holocaust."

This is especially painful for Russia that made a major contribution to the victory over fascism as well as for Jews who severely suffered from Nazism, he said.

"We have no right to commit the history to oblivion. I believe that Russia will be our reliable partner in preserving the historical truth," the diplomat said.

#### **#1l**

#### **Kantor raps tone of EU election rhetoric JTA, June 3, 2009**

JERUSALEM -- The president of the European Jewish Congress condemned the increasing anti-Semitic rhetoric in the run-up to the European Union Parliament elections.

Moshe Kantor, who heads the umbrella organization for Jewish communities in Europe, on Tuesday condemned "in the strongest possible terms, the cowardly and cynical use of anti-Semitic and racist language and fear-mongering utilized by some candidates for the European Parliament," and instead "call(ed) upon all candidates, unions and political parties to refrain from using racist, xenophobic or anti-Semitic rhetoric in a cynical and dangerous bid to curry votes."

In Hungary, for example, right-wing candidate Judit Szima has run multiple racist articles in a police union newsletter, including one that said, "Given our current situation, anti-Semitism is not just our right, but it is the duty of every Hungarian homeland lover, and we must prepare for armed battle against the Jews."

Kantor said there has been a disturbing lack of response by governments to this type of incitement.

The elections will be held Thursday through Sunday across Europe.

## **#2**

### **Communists seek to secure power in Moldova**

**By Sabina Zawadzki**

**Reuters, May 28, 2009**

CHISINAU - Outgoing Moldovan Communist President Vladimir Voronin hopes to hold onto the reins of power on Thursday when a loyal protegee makes a last bid to secure the succession in a vote by parliament.

A second failure by Prime Minister Zinaida Greceanii, a Voronin loyalist, to win the presidency would trigger new parliamentary elections a month after polls marred by violent protests and opposition accusations of communist vote rigging.

The result may be close, Greceanii having lacked just one vote last week.

Voronin, presiding over a largely agricultural economy in Europe's poorest country, has served two terms as president and cannot stand for a third. But he has made clear he wants to remain in a position of power in the ex-Soviet state, through his handpicked candidate.

Parliament elected Voronin, 67, as its speaker two weeks ago, furnishing him with the formal foothold he needs. Some have suggested he may play a role similar to that of Russia's former president Vladimir Putin, who as prime minister exerts influence alongside his chosen successor Dmitry Medvedev.

The economy of Moldova, wedged between Ukraine and Romania, has suffered acutely from the world economic downturn, as remittances from Moldovans working abroad have tumbled. The country also faces an intractable conflict in Transdnistria, a strip of land bordering Ukraine whose Russian-speakers separated from Moldova in Soviet times.

## **PRODUCTION SLUMPS**

Three opposition parties, liberal and pro-European in outlook, hold a combined total of 41 seats in the 60-seat parliament. They say the April 5 election to parliament was fraudulent and intend to boycott Thursday's ballot again.

"Dialogue with the Communists is impossible and irrelevant. We do not recognise the (parliamentary) election results stolen by the Communists," said Dorin Chirtoaca, mayor of Chisinau and deputy head of the Liberal party.

"The Moldovan opposition is united and will continue to strive for an early parliamentary election to the end."

Young protesters ransacked the presidential and parliamentary buildings after the April 5 election, seeing few prospects if Voronin and his Communists -- in power since 2001 -- remained in power. [ID:nL7581683] [ID:nLF241864] Moldova shares a linguistic and historical legacy with Romania, but also has longstanding ties with Russia. Voronin made a career in the Moscow-based Soviet Communist Party apparat before the disintegration of the Soviet Union in 1991.

The government says industrial production sank 24 percent in the first quarter of 2009. Global financial crisis has reduced by a third remittances from hundreds of thousands of Moldovans working abroad.

## **#3**

### **Southern Mountain Region Celebrates Arrival of Historic Torah Scroll**

**By Reuvena Leah Grodnitzky**

**Chabad.org, May 28, 2009**

Less than a week before the holiday of Shavuot – when hundreds of thousands of Jews around the world will celebrate the giving of the Torah 3,321 years ago – the expanding Jewish community in the Upstate region of South Carolina consecrated its very own Torah, a restored scroll donated to the region’s Chabad-Lubavitch center.

The new scroll, which was written some 70 years ago in Russia, spent the past three months being painstakingly repaired by religious scribes in Israel. More than 100 people attended the May 24 dedication ceremony, made possible by the Wilkenfeld Family in appreciation of Dr. Byron Wilkensfeld’s recovery from a serious illness.

“I wanted to donate a Torah to a synagogue that didn’t have one,” said the older Wilkenfeld, a 67-year-old physician from Greenville. “I was going to leave the money in my will, but after my illness, my wife, brothers and sisters and I decided that the donation would be best now, while we can all enjoy it. Now I’m leaving the congregation with something that will always live on.”

This Friday’s Shavuot services at Chabad of the Upstate in Greer will utilize the scroll for the traditional reading of the Ten Commandments.

For Wilkenfeld, who met Chabad House co-director Rabbi Adam Goodfriend while he was recovering at a local nursing home, the Torah is the essence of Judaism; it is crucial for every synagogue to have one, he pointed out.

After he pledged the holy scroll, he found himself attending synagogue services more frequently.

“The Torah has always been something of a wonder to me. I have so much reverence for it,” he said. “My family and I have gotten more out of this donation than the people who received it.”

Goodfriend emphasized the significance of such a small southern Jewish community acquiring such a historical Torah scroll. Located in the foothills of the Blue Ridge Mountains, the Upstate region comprises the state’s entire northwestern corner. Home to some one million people, the area only has 3,500 Jews, a mere third of a percent. But the industrial town of Greer saw an uptick in Jewish life with the arrival of Rabbi Adam and Chani Goodfriend in 2004. Among their more popular programs is a Gan Israel summer camp.

“This Torah in particular encapsulates a chapter in Jewish history,” said Goodfriend. “We have many congregants who were born in Europe, just like this scroll, and it’s very moving to consider how our community is now joined to prewar Russia through this Torah. It’s awe inspiring to wonder at the distinct possibility that one of us had relatives that could have used this Torah.”

At the ceremony, which was held at a local inn, guests one-by-one got the opportunity to assist Rabbi Ariel Asa, an Atlanta-based ritual scribe, in completing the Torah’s final letters. Afterwards, celebrants marched with the Torah in a half-mile circuit to the scroll’s new home at the Chabad House.

Evelyn Opper, who has lived in Upstate for the past five years, said that the Torah dedication was her first. Born in Poland to Holocaust survivors, Opper said she felt a connection to her family’s past by participating in the ceremony.

“I felt honored to be a part of our community as we brought some ‘old world’ Jewish tradition into our lives,” she said. “This reminds us of how rich and wonderful the Jewish religion is. You feel something very special to be a part of it.”

**#4**  
**Lieberman heads to Russia, Belarus for 5 days**  
**By Herb Keinon**  
**Jerusalem Post, May 31, 2009**

Foreign Minister Avigdor Lieberman, who has brought a greater Russian orientation to the Foreign Ministry because of his background and constituency, will leave Monday for a five-day trip to Russia and Belarus.

In what is being interpreted as a positive signal in Jerusalem, Lieberman will be meeting both Russian President Dmitry Medvedev and Prime Minister Vladimir Putin, as well as his counterpart, Foreign Minister Sergei Lavrov.

By contrast, diplomatic observers in Jerusalem noted that it was likely Lieberman would get a much lower-profile reception in Washington, where he is widely viewed as an ultra-nationalist, when he flies there later this month.

Unlike his scheduled meeting with the Russian president, a meeting with US President Barack Obama seems extremely unlikely.

According to diplomatic officials, the talks in Moscow would concentrate on three major areas.

The first would be the strategic area, with the talks expected to center on Iran, especially in light of Obama's policy of engagement with Teheran. The talks are expected to discuss the different assessments of Iran's nuclear progress, its ability to fire ballistic missiles, its incitement against Israel, and Russia's role in trying to halt the Iranian nuclear program.

The second focus will be on the diplomatic process, with the Russians expected to want to hear from Lieberman about Prime Minister Binyamin Netanyahu's recent visit to Washington, as well as Israel's overall diplomatic plan.

One of the issues to be discussed in this framework will be the long-proposed Moscow international peace conference, with Russia interested in sounding Israel out on the issue, which has been bouncing around since November 2007 and the Annapolis conference.

The feeling in Jerusalem is that the Russians are currently waiting patiently on the side until Obama presents his Mideast plan, and then will search for a more active role.

"They want the conference to be more than a photo opportunity, and as a result are waiting to hear what the Americans are proposing," one government source said.

Obama is expected to visit Moscow in July, where the Middle East is expected to be one of a number of key items on the agenda.

The third focus of Lieberman's visit will be upgrading the bilateral ties between the two countries.

Foreign Ministry officials have said that given his Russian background, Lieberman is very keen on strengthening the economic and cultural ties between the two countries, and in this realm has distinguished himself from the last few foreign ministers, who looked at Russia only in terms of the wider diplomatic pictures: Iran and the Palestinians.

Lieberman is expected to hold most of his meetings in Russian, and also has a number of media events planned, including two press conferences where he will also deal with the local press in their own language.

On Thursday Lieberman is scheduled to fly to Minsk, and a meeting with authoritarian leader President Alexander Lukashenko, who in October 2007 made what were widely viewed as anti-Semitic and anti-Israel comments.

Addressing the "miserable state of the city of Babruysk" on a live broadcast on state radio he stated: "This is a Jewish city, and the Jews are not concerned for the place they live in. They have turned Babruysk into a pigsty. Look at Israel - I was there and saw it myself ... I call on Jews who have money to come back to Babruysk." Lukashenko later sent a special envoy to Jerusalem to apologize for the remarks.

Lukashenko, who has been courted by the likes of Iranian President Mahmoud Ahmadinejad and Venezuela's Hugo Chavez, has been kept at arm's length by the US. The US was apprised in advance of Lieberman's trip to the country.

According to Israeli officials, Lieberman will focus in his meetings with Lukashenko on the Iranian issue, and argue that Minsk's ties to Iran do not serve its own interests.

Lieberman visited Minsk in a private capacity shortly after the February elections, when he also went to his native Republic of Moldova.

In both Moscow and Minsk, Lieberman is scheduled to meet with the heads of the Jewish communities. He is scheduled to return to Israel on Friday.

## **#5**

### **Israel's former president, Ephraim Katzir, dies JTA, May 31, 2009**

JERUSALEM -- Israel's fourth president, Ephraim Katzir, who accepted Golda Meir's resignation after the Yom Kippur War, has died.

Katzir, an internationally renowned biophysicist, died Saturday. He was 93. Katzir served as president from 1973, the Yom Kippur War, to 1978, shortly after Egyptian President Anwar Sadat visited the Jewish State. He returned to his beloved scientific work after his term in office.

He was born in Kiev in 1916 to Yehuda and Tzila Katchalski and made aliyah to Palestine in 1925. After completing his Ph.D. in biochemistry and organic chemistry in 1941, he went on to study at the Brooklyn Polytechnic Institute, Columbia University and Harvard University.

He and his brother, Aharon, developed new types of explosives to supplement the Jewish paramilitary Haganah's stockpile. Following the War of Independence, he joined the newly founded Weizmann Institute.

Katzir was awarded the Israel Prize in 1959 and received the Japan Prize in 1985. In 1996, the former president was selected as the first Israeli to be invited to join the American Academy of Sciences. He also won the Weizmann Prize, the Linderstrom Land Gold Medal, the Hans Krebs Medal, the Tchernikhovski Prize for scientific translations, the Alpha Omega Achievement Medal and the Engineering Foundation's International Award in Enzyme Engineering.

He was a visiting professor at Harvard University, Rockefeller University, the University of California at Los Angeles and Battelle Seattle Research Center.

At the start of Sunday's Cabinet meeting, Prime Minister Benjamin Netanyahu said of Katzir: "He was a rare combination of personal ability and public mission. He divided his life between science and security, between voluntarism and education, between achievements and modesty. He was a very, very modest man. His life was one of struggles, challenges, successes and accomplishments, all of which were for the good of the State of Israel. Well before he became president, he had built an important layer in our national life in this country. As president, he continued this special combination and brought his many abilities and modesty to the institution of the presidency. The State of Israel and its citizens have lost one of their dearest sons, a man who did everything for the good of the nation."

He is survived by a son, Meir, and a nephew.

## **#6**

### **Islamic extremism on the rise again in Central Asia AsiaNews/Agencies, May 28, 2009**

Tashkent – A police man was killed and others injured in a suicide attack in the city of Andijan yesterday. Unknown gunmen also fired at Uzbek policemen in Khanabad on the border with Kyrgyzstan. Both attacks were claimed by the Islamic Jihad Union (IJU), an offshoot of the Islamic Movement of Uzbekistan accused in the past of various attacks in Central Asia, and have reignited fears of a rise in Islamist militancy in the Ferghana Valley, an area that borders on several countries.

Kyrgyz sources said that four policemen were killed in Khanabad when they tried to stop a car that was trying to drive through a border checkpoint into Kyrgyzstan, something that Uzbek authorities have denied. Uzbekistan said instead that it is in perfect control of its territory and that Uzbek troops are patrolling the border.

Whatever the case may be, such incidents are a sign of widespread instability and violence in the Ferghana, a valley that is divided between the two countries and Tajikistan that has been affected by significant social unrest since the collapse of the Soviet Union.

It is also one of the poorest areas of Central Asia with high unemployment and limited social assistance from governments.

Making matters worse the circumstances "could make the population susceptible to radical groups who provide a means of channelling this discontent," said Matthew Clements, Eurasia editor in the Country Risk Department for Jane's Information Group.

Although unemployment is high in Uzbekistan and millions of Uzbek men and women have left the country for seasonal jobs in Russia, Kazakhstan, and even impoverished Kyrgyzstan and Tajikistan, the Uzbek government continues to claim that unemployment is less than 1 per cent.

In May 2005 Uzbek troops fired on peaceful demonstrators, killing hundreds, in Andijan. But instead finding out what really happened, the government has consistently claimed that there was a riot. At the same time though, many eyewitnesses to the "riot" were incarcerated, tortured and sentenced to silence them.

The situation is so uncertain that many doubt that the IJU is really behind the attacks.

Many suspect that organised crime is responsible with the help of rogue officials from both countries.

On each side of the border the local population has been increasingly left without outside help, making it more easily susceptible to appeals by proponents of radical ideologies.

## **#7**

### **Amnesty raps Medvedev on Russia rights violations**

**By Amie Ferris-Rotman**

**Reuters, May 28, 2009**

MOSCOW - Russian President Dmitry Medvedev has failed to deliver on promises to improve human rights and some violations have worsened since he took office last year, Amnesty International said Thursday.

Medvedev, a 43-year-old former lawyer, has scolded officials for breaching human rights, vowed to battle corruption and end what he terms legal nihilism in the court system.

Amnesty used a 16-page memorandum to detail a host of abuses on the Kremlin chief's watch, including the murders of reporters, torture of detainees and targeting of civilians during August's war with Georgia.

"Over the past year, you set several goals, which, if implemented, could enhance the rule of law," Amnesty said in the memorandum which it said it had sent to Medvedev.

"Major changes are not yet visible. Certain steps are being made but Amnesty International considers them insufficient... In some areas the situation has got worse."

Human rights violations in the North Caucasus region including disappearances, ill-treatment and unfair trials are still committed with "impunity," Amnesty said.

Amnesty said it was seriously concerned about the legal case against jailed Russian tycoon Mikhail Khodorkovsky and his business partner Platon Lebedev, who are on trial on new charges that could keep them in jail for another 22 years.

## POLITICAL PRISONERS

The two were sentenced to eight years in prison for fraud and tax evasion in 2005 under then-president Vladimir Putin, though their defense lawyers say they are political prisoners.

Amnesty called for independent observers to monitor the pair's second trial to judge whether it is a fair process.

Medvedev has recently struck a decidedly different tone on political dissent and human rights to that of Putin, who now serves as prime minister.

The Kremlin chief used an interview with an opposition newspaper last month to chide the trade-off between prosperity and freedom which critics say was the hallmark of Putin's rule.

Amnesty praised Medvedev's efforts this month to review Putin-era restrictions imposed on non-governmental organizations (NGOs), in line with his promise to strengthen civil society.

But the group said Medvedev needed to follow through on promises.

"Concrete actions are needed to prove that he (Medvedev) is doing more than paying lip service to reforms," Amnesty's secretary-general Irene Khan said in a statement.

The memorandum to Medvedev was presented alongside the group's annual report, in which it said the global economic crisis is fuelling a rights "time bomb."

## #8

### **Europe's Last Dictatorship**

### **Lukashenko's imputiny only encourages Putin**

**By Jeffrey Gedmin**

**Wall Street Journal, May 29, 2009**

Minsk , Belarus -- One of the questions I was repeatedly asked during a recent trip to the capital of Belarus was whether the Obama administration would opt for greater pragmatism at the expense of idealism in foreign policy. Both the government and opposition in this country have a vested interest in the answer. As early as next week, the U.S. will decide whether or not to continue sanctions against the country known as "Europe's last dictatorship." The European Union faces fresh choices as well.

NATO sees Belarus as a potential threat to neighboring Lithuania. Russian tanks stationed in Belarus can be in the Lithuanian capital, Vilnius, in about 90 minutes. This small nation of 10 million can threaten in other ways: 20% of EU gas imports from Russia pass through the former Soviet state.

Belarus also remains a notorious human-rights abuser. In its press-freedom index, Freedom House ranks Belarus 188th out of 195 countries. Transparency International rates Minsk as more corrupt than Moscow. Minsk can feel like a time warp: Main avenues in the capital are still named after Lenin, Marx and Engels.

On my trip, I attended a dinner with leading oppositionists in a private room at a local restaurant. It was private except for the two minders who were stationed about five feet away from us. At a meeting of former political prisoners at the U.S. embassy to celebrate the 55th anniversary of Radio Liberty broadcasts to Belarus, I met a former trade minister who had served two years for breaking with the regime. Another young, charismatic businessman had spent six years behind bars for his pro-opposition views.

The man who rules Belarus, Alexander Lukashenko, is severe. In 1995 he had his air force shoot down a hot air balloon that had strayed into his air space, killing two Americans.

The U.S. and the EU need to consider two issues in their relations with Belarus. It's only through a coordinated approach that we'll make progress towards reform.

The first issue has to do with democratic development. The heady days of the 1990s, when it appeared that freedom was on the march around the world, have given way to a decade of democracy recession. The most troubling developments have taken place in Russia and its periphery.

Democratization in countries such as Belarus, Georgia and Ukraine will almost certainly help to curb Russia's imperial appetite. Faced with neighboring democracies, Russia would be forced to take greater stock of its affairs at home. Garry Kasparov, the chess champion turned Putin opponent, thinks of an inside and an outside game if you want to support Russian democracy today. Mr. Kasparov argues that the outside game -- what happens in Russia's neighborhood -- may be as important as what's happening inside Russia.

Let's encircle Russia with states that provide a powerful model for democratization. It has been 20 years since George H.W. Bush gave his "Europe, Whole and Free" speech in Mainz, Germany, and the project is only half complete.

Second, the prospects for political change in Belarus may not be as bleak as some believe. True, the opposition is weak. For his part, Mr. Lukashenko never fails to disappoint. Despite all evidence to the contrary, the regime calls into question the fact that the mass graves on the outskirts of Minsk are the work of Stalin's henchmen. And Mr. Lukashenko is the only ex-Soviet leader to have proudly retained the name "KGB" for his security services.

Yet every dictator has his Achilles' heel. For the authorities in Belarus, theirs may be the economy. The Russians, with whom Mr. Lukashenko has a "close but dysfunctional relationship," as one EU diplomat puts it, have reduced their economic support for Belarus in the last couple of years. Moreover, Belarus has not managed to remain immune from the global financial crisis. According to that same diplomat, some 25% of state-enterprise employees are now working on reduced hours. Mr. Lukashenko is in trouble if his social pact begins to seriously fray.

What to do? The civil-society leaders I met were in agreement that the recent release of political prisoners was the result of U.S. and EU pressure. That pressure must be sustained. The U.S. should consider lifting sanctions only on the basis of strict conditionality. Washington should not give in to the temptation to accept the return of the American ambassador, who was expelled last March over U.S. sanctions, as sufficient. Belarus must be pressured to have more independent media, to investigate the cases of missing dissidents, and to end the practice of jailing oppositionists. For its part, the EU should insist that any economic assistance be closely tied to political reforms and respect for human rights.

This will be slow, tough going to be sure. But now is exactly the wrong time for a short-sighted realpolitik approach.

*Mr. Gedmin is president of Radio Free Europe/Radio Liberty.*

**#9**

**Gazprom Urges European Action to Avoid New Ukraine Gas Crisis**

**By Mark Sweetman**

**Bloomberg, May 29, 2009**

AO Gazprom urged Europe and Russia to work together to prevent another crisis over natural gas supplies via Ukraine as a Bulgarian delegation held talks on a new supply contract to avoid a repeat of January disruptions.

Chief Executive Officer Alexei Miller discussed cooperation, including the South Stream pipeline project, with Bulgargaz AD head Dimitar Gogov at a Moscow meeting, state-run Gazprom said in an e-mailed statement late yesterday.

Bulgaria, which gets all its gas from Russia, is seeking a direct contract with Gazprom after suffering disruptions in January as shipments to Europe from Russia were halted for two weeks amid a pricing dispute with Ukraine. Miller and Gogov discussed transit through Ukraine and that country's network.

"Another gas crisis in Ukraine can be avoided," Miller said in the statement. "Russia and Europe should invest together to prevent it. There's no time to lose."

Russian President Dmitry Medvedev has cast doubt over Ukraine's ability to pay more than \$4 billion for 19.5 billion cubic meters of gas to be pumped into storage before this winter's heating season. At a May 22 meeting with officials from the European Union, Medvedev proposed working together on a loan for Ukraine to help it meet payments.

### Supply Cut

Gazprom, which supplies about a quarter of Europe's gas, cut deliveries to Ukraine on Jan. 1 after the two sides failed to agree on a contract for 2009. Supplies to Europe were halted for almost two weeks amid the spat until Russian Prime Minister Vladimir Putin and his Ukrainian counterpart, Yulia Timoshenko, hammered out an accord that restored flows.

The January dispute, the third reduction of shipments to Ukraine in three years, renewed calls in Europe to diversify supplies away from Russia. Miller and Gogov discussed the South Stream pipeline, which would bring gas to Europe from Russia under the Black Sea. The proposed route will split into two branches: one to Italy and the other via the Balkans to Austria.

Gazprom signed accords on May 15 with Bulgargaz, Greece's DESFA and Serbia's Srbijagas. The Russian company will set up joint ventures to build the 900-kilometer (560-mile) link, Miller said at the time. The CEO said the project would cost 8.6 billion euros (\$12 billion).

Gazprom's production from October to March declined by 36.4 billion cubic meters to 261.5 billion cubic meters from the same period a year earlier, the company said in a separate statement last night.

"The production decline was due to a drop in demand on domestic and foreign markets as a consequence of the global financial-economic crisis and unusually warm winter weather, as well as the forced stop to transit of exports through Ukrainian territory," the company said.

Management instructed the creation of storage reserves of at least 64 billion cubic meters of gas by the start of October to help ensure uninterrupted supplies to Europe.

## #10

### **Russia Stocks Surge Most in World as UBS Sees Further 30% Rally**

**By William Mauldin**

**Bloomberg, June 1, 2009**

Russian stocks gained the most among equity markets worldwide after UBS AG predicted a 30 percent surge for shares that have almost doubled this year.

OAO Sberbank rallied 12 percent after UBS recommended the nation's biggest bank, saying it has become "more comfortable with risks in the financial industry." OAO Rosneft and OAO Lukoil, Russia's biggest oil producers, advanced more than 5 percent as oil increased for a sixth day.

The 50-stock RTS Index added 6.9 percent to 1,162.2 at 4:53 p.m. in Moscow, the most in two months. The ruble-denominated Micex Index jumped 6 percent to 1,191.22, surpassing Peru's Lima General Index to become the world's best-performing equity benchmark this year. The ruble strengthened as much as 1.2 percent to 30.5908 per dollar, the highest since Jan. 9.

“Russia is still a relatively cheap market,” Stephen Jennings, chief executive officer at Renaissance Group in Moscow, said in an interview today. “What we’ve seen is a return to normality.”

Even after its rally this year, the RTS is valued at 6.8 times reported profit, less than half the price-to-earnings ratio of the other so-called BRIC countries, Brazil, India and China.

Russia’s worst economic crisis since the government defaulted on \$40 billion of debt a decade ago may be easing because of higher energy prices. The country’s budget deficit may exceed 9 percent of gross domestic product this year if a recovery in oil prices is short-lived, Deputy Finance Minister Oksana Sergienko said on May 26.

#### Sustainable Growth

“The Russian market rally has been strong, and we feel it has not run out of steam,” wrote UBS analysts led by Dmitry Vinogradov in Moscow in a report dated today. “Following the strong rally by exporters, we now recommend starting to rotate into domestic names, which should benefit from any economic upturn and strengthening currency.”

Russia, the world’s largest energy supplier, will probably be back on a sustainable growth path in the third quarter, possibly even in the second, UBS economist Clemens Grafe wrote in a separate report.

“The trough is behind us,” Grafe wrote, adding that there are “green shoots” to be seen in a “mildly stronger” ruble and a slowing of inflation.

Gross domestic product shrank 9.5 percent in the first quarter, the worst contraction in 15 years, according to government data released on May 15. Manufacturing decreased in May at the slowest pace in seven months as the decline in new export orders eased and companies cut staff at a weaker pace, VTB Capital said today.

#### Banks Upgraded

Central bank Chairman Sergey Ignatiev said last week that he expected a rebound in the economy from its low by next quarter. “If it starts in the second quarter or the third quarter, as I expect, then the increase in activity in the real sector could prove decisive for reducing bad debts,” he said.

Sberbank, the biggest holder of ruble deposits, jumped to 49.57 rubles as the ruble strengthened and UBS upgraded its recommendation on the shares to “buy” from “neutral.” A stronger ruble encourages Russians to keep savings in local- currency deposits, Sberbank’s main source of funding.

Higher commodity prices, a stabilizing exchange rate and lower interest rates indicate “economic growth should not take too long to resume,” UBS’s Dmitry Vinogradov wrote in the report. “Sberbank is well placed to play the recovery theme.”

Bank Rossii cut its key refinancing and repurchase rates in April for the first time since 2007 and lowered them again May 13 as the pace of consumer-price growth ebbed. The central bank may lower rates again in June as inflation slows, Ignatiev said last week.

#### Ruble’s Best Month

The ruble had its best month in May since 1995 as oil, Russia’s main export earner, posted its biggest gain in a decade on speculation the worst of the economic crisis that led to recessions in Europe, Asia and the U.S. is over. Russia drained more than a third of its foreign-currency reserves between August and January stemming a 35 percent decline in the ruble as oil dropped more than \$100 a barrel from a July record of \$142.27.

“The ruble has certainly benefited from the steady rise in oil prices,” said Ivan Tchakarov, a London-based economist for Nomura Holdings Inc.

The ruble recently gained 1.2 percent to 30.6059 per dollar. It rose 0.3 percent to 43.4891 versus the euro, leaving the currency 0.7 percent stronger at 36.4093 against the central bank’s target euro-dollar basket.

Crude for July delivery increased as much as \$1.98 to \$68.29 a barrel as China's manufacturing expanded for a third month and the nation raised fuel prices.

Shares of Lukoil jumped 5.4 percent to 1,730.02 rubles, up 80 percent this year. Rosneft, the nation's biggest oil company, advanced 6.2 percent to 219.27, bringing this year's rally to 99 percent.

## **#11**

### **Georgians, And Some Westerners, Nervous As Political Deadlock Persists**

**By Ghia Nodia**

**RFE/RL, June 1, 2009**

For almost two months, the central streets of Tbilisi have been blocked by mock prison cells meant to convey the message that Georgia is a police state. Protesters continue to insist that President Mikheil Saakashvili must resign; he has said repeatedly he will not do so.

If the stalemate persists, the cells may come to resemble the Hizballah "tent city" that stood in Beirut, Lebanon, for 17 months, between November 2006 and May 2008.

But there is also a vague feeling in the air that the endgame may be close, making everybody nervous about what precise form it will take. Given that Saakashvili's resignation is extremely unlikely, and the radical wing of the opposition remains intransigent, there are two options left: either the opposition gradually winds up its street protests, or police resort to force to quash them.

The strategy of both the government and the radical opposition (the parliamentary opposition does not support the ongoing street actions) is based on lessons learned from the previous crisis, that of November 7, 2007. On that day, Georgian police dispersed protesters similarly demanding Saakashvili's resignation; raided the offices of Imedi, an independent TV station owned by the late Badri Patarkatsishvili, the most formidable force behind the opposition at that time; and imposed emergency rule.

Those actions -- especially, the latter two measures -- elicited strong international criticism, which prompted Saakashvili to step down and call early elections approximately one year before his first term in office expired. Saakashvili and his party, the National Movement, won presidential and parliamentary elections in January and May 2008, respectively, but in both cases the opposition rejected the results as rigged, and most opposition parties refused to take up their seats in the new parliament. International observers criticized many aspects of both ballots, but did not question the validity of the results.

The lesson that the opposition drew from this was that Saakashvili can be forced through street protests to resign if he forfeits the support of the West. They also counted on his international support having already dwindled following the August 2008 war with Russia.

Numerous statements by opposition leaders indicate that they envisaged the following hypothetical scenario: people gather for a huge demonstration on April 9. At some point a few days later, Saakashvili loses patience and orders the police to use force. Street skirmishes result in casualties.

This causes even broader public outrage, and, most importantly, a phone call from Washington or Brussels: "Enough is enough, Misha, we have supported you so far, but now you have to go. The good news is, we will guarantee you, and maybe your closest lieutenants, safety in some nice place in the West." The opposition concluded that it simply had to be radical enough to provoke a violent response from Saakashvili.

There is also Russia, of course, whose leaders have gone on record many times as saying that they want Saakashvili to go. The media and the authorities have alleged that some opposition leaders receive assistance from Russia, or, to be more precise, from Georgian businessmen and criminal bosses active in Russia. The opposition strongly denies this.

## No Hotheaded Response

Saakashvili learned his own lessons from the November 2007 debacle. This time he decided to act contrary to his reputation as a "hothead." For the first day of opposition protests on April 9, he invited a group of international riot-police experts that observed the rally together with the leadership of the Interior Ministry.

Police camped within key government buildings, which the protesters could storm, but otherwise were not even visible near the protest sites. Saakashvili described the protest as a sign of maturing Georgian democracy, and invited the opposition to engage in a dialogue on further democratic reforms.

The new creative tactic of mock prison cells allowed the opposition to occupy strategic locations in the capital even after the number of protesters declined and most cells remained empty. Popular opposition leader Levan Gachechiladze publicly outlined the crux of the strategy: "If the police attack us, that's fine; if Misha allows the cells to stay, he will appear weak."

But contrary to Gachechiladze's expectations, Misha was not afraid of looking weak. Of course, this entailed sacrifices: parliament and the cabinet could no longer hold regular sessions, residents of the central districts of Tbilisi had to endure extreme discomfort, and some schools even had to suspend classes.

## Tactical Victory

Saakashvili's tactics paid off in several ways. The international community appreciated his restraint and chastised the opposition for its radical stance. In a joint statement on May 26, the European Union and the United States "urged Georgia's government and opposition to end the current stalemate on the streets and begin negotiations immediately on a new program of reforms to invigorate Georgia's democracy." This sounded close to what Saakashvili had been calling for. The opposition became so angry it even threatened to stage protest actions outside Western embassies.

These tactics appears to have won Saakashvili greater public support as well. According to Greenberg Quinlan Rosner, an American pollster, his support has risen by five points to 43 percent since the protests began.

Saakashvili also hoped for an eventual split between the most radical and the relatively moderate wings of the opposition. There have been signs over the past few days that such a split may be imminent. Irakli Alasania, former ambassador to the UN and the leader of the opposition Alliance for Georgia, announced on May 26 his rejection of radical street protests, and affirmed his readiness to begin a dialogue with the authorities. Another influential opposition group, the National Forum, likewise rejected the tactics of mock cells, and hinted they may "coordinate tactics with" Alasania.

The other extreme is led by former parliament speaker Nino Burjanadze and Salome Zurabishvili, a former French diplomat who served for 1 1/2 years as Georgia's foreign minister. In the evening of May 26, Burjanadze led a four-hour-long blockade of Georgian railways, and pledged to continue in the same vein.

However, so far the opposition leaders are still downplaying the differences between them as purely tactical, and affirm their unanimity with regard to the main goal.

## Endgame Options

This presents Saakashvili with a difficult choice: How far can he go in allowing the opposition to disrupt the life of the country? Apart from making him look weak, the standoff has already caused considerable damage to Georgia's economy and its credibility in the eyes of investors. With the government tolerating a railway blockade, even a short one, a new red line was crossed.

Now that seeking consensus with moderates like Alasania is no longer necessary, Burjanadze and Zurabishvili will have a freer hand to challenge the government with more provocative actions. As the radical opposition does not appear to have any exit strategy, a crackdown by the government, preferably bloody, is the best face-saving exit for

them. They can cry "dictatorship" and wait until the time is ripe for the next round of protests. Ending the protests quietly would gravely undermine their credibility.

Co-opting the moderates into the political process and marginalizing the radicals is obviously the best outcome for Saakashvili, and it looks as though his patience is not yet exhausted. If he finds himself in a situation where he has to use force, within more or less acceptable limits, this will probably be met with understanding both by Western governments, and many Georgians as well.

But this path is still risky: The inexperienced Georgian riot police may make mistakes and overreact, and the idea of using force against protesters -- even in cases where any Western government would have done the same -- is still extremely unpopular with the Georgian public. Everybody agrees this scenario is undesirable -- but nobody can be sure whether it will be possible to avert it.

Whatever the outcome, there are larger questions to answer. Will Saakashvili emerge from this situation as a lame-duck president, or -- as some of his supporters hope -- a reinvigorated one capable of pushing ahead with further necessary reforms, even if they are unpopular? Will the experience of the past two months' standoff make Georgia a more democratic, or a less democratic country? It is too early to judge, although the debate has already started.

Ghia Nodia is professor of politics at Ilia Chavchavadze State University in Tbilisi. The views expressed in this analysis are his own, and do not necessarily reflect those of RFE/RL

## **#12**

### **Lukashenko Tells Govt to Stop Looking to Russia For Support Interfax, May 29, 2009**

MINSK - The Belarusian government stop asking Russia for support and try to build trade and economic cooperation in other areas, Belarusian President Alexander Lukashenko demanded.

"I am personally warning you, (Belarusian Prime Minister) Sergei Sergeyeovich (Sidorsky) and (Belarusian National Bank chief Pyotr) Prokopovich. Once people came and told me how bad things are regarding Russia and that there is no progress there (economic relations with Russia) and asking me to raise the question with the Russian president and Putin about them not listening to us," Lukashenko said at a meeting addressing the socio-economic development of Belarus held in Minsk on Friday.

"This time has ended today, now it is a different time. If we cannot (work) with Russia, we should not bow, wine and cry, we should look for happiness in another part of the planet. I am deliberately saying this in public," Lukashenko said.

"We saw a very interesting thing yesterday, when the (Belarusian) President (Alexander Lukashenko) was sitting down with (Russian Prime Minister) Vladimir Vladimirovich Putin having a friendly discussion on personal, private, and state issues. And that that same time (Russian Finance Minister Alexei) Kudrin gave a press conference before the meeting of the Union's Council of Ministers, the purpose of which was to cause panic in Belarus," said Lukashenko.

On Thursday, Kudrin voiced an opinion that Russia may be faced with the insolvency of the Belarusian government and the Belarusian economy in general due to the insufficiency of its gold and currency reserves at the end of 2009 or in a year's time.

"It is time to stop using the usual paths, Sergei Sergeyeovich (Sidorsky). We need to go to other places, where people do not know us, where people are waiting for us, and sell ten tractors, one combine, a tea spoonful of sugar," Lukashenko said sarcastically.

"It is not about Ossetia and Abkhazia. Finally, the recognition of Ossetia and Abkhazia is not a Russian issue. It is an issue between us and those states, with which we have excellent contacts, and which know our tactics," Lukashenko said.

"I answered that question (about the recognition of Abkhazia and South Ossetia) a long time ago, and no one in the East and the West is allowed to press us on this issue. We are an independent country and we will do everything that is in our interests," Lukashenko said.

"Let's build our economy and politics as a sovereign country. We leverage of influence on this situation, to the challenges we are being faced with, including in Russia," Lukashenko said.

### **#13**

#### **A welcome new stage in Azerbaijani-Israeli ties**

**By Alexander Murinson**

**Jerusalem Post, June 1, 2009**

Israel has actively sought to establish friendly relations with Azerbaijan and other Muslim states in the post-Soviet space. Relations between Israel, Azerbaijan and Kazakhstan serve as a model for cooperation between the Jewish state and Muslim nations. As a result of the meeting between Azerbaijani President Ilham Aliyev and Israel's new Foreign Minister Avigdor Lieberman in Prague on May 6, an agreement about a state visit by President Shimon Peres to Baku has been reached. Peres is scheduled to visit Azerbaijan near the end of June as a part of his tour of the Muslim republics of the CIS. The visit to Baku will take place "at the highest level and with all honors."

In view of increasing tensions between the Iranian mullahs' regime, which seeks to build nuclear weapons and threaten the Gulf region, and Israel, the invitation for Peres to visit secular Muslim Azerbaijan, Iran's northern neighbor, reaffirms the strategic relationship between the two countries. Diplomatic relations between the countries were established shortly after Azerbaijan's independence in 1992. Premier Binyamin Netanyahu paid a working visit in 1997 on his flight from China.

This diplomatic breakthrough was achieved by Lieberman, who emigrated from the former Soviet Republic of Moldova. Since his days as the minister of strategic affairs (2006-2008), he has pursued a policy of deepening relations with the newly independent states of Eastern Europe, the Caucasus and Central Asia. Lieberman paid special attention to the Republic of Azerbaijan, strategically located on the western shore of the Caspian Sea. He paid an official visit to Azerbaijan in August 2007. During their meeting in Prague, Aliyev and Lieberman discussed the development of Azerbaijani-Israeli relations. Lieberman mentioned that he intends to visit Baku in the near future.

THE CRITICAL AREA of cooperation between the two countries is energy security. Currently Azerbaijan supplies 20 percent of Israel's oil. Due to the high proportion of petrochemicals in bilateral trade, the value of imports from Azerbaijan reached \$3.5 billion in 2008. There are also plans to supply Azerbaijani natural gas via Turkey to Haifa. However, there is renewed interest on both sides in expanding bilateral cooperation into new areas such as agriculture, medical research and hi-tech. As part of this effort, a series of events have been organized with the participation of Ambassador to Azerbaijan Arthur Lenk, who has represented the Jewish state in Baku since 2005 and will leave his post in July.

In May 2008, the Israel-Azerbaijani business forum took place in Baku, with the Israeli side represented by Agriculture Minister Shalom Simhon. Tel Aviv hosted a forum with representatives of more than 20 companies from Azerbaijan and officials of the Ministry of Economic Development on May 18. The key part of the forum was the signing of an agreement on cooperation between the Israel Export Institute and the Azerbaijan Fund for Export and Investments Encouragement (AzPromo). This agreement institutionalizes mutual trade and investment. The International Agricultural Exhibition Agritech 2009 taking place in Israel will also see the Azerbaijani delegation led by Ilham Guliyev, deputy minister of agriculture.

In late September 2008, Azerbaijan agreed to buy military hardware from Israel. On September 26, Haaretz reported that Azerbaijan will purchase Israeli weapons, including ammunition, mortars and military radio equipment worth hundreds of millions of dollars. This is the first public acknowledgment of the growing strategic relationship between the two countries, even though the relationship goes back to the first years of Azerbaijani independence.

This political move demonstrates Azerbaijani commitment to its Western orientation and independence from Moscow and Teheran.

Israel sought to establish close relations with these countries, because the developments in this region profoundly affect the stability of the Middle East due to its territorial proximity and the size of the predominantly Muslim population of Central Asia and Azerbaijan. The Caspian region can become a fertile ground for the spread of Islamic radicalism and nuclear proliferation. These threats also unite Israel with the elites and secular middle class in these nations. The natural riches of the region make cooperation with these nations even more attractive.

The Obama administration would be wise to see Israel under Netanyahu as an asset and interlocutor in the American strategy toward Eurasia in general and the South Caucasus in particular. Israel's influence among the ex-Soviet republics and the Russian Federation is bound to increase under Lieberman, who has built a broad network of formal and informal relations with the elites of these republics during his tenure as minister of strategic affairs.

News reports about the coming visit of Peres to Azerbaijan have already caused consternation among the Iranian military. The Azerbaijani media reported on May 21 that the Iranian Chief of Staff Hasan Firudabadi made public threats directed at Azerbaijan, saying that a visit by the Israeli president would be an "incorrect step." He added: "The Shimon Peres visit does not seem like a friendly step in Azerbaijani relations with Iran."

The writer is an independent researcher; his book *Turkey's Entente with Israel and Azerbaijan: State Identity and Security in the Middle East and Caucasus* will be published by Routledge in September 2009.

**#14**  
**Moscow's plan: Teach students to see through Kremlin spin**  
**The proposed course, pending approval from the Education Department, will teach high school students to analyze, compare, and criticize advertisements, news stories, and TV reports from a variety of sources.**  
**By Fred Weir**  
**Christian Science Monitor, June 1, 2009**

MOSCOW - In Russia today, there appears to be little relief in sight for dissidents trying to break through the solid wall of Kremlin-spun news coverage.

But maybe there's a non-confrontational approach - one that won't raise the Kremlin's hackles too much - that can help the next generation navigate around that wall.

That, at least, is the hope of a group of Moscow city lawmakers who, working with the journalism faculty of Moscow State University, have developed a program for the city's schools that will encourage students to "form a critical attitude to the mass media. . . [and] teach children how to separate useful from manipulative information," according to Moscow Duma deputy Lyudmila Stebenkova.

Few independent journalists, and lots of PR glitz

A great deal has been written about the concentration of Russia's media outlets into the hands of the Kremlin and pro-government businessmen, and also about the ongoing crackdown against the few independent journalists still endeavoring to do their jobs.

But in a metropolis that rocketed to the top of the world's most expensive cities in less than two decades after the USSR collapsed, an awareness of media influences also includes the vast realm of business communication, say proponents of the media-criticism program.

"We're living in a society where marketing and PR of all kinds plays a huge role, and we need to start training people to be critical," says Veronika Kochetova, a Duma aide who's been involved in preparing the media-criticism program.

Students to compare reports, launch their own media

She says the course, which has been agreed by the city Duma but is yet to be approved by the Education Department, will teach high school students to analyze, compare, and criticize advertisements, news stories, and TV reports from a variety of sources.

Students will also be encouraged to set up their own media, such as school newspapers and websites, a type of activity that remains very undeveloped in Russia's conservative school system.

"Sometimes to criticize the principal of your school is more difficult than to criticize the president. You really need to think about it and consider what you're doing," Ms. Kochetova says. "That kind of direct experience is what we want to promote, to prepare better informed consumers and more responsible citizens."

Russians tend to be passive

The program's main author, Yelena Vartanova, dean of Moscow State University's journalism faculty, says that studies show Russian media audiences tend to be extremely passive and trusting of the information they receive via TV and newspapers.

"We find that people are too dependent and uncritical, and there's a real need for a broad education to handle this," she says.

Kremlin vies for influence in infosphere

Though the Kremlin already enjoys virtual command of Russia's media, there are signs that it, too, is preparing to wage a more sophisticated battle for its viewpoint in the infosphere.

Russian President Dmitri Medvedev recently launched his own LiveJournal blog that, at least in theory, gives average Russians the opportunity to complain and comment directly to the Kremlin.

And a Kremlin-connected think tank, the Fund for Effective Politics, last week set up a "school of bloggers" that aims to instruct young people on how to defend Russia's interests in cyberspace. (For readers of Russian, the portal is here: <http://www.liberty.ru/>).

Ms. Vartanova says the key is to teach people to handle the growing flood of information, and filter it for themselves, while they're still young.

"We think this [media criticism course] is necessary not just to get a better educated public, able to deconstruct media messages, but also to get more effective and critical journalists in future," she says. "That's a very long-term goal."

## **#15**

### **Russian economy to stagnate in 2010 - IMF**

**By Toni Vorobyova and Gleb Bryanski**

**Reuters, June 1, 2009**

MOSCOW - The Russian economy will not return to growth in 2010 after shrinking 6.5 percent this year due to the weak oil price and lacklustre capital inflows, the International Monetary Fund (IMF) said on Monday.

Previously the IMF expected the economy of the world's second largest oil exporter to contract 6.0 percent this year, in line with the government's own forecast, and to expand 0.5 percent in 2010.

Despite these downward revisions, President Dmitry Medvedev gave implicit backing to the central bank's controversial policy of moving toward a free-floating rouble by seeking to reappoint the bank's chairman for a new term.

"In the external environment at this stage there is little to suggest that there will be a significant and sustained recovery in the oil price anytime soon," IMF's mission head Poul Thomsen told a press briefing.

"Also the global deleveraging that is taking place suggests that capital inflows to Russia as well as to other emerging markets are unlikely to return to their pre-crisis levels," he added. Thomsen said the fund saw eye to eye with the central bank on monetary policy but urged the regulator to allow the rouble exchange rate to fluctuate in reaction to medium-term fundamentals as well as loosen monetary policy.

"As we see the situation today, there should be room for a slow relaxation of monetary policy," he said.

The central bank runs a managed float of the rouble against a basket, made up of 0.55 dollars and 0.45 euros, and has carried out a gradual 35 percent devaluation to allow the rouble to catch up with falling commodity prices.

## COST OF ALLOWING INFLATION

Medvedev asked the current chairman of the Bank of Russia, Sergei Ignatyev, to serve for a third term in a sign that the central bank's policies were viewed as successful despite sharp criticism from business lobbies.

"The appointment means we will continue moving slowly toward inflation targeting and a free float. Ignatyev has always cautiously supported the gradual move. So I think it is realistic in 2010," said Elina Rybakova from Citibank.

Thomsen said the formal timing for a free float was less important than getting Russia's inflation under control and said the crisis "will show Russia the cost of allowing double digit inflation".

Thomsen said the forecasts will "depend critically on the health of the banking sector" and called for a "systemic analysis" of Russian banks, adding that more certainty would help boost lending.

"At this stage the central bank does not have a full picture of the situation in individual banks, including the possible capital shortfall," Thomsen said, suggesting the regulator could force problem banks to recapitalise.

"We are concerned that uncertainty in the banking sector will continue to linger," he said.

Moody's ratings agency on Monday estimated that Russian banks may need around 1.3 trillion roubles (\$42.29 billion) for recapitalisation this year -- 2.6 times more than the central bank has estimated would be required.

The IMF also called on Russia to reduce fiscal stimulus to 7 or 8 percent of GDP compared with the current 10 percent of GDP and make it more targeted towards low-income households, facilitating their access to credit.

"We are concerned about the government's ability to reverse spending increases once the situation normalises," Thomsen said. The IMF also expressed concern that Russia's drive to enter the World Trade Organisation (WTO) "is losing momentum" in an environment when more investment is needed to boost long-term growth.

## #16

### **At Russia's Alfa, Hardball Still Reigns**

### **Downturn Has Chastened Other Oligarchs, but Mikhail Fridman Hasn't Eased Aggressive Tactics**

**By Gregory L. White**

**Wall Street Journal, June 2, 2009**

MOSCOW -- The financial crisis has taken the swagger out of many of Russia's billionaires, forcing them to beg for government bailouts and breaks from their creditors as they scramble to save their empires.

But not Mikhail Fridman, whose Alfa Group is sticking to the hardball business tactics that made him into one of Russia's richest men, and a focus of critics who say Russia's weak courts and the tacit support of the Kremlin can benefit local companies at the expense of foreign investors.

"I wouldn't call us aggressive, I'd say we're dynamic and we energetically fight for our interests," Mr. Fridman says in a phone interview. "Not everybody likes that."

Last week, BP PLC asked him to take over as acting CEO at TNK-BP Ltd., ceding more control after a bitter conflict over management and strategy at the oil venture last year. Alfa is the leader of a group of Russian investors who own half of TNK-BP.

Days earlier, Norway's prime minister was in Moscow complaining to Russian counterpart Vladimir Putin about troubles faced by state-owned telecommunications company Telenor ASA at a Russian operation where its partner is Alfa. Mr. Putin said it was a commercial matter for Alfa and Telenor to resolve. Telenor has charged Alfa with trying to take its stake, which Alfa denies.

Inside Russia, an Alfa-owned bank has filed a string of bankruptcy suits against major borrowers, despite Kremlin calls to go easy on struggling industries owned by other oligarchs.

The net worth of 45-year-old Mr. Fridman has been hammered like the rest of Russia's tycoons, and when the crisis first hit last fall, Alfa faced problems with its own lenders. It narrowly escaped losing its major telecom asset to a margin call thanks to a Siberian court ruling that froze its shares just as creditors prepared to take them. A \$2 billion government bailout loan then eased its finances.

Critics charge Alfa's approach is a prime example of why many investors still steer clear of Russia. Last year, a New York judge ruling in the Telenor case cited Alfa's units for "their extensive and brazen history of collusive and vexatious litigation...used to avoid compliance with their legal obligations."

Even some of Alfa's partners say the group takes advantage of its political connections in Russia to manipulate regulators and use court rulings to pressure its rivals.

"This is just a return to the corporate raiding activities that were prevalent in Russia in the 1990s," BP's then-Chairman Peter Sutherland said at the height of the conflict last summer.

BP now denies any tension, but people close to TNK-BP note that Alfa appears to have gotten most of what it wanted when the conflict began.

Mr. Fridman says Alfa works within the law and dismisses the criticism as "PR" by Alfa's rivals. The group's foreign partners, he says, might complain about its tactics, but they're happy with their investments.

Russian officials say Alfa doesn't get special treatment.

Alfa's strategy has helped it grow into one of Russia's biggest business groups, spanning banking, oil, retail and telecoms. Mr. Fridman, who got his start in the 1980s with a window-washing business, won't comment on the value of his stake as the group's largest shareholder. Before the crisis, Alfa's assets totaled more than \$50 billion.

Telenor is in a tough spot. Russian bailiffs have started the process of selling off Telenor's main Russian investment -- a 29.9% stake in cellphone company OAO Vimpelcom -- to pay a judgment ordered by a Siberian court. Telenor officials say the court case is a pressure tactic culminating a five-year battle with Alfa over control at Vimpelcom, where Alfa owns a 44% stake, and a Ukrainian company the two own jointly. Alfa denies that.

Alfa's tough tactics aren't reserved for its foreign partners. Alfa Bank, Russia's largest privately owned lender, has been a leader in filing bankruptcy claims against struggling industries, provoking public complaints from other tycoons, such as metals baron Oleg Deripaska, who says that the bank's hard line is threatening efforts to revive his companies.

In March, when President Dmitry Medvedev and other top officials publicly blasted unnamed business groups for "corporate egotism" for taking a tough line with borrowers, many analysts expected Alfa to soften its stance. But even after a private meeting with the president, Mr. Fridman stuck to his guns.

"I didn't feel any pressure from the authorities," he says.

*Guy Chazan contributed to this article.*

## **#17**

### **Russia, Israel play down Mideast differences**

**By Marina Lapenkova**

**AFP, June 2, 2009**

BARVIKHA, Russia - Right-wing Israeli Foreign Minister Avigdor Lieberman on Tuesday hailed Russia as a key partner and played down differences over Iran and Palestinian militants.

"Right from the start, Russia has been one of the main partners both in terms of a regional settlement and the Palestinian problem," Lieberman said as he met President Dmitry Medvedev at his residence near Moscow.

"We are connected by very many humanitarian, military and political issues. These will all be priority issues for us," said Lieberman, speaking fluent Russian thanks to his family origins in Soviet-era Moldova.

Earlier in the visit, also due to include talks with Prime Minister Vladimir Putin, Lieberman said Israeli-Russian relations were at "their highest point" ever.

Alluding to Israeli concerns about Russian ties with Iran, he welcomed an assurance by Russian Foreign Minister Sergei Lavrov that Russia would only sell weapons in the Middle East if it would not upset the regional "balance".

"I also agree with Sergei Viktorovich (Lavrov). Any deliveries of arms to any region that changes the balance of power or disturbs stability is impossible," Lieberman said.

Lavrov indicated there was progress on a plan long-cherished by Russia -- a member of the international quartet for Middle East peace -- to host a peace conference to bring together Israeli and Palestinian officials.

Such a conference is expected to considerably boost Russia's diplomatic credentials -- if it goes ahead.

Lavrov however stopped short of saying Lieberman had actually given the green light for a conference Israel has viewed sceptically due to possible attendance by the Hamas militant group.

"We agreed we'll continue contacts on an expert level to prepare the necessary agenda for calling a Moscow conference," Lavrov said.

Lavrov also voiced optimism about US President Barack Obama's overtures to Iran and the prospects for renewing international talks with the Islamic Republic -- an arch-foe of Israel -- on its nuclear programme.

"We have a really good chance, including due to the position of the new US administration," Lavrov said.

Israeli-Russian ties have improved somewhat in recent months, despite Israeli worries about Moscow's cooperation with Iran.

Russian defence officials have said that a planned sale of sophisticated S-300 air defence systems to Iran that had disturbed Israel has been halted.

In a rare step, Russia's military has also recently bought aerial surveillance drones from an Israeli contractor.

Lieberman has set improving ties with Russia as one of his priorities under the recently confirmed Israeli government.

However the Russian daily Kommersant said Lieberman had made it clear ahead of his visit that Israel would not attend Russia's Middle East conference if representatives of Hamas were invited.

Russia has kept up ties with the leadership of Hamas, which Israel considers a terrorist organisation, arguing the need for dialogue between both sides.

Only last month the Israeli government said it was "deeply disappointed" when Lavrov met the exiled head of Hamas, Khaled Meshaal, in Damascus.

Lieberman was also likely to warn against ties with Iran during his visit, especially due to worries that the Islamic Republic could be emboldened by a recent nuclear test in North Korea, Kommersant said.

"The Israelis believe cooperation between the Islamic Republic and several states including Russia is helping speed up Tehran's moves in a dangerous direction," the Russian newspaper said.

## **#18**

### **Bitter rivals open coalition talks in Ukraine**

**By Maria Danilova**

**AP, June 2, 2009**

KIEV, Ukraine - Ukraine's main opposition party is in coalition talks with its bitter rival, a lawmaker said Tuesday, a move that would dramatically shake up the country's chaotic politics ahead of presidential elections.

Dmytro Tabachnyk, a lawmaker with the Russian-leaning Party of Regions, called for forming a "big coalition" with Prime Minister Yulia Tymoshenko's party to overcome the severe financial crisis and constant political turmoil that Ukraine has endured for months.

Tabachnyk's comments were the first confirmation that such plans were being discussed.

He also called for abolishing direct presidential elections and electing the country's leader through a parliamentary vote.

"A big coalition capable of changing the constitution would be a coalition of victory over the crisis," Tabachnyk told a parliament session. "The Germans never elected their president in postwar Germany and the Belgians have not been electing their king for 200 years."

But experts warn that doing away with contested presidential elections - one of the main achievements of the 2004 Orange revolution - would undermine Ukraine's democratic credentials and its push to integrate with the West.

President Viktor Yushchenko has called such reforms a "constitutional upheaval."

The Party of Regions is led by former Prime Minister Viktor Yanukovich, whom both Tymoshenko and Yushchenko have harshly criticized. Yushchenko eventually defeated Yanukovich in the fraud-marred 2004 vote that sparked the mass pro-democracy protests.

Ukraine is due to hold a presidential election by January and both Tymoshenko and Yanukovich are afraid of losing. Analysts have speculated they were mulling plans to gain power bypassing that vote.

Under the power-sharing plan reported by Ukrainian media, Tymoshenko would remain prime minister and run the country's day-to-day operations, while Yanukovich would be elected president by the two biggest parties in parliament.

The deal would likely to damage the two politicians' standing with voters.

#19

## When Interpreting History Becomes a Crime

By Yevgeny Kiselyov

Moscow Times, June 3, 2009

I would be fascinated to know if Westerners can fully appreciate the political significance behind President Dmitry Medvedev's decision to create a special commission "for counteracting attempts to falsify history to the detriment of Russia's interests." Most foreigners would probably say, "This is very strange. Doesn't Russia have more pressing problems it needs to tackle, such as the managing the crisis, modernizing the country's political and economic institutions or battling corruption?"

Had the year been 1950, when the Soviet Union was making colossal efforts to recover from the aftermath of World War II, foreigners would have been equally perplexed that Josef Stalin chose that moment to initiate a huge public debate on the Marxist approach to linguistics.

Two decades before that, Stalin rewrote the history of the Bolshevik Revolution, the Red Terror and civil war. In this spirit, "A Short History of the All-Union Communist Party (Bolsheviks)" was published under Stalin's orders to make sure that all Soviets understood the "historical record" correctly -- that Stalin was the one and only successor to Lenin.

In 1934, Stalin's childhood friend and top Kremlin bureaucrat Avel Yenukidze published the book "The Underground Print Shop in the Caucasus." It was interpreted as having diminished Stalin's contributions to the printing press and to Bolshevism in general. As a result, Stalin did not spare his old friend. Yenukidze was arrested and executed as an "enemy of the people." The crime: writing about his revolutionary youth without the necessary respect owed to Stalin.

Similarly, it was anyone's guess why Stalin prohibited the sequel to the film "Ivan Grozny" by the famous director Sergei Eisenstein or why Pravda lambasted a new opera by Dmitry Shostakovich. Soviet intelligentsia were left scratching their heads trying to figure out why Mikhail Zoshchenko's short stories and Anna Akhmatova's poems were subject to such harsh criticism in literary magazine reviews.

The worst "falsifier" of history, of course, has been the Kremlin, and it is difficult not to draw a parallel between Medvedev's decision to combat the falsification of history and similar steps taken during Stalin's rule.

As soon as Medvedev uttered the words "attempts to falsify history to the detriment of Russia's interests," it was clear what he really meant: The state would crack down on any attempts to objectively examine the more unpleasant -- and incriminating -- aspects of Russian and Soviet history. This includes a candid, historical discussion of the Molotov-Ribbentrop Pact of nonaggression between the Soviet Union and Hitler's Germany -- and, by extension, Stalin's passive and active role in helping Hitler start World War II. Likewise, questioning the Soviet Union's annexation of Latvia, Lithuania and Estonia would be highly discouraged, as would raising the issue of how the Kremlin created and supported repressive puppet regimes all across Eastern Europe after rolling back Nazi forces at the end of World War II.

It is highly symbolic and ironic that "The Gulag Archipelago," written by Nobel laureate Alexander Solzhenitsyn, was denounced by the Soviet regime as "a gross falsification of history." This was because the novel exposed crimes that bankrupted the foundation of the Soviet system. The book thoroughly documented that mass repression began under Lenin, that terror was premeditated, systemic and systematic and that the country created and fostered a giant impersonal bureaucratic machine for the moral and physical destruction of human beings.

"The Gulag Archipelago" changed the world's attitude toward the Soviet Union. If there were people who previously viewed Soviet communism through rose-tinted glasses, "The Gulag Archipelago" exposed the harrowing truth about the government's heinous crimes. Published in the West in 1973, Solzhenitsyn's great "falsification of history" proved to be the beginning of the end for the Soviet Union.

Medvedev's plan for keeping the historical record "accurate" coincides with the introduction of a bill "opposing the rehabilitation of Nazism, Nazi criminals and their accomplices on the territory of the independent states, former

republics of the Soviet Union." A prison term of three to five years is the recommended sentence for Russian and foreign offenders alike.

For example, anyone who condemns the Allies for handing over to the Soviet authorities in 1945 about 2 million "victims of Yalta" could be labeled as a "criminal." According to the secret agreement between the Western Allies and the Soviet Union that was confirmed at the 1945 Yalta conference, the Allies agreed to forcefully repatriate all Soviet citizens who had fallen into German hands before they were freed by the Allied advance. These victims included Russian Cossacks, prisoners of war, forced laborers, emigres and anti-Communists who had fought for Germany against Stalin. Hundreds of thousands of these people were executed upon their "repatriation" to the Soviet Union or sent to the gulag.

Similarly, authorities could bring criminal charges against any historian who questions the whether the British and U.S. bombing of Dresden in February 1945 was justified.

Even while declaring battle against "falsifying history," today's authorities turn a blind eye to history textbooks that describe Stalin as an "effective manager" and portray the mass repression of the 1930s, 1940s and 1950s as the only way Stalin could overcome the country's colossal economic and security challenges.

Meanwhile, prime-time, state-controlled television is filled with historically garbled pseudo-documentaries. For example, one depicted the Berlin Crisis of 1961 and the Cuban Missile Crisis as being almost the greatest triumphs of Nikita Khrushchev's foreign policy because the United States feared -- which is to say, "respected," according to Russian psychology -- the Soviet Union as an equal superpower. Other "documentaries" portray the years under Soviet leader Mikhail Gorbachev and President Boris Yeltsin as being exclusively dominated by crises, disintegration and the loss of society's orientation and values. In general, then-President Vladimir Putin set the stage for this politically driven historical bias when he referred to the collapse of the Soviet Union as the "greatest geopolitical catastrophe of the 20th century."

Regarding questions of history, it seems that Medvedev is dutifully following in Putin's footsteps. And this once again demonstrates who is really calling the shots in the country.

*Yevgeny Kiselyov is a political analyst and hosts a political talk show on Ekho Moskvyy radio.*

## **#20**

### **Georgian officials in US warn of Russian buildup**

**By Desmond Butler**

**AP, June 2, 2009**

WASHINGTON -- Georgia's defense minister is warning about Russia's military buildup as he meets with Obama administration officials in Washington this week.

In an interview with The Associated Press, Defense Minister Vasil Sikharulidze and Georgia's ambassador to Washington, Batu Kutelia, said that Russia has vastly improved communication and supply lines on breakaway Georgian territory since the two countries fought a war last August.

Sikharulidze is meeting officials this week, including Defense Secretary Robert Gates on Thursday, at a time when the U.S. administration is trying to improve relations with Russia.

President Barack Obama is heading to Russia next month for a summit meeting with Russian President Dmitry Medvedev, as the United State seeks Moscow's cooperation on vital policy goals including reining in North Korean and Iranian nuclear programs. Though Washington considers Georgia a close ally, Tbilisi fears that U.S. support could flag.

The Georgian officials said that Russia has been building military bases, storage facilities for supplies and roads in South Ossetia and Abkhazia, Georgian breakaway territories that Moscow has recognized as independent. Georgia

also says that the Kremlin maintains 6,000 Russian troops in each of the two regions in violation of cease-fire agreements.

"They are better prepared than they were last year," Sikharulidze said.

The five-day war in August followed a buildup of tension over Russian support for the separatist regions and pro-Western Georgian President Mikhail Saakashvili's drive for NATO membership.

The Georgian officials would not speculate whether Moscow is preparing for another war but said the buildup in positions very close to Tbilisi, the capital, left Georgia more vulnerable.

"If they made the decision, it might require five hours for them to reach the capital," Kutelia said.

The United States and European Union have urged Moscow to withdraw its recognition of the separatist provinces and says Russia's military presence violates a cease-fire agreement that stipulated troops must return to prewar positions. Russia has ignored the criticism and recently signed deals giving it control over the borders separating Abkhazia and South Ossetia from Georgian-controlled territory.

But on Tuesday, Moscow denied that it was building up forces and said it may station fewer troops in the breakaway regions than it planned after last year's war. At the time Russia said it would maintain 3,800 troops in each region, but First Deputy Defense Minister Alexander Kolmakov said Tuesday the target numbers could be smaller.

Sikharulidze said the buildup also could be intended to exert psychological pressure on Georgia's government.

"They may be trying to imbalance us with this threat," he said.

## **#21**

### **Analysis: U.S. still wants Azeri energy flowing westwards**

**By John C.K Daly**

**UPI, June 2, 2009**

A century ago Baku was the world's first oil "boom town," with myriad foreign entrepreneurs producing more than half the world's output. A century later foreign interest in Azerbaijan remains intense, but Washington is increasingly concerned that the country may be drifting from its influence as Russia reasserts its presence not only in the Caspian, but over other former Soviet regions where Russian President Dmitry Medvedev claimed that Moscow has "privileged interests." Some have begun labeling his comments the "Medvedev Doctrine," in deference to Washington's historic claim of influence in the Americas, the "Monroe Doctrine."

During an address on June 1 to the U.S. Chamber of Commerce in Baku, Richard Morningstar, special adviser to the U.S. secretary of state for Caspian Basin energy diplomacy, attending the "Caspian Oil and Gas" international exhibition and conference, called on the Azeri leadership to continue its policy of exporting its own energy resources and energy resources of other countries to the West. Morningstar told his audience that the United States supports construction of the ambitious \$5.8 billion, 56-inch diameter, 2,050-mile Nabucco and Turkey-Greece-Italy pipeline projects even as he reiterated that Washington remains opposed to the possibility of Iran's participation in either project at the present time.

Morningstar's remarks echoed a consistent theme of Washington's since the 1991 collapse of the Soviet Union and the subsequent development of the Caspian's hydrocarbon resources: that oil should move westwards along a Western-built and dominated energy corridor, bypassing both Russia and Iran.

But for Baku, which lives in a volatile neighborhood, U.S. ambitions are but one element of a broader strategic export picture, which by necessity involves consideration of both Moscow's and Tehran's concerns. Furthermore, U.S. policies have done much to raise concerns in Baku that unquestioning adherence to U.S. unilateral dictats can in fact be inimical to Azeri interests.

As if to emphasize the divergence of Washington's views from those of Baku, from May 21 to June 1 NATO staged its Cooperative Lancer 2009 exercise at Georgia's Vaziani military base. About 700 soldiers from 13 NATO countries participated in the exercise alongside Georgian troops.

Moscow remains implacably opposed to Georgian membership in NATO, a policy strongly promoted by the previous administration at the April 2008 NATO summit in Bucharest. Azerbaijan, which along with Russia has been a member of NATO's Partnership for Peace program since 1994, has never sought entry into the alliance. While Georgia is key to Azerbaijan's prosperity, as the \$3.6 billion, 1,092-mile, 1 million-barrel-per-day Baku-Tbilisi-Ceyhan pipeline remains the country's main export route, Baku is profoundly aware of Russia's continuing "privileged interests" in the Caucasus, and, unlike Georgia, adjusts its foreign policy to avoid provoking its giant northern neighbor.

The Western-financed and operated BTC pipeline, opened in May 2006, carries high-quality Azeri crude from Azerbaijan's Caspian offshore Azeri-Chirag-Guneshli fields to Turkey's deepwater Mediterranean terminus at Ceyhan. For Azerbaijan, BTC's operation is conditional on decent relations with Russia, and Baku is well aware of Moscow's ongoing concerns over Georgia's persistent overtures to join NATO, which were a major factor in the five-day war between Georgia and Russia that erupted on Aug. 7, 2008.

Even though Azerbaijan was not involved in the conflict, it nevertheless suffered from significant "collateral damage." Two days before hostilities broke out, BTC's flow in eastern Turkey was disrupted by an explosion of unknown origin on the segment at Yurtbasi village. BTC operator BP shut Valves 29 and 31 and waited for the oil contained in the 4-mile segment to burn out. BP subsequently declared force majeure, and the pipeline only resumed operations on Aug. 25.

After the Georgian-Russian fighting began, BP attempted to diversify its export options by switching to the recently reopened 550-mile, 140,000-bpd Western Route Export Pipeline, better known as the Baku-Supsa line, which had originally opened in 1999 and was running at about 90,000 bpd. The fighting subsequently forced BP to announce that it was suspending WREP shipments. Completing the lock-in of Azeri westward oil exports, the fighting caused authorities to suspend seaborne shipments from Georgia's Batumi (200,000 bpd) and Poti (100,000 bpd) ports, both supplied by rail.

In desperation, BP resumed sending Azeri crude northwards through Russia's Transneft's Baku-Novorossiysk pipeline. Azerbaijan's first export line when it was opened in 1997, Azerbaijan had downgraded its use of Baku-Novorossiysk to 20,000 bpd following the BTC becoming operational in May 2006.

Even worse from Washington's viewpoint, during the conflict Azerbaijan also delivered its first oil cargo of 100,000 tons to the National Iranian Oil Terminals Co.'s Caspian Neka port facilities for an oil swap.

When the dust finally settled, Azerbaijan had been blocked from shipping approximately 17 million barrels of crude, and the U.S. Department of Energy estimated that Azerbaijan's final cost for the lost shipments was more than \$1 billion.

In the aftermath of the conflict, two lessons were clearly brought home to Baku. First was that Moscow retained its options, including military force, in areas where it deemed it had "privileged interests." The second is that war is bad for business.

If Morningstar's remarks and the recent NATO exercise are anything to go by, they are lessons that have yet to be learned in Washington, Brussels and the alliance.

**#22**  
**Rise in Oil Price Eases Push for Reform in Russia**  
**By Andrew E. Kramer**  
**New York Times, June 4, 2009**

MOSCOW — Russia's stock market is up about 80 percent this spring, a bounce that is astonishing even by the standards of recent recoveries in other emerging markets.

The problem is that rising oil prices have turned around Russia's prospects so quickly that economists are now warning of a different risk: the crisis may be too short.

The two previous major oil price slumps in the last quarter-century were followed by significant economic and political changes in Moscow that paved the way for future growth. For a time, it seemed the current oil shock would follow the same path.

Indeed, the mood was so glum last winter, when oil dipped below \$40 a barrel, that some advisers close to the government suggested that the country might be compelled to open up politically to spur development. At the least, policies encouraging Russia to diversify beyond oil were seen as imminent.

What is needed to diversify the economy and stabilize the financial system, critics of the Russian government say, is an overhaul of the courts and a crackdown on corruption to improve property rights and separate the bureaucracy from the economy.

But with oil prices now above \$60 a barrel, the pressure on the government of Prime Minister Vladimir V. Putin to change has eased, even though the stock market remains 44 percent off its high in December 2007. Instead, an economic strategy that amounts to essentially waiting out the downturn is beginning to take shape.

The interplay of change and oil prices is likely to be a major theme at an economic forum opening in St. Petersburg on Thursday, which will be attended by at least 200 emerging market investors.

"The oil price is going up, everything seems to be in order, so why change?" Sergei M. Guriev, dean of the New Economic School in Moscow and a board member of the state-owned Sberbank, said by telephone. "If oil prices go back to where there is no budget deficit, then it will be business as usual."

State banks, for example, are rolling over loans to failing companies rather than requiring them to restructure in bankruptcy, as is the case with General Motors in the United States, on the premise that the Russian economy will quickly turn around, along with the value of oil.

"The big problem with this crisis is it may be too short for Russia," Roland Nash, the chief strategist at Renaissance Capital, a securities firm in Moscow, said in an interview.

At first blush, oil's rapid price rise is fabulous for Russia. For each \$1 increase in the price of oil, for example, Russia's government budget earns about \$1.7 billion a year, according to Yulia Tseplayeva, the chief economist for Merrill Lynch in Moscow.

Yet in recent Russian history, the two periods of most intensive economic change — both of which were a condition for the boom of the past decade — were preceded by deep and prolonged slumps in oil prices.

In a study of the ties between oil price and policy changes in the late Soviet period, Russia's former prime minister, Yegor T. Gaidar, says a balance-of-payment shock during the period of low oil prices in the mid-1980s was a major factor in the collapse of the Soviet Union.

In his book "Collapse of an Empire," Mr. Gaidar argues that the Soviet government turned to West European bank lending as the value of its principal export commodity, crude oil, plunged. That set in play the dynamic that unwound the country even before the uprisings began in the former satellite states.

The Soviets' lack of a hard currency reserve, and thus dependence on Western lending, limited the Kremlin's options when nationalist movements broke out. Any forceful response would surely have prompted Western banks and governments to call in their credit lines, which were propping up the Soviet government by allowing food imports.

This balance-of-payments shock also prompted the sweeping privatizations, liberalization of consumer prices and introduction of a convertible currency in the early 1990s — reforms that ultimately put the Russian economy on a modern footing.

A second sustained collapse in oil prices in the late 1990s, in the wake of the Asian economic crisis, led the government of President Boris N. Yeltsin to default on domestic debt and devalue the currency.

That shock also impelled the government to overhaul its tax regime, introducing a 13 percent flat income tax that is easier to collect and helped wean the government from domestic borrowing. In addition, that crash became the impetus for a “never again” policy that led the government to accumulate a huge currency reserve — the third largest in the world going into the current downturn, behind China and Japan.

These reforms stood Russia in good stead for the oil price collapse last autumn, cushioning the impact on the balance of payments and propping up the budget, as intended.

But the vulnerabilities of an economy that is still inadequately diversified showed themselves.

From tumultuous growth, Russia fell quite quickly into a deep recession. Its swing from 8 percent growth in 2008 to a 6.5 percent contraction this year is the most extreme of any major economy in the global slowdown.

Unemployment numbers came in higher than expected in April, at a nine-year high of 10.2 percent. As factories closed in one-industry towns, no alternative sources of employment from small and midsize business could soak up the jobless.

Also, Russian companies had borrowed excessively from Western banks, which pulled back their credit when problems arose in their home markets.

Still, the crisis did usher in some change. Until this year, government ministers or other bureaucrats dominated the boards of state-owned companies, creating a conflict of interest and risk for minority shareholders. Under a policy initiated by President Dmitri A. Medvedev, independent directors are now being appointed to these boards.

In another change that amounts to a de facto tax break for small business, Mr. Medvedev signed a law prohibiting surprise inspections from fire and health authorities of the type often used to collect bribes. Mr. Medvedev required bureaucrats to disclose not only their own income and assets, but those of their spouses as well, plugging a loophole in anticorruption legislation. A draft law prohibiting insider trading, a bane on the Russian market, is before Parliament.

Even more far-reaching measures were envisioned. The Institute for Contemporary Development, a research organization where Mr. Medvedev serves as chairman, published a report in February, back when oil prices were languishing, suggesting political liberalism would be needed to revive the economy.

Now, it is unclear how long a liberal wing will have the upper hand in the economic policy debate in the Kremlin.

## **#23**

### **Kremlin Aims to Defuse Unrest in Hard-Hit Town**

**By Andrew Osborn**

**Wall Street Journal, June 4, 2009**

MOSCOW — The plight of a tiny Russian town whose three main factories were shuttered, leaving one-fifth of the population without work, is worrying the Kremlin and illustrating the mixed success of the government's economic rescue.

Prime Minister Vladimir Putin is considering visiting the town, Pikalyovo, as early as today and President Dmitry Medvedev has commented about the matter on state television. Pro-Kremlin lawmakers have proposed emergency

legislation to nationalize Pikalyovo's failed industries, and official media have given extensive coverage to the unrest in the town about 130 miles southeast of St. Petersburg.

Some political analysts say the Kremlin is worried that Pikalyovo could be the beginning of a wave of similar problems in Soviet-era towns that also rely on one or two factories.

"We have about 800 of these towns," says Dmitry Oreshkin, an independent political analyst in Moscow. "Similar problems could flare up elsewhere and then the problem would be a systematic one."

The global downturn has hit Russia hard. In April, joblessness hit a nine-year high of 7.7 million people, or 10.2% of the working population.

The government has responded by deploying some of its oil wealth into a stimulus package aimed at saving jobs, creating temporary ones, and propping up some of the country's biggest employers. But the real economy remains deeply troubled, even as oil prices have rebounded, the ruble has firmed, and Russia's two main stock-market indexes have soared.

Pikalyovo, a town of 21,000, has been in turmoil since the fall. That was when its three main factories -- which produce cement as well as components used to make aluminum and glass -- began to stutter.

The largest plant -- and Pikalyovo's biggest employer -- is OOO Baselcement, which is ultimately owned by a holding company controlled by billionaire tycoon Oleg Deripaska. The other two are Pikalyevsky Cement, owned by OAO Eurocement Group, and Metakhim, owned by OOO U.K. Sevzapprom.

During the Soviet era, and until five years ago, the three factories were part of one giant state enterprise and their supply chains and fortunes remain closely intertwined.

That interlinked supply chain collapsed as the downturn set in and prices and demand for commodities tumbled. With prices for alumina -- which is used to produce aluminum -- particularly hard hit, Baselcement decided to stop alumina production in favor of cement.

In January, Baselcement closed, to refit the facility to produce cement.

The two other factories also ceased operating. That left the plants' 4,000 workers, or one-fifth of the town's population, without a means to support their families.

Last month, Pikalyovo's situation turned even more grim, when the town's main utility -- a company owned and controlled by Baselcement -- shut off hot water and heating to the town because the local authorities had been spotty in paying, accumulating an eight-year debt.

Idled workers, some owed months of wages, in April took their case to the authorities in St. Petersburg, the nearest major city. One factory partially restarted operations in April but the other two remain shut.

On Tuesday, several hundred Baselcement workers blocked a busy highway.

The workers pledged to return and block the same road as well as a nearby railway line unless the Baselcement factory is operational within two weeks.

Regional authorities have pledged millions of rubles to help cover back wages and get the town's hot water turned back on.

At the same time, talks are under way between Baselcement and one of its suppliers to form a joint venture that might make alumina production more viable.

The Kremlin appears keen to resolve the situation swiftly, particularly with a high-profile economic forum slated for St. Petersburg on Friday.

A spokesman for Mr. Putin said the prime minister is following the situation and considering visiting the town. Local media reports say Mr. Putin is expected there Thursday, but his spokesman said a final decision hadn't yet been made. -Daria Solovieva in Moscow contributed to this article.

**#24**

## **US-Russia nuclear disarmament talks 'productive': US**

**AFP, June 4, 2009**

GENEVA -- Russia and the United States had "productive" talks on cutting their nuclear arsenals, the senior US negotiator said on Thursday as the two sides arranged to meet again this month.

Russian and US disarmament negotiators agreed at Geneva talks this week "to hold the next round of talks in the second half of June," the Russian Foreign Ministry said in a statement.

US Under Secretary of State for Arms Control Rose Gottemoeller told the international Conference on Disarmament that the two nuclear powers were seeking to reduce weapons numbers below levels set in the 1991 Strategic Arms Reduction Treaty (START).

"President Obama and Russian President Medvedev have instructed that the new agreement achieve reductions lower than those in existing arms control agreements, and that the agreement should include effective verification measures drawn up from our experience in implementing START," she said.

"We have been here in Geneva for the past three days with the US delegation, engaged in productive talks with our Russian counterparts, working towards a START follow-on agreement," Gottemoeller added.

Russian and US negotiators on Wednesday ended their second round of talks on replacing the treaty, which expires on December 5, amid a thaw in relations between the two powers.

The confidential negotiations are meant to feed in to a summit between President Barack Obama and President Dmitry Medvedev in Moscow on July 6-8.

The 1991 START, signed just before the break-up of the Soviet Union, bounds both sides to deep cuts in their nuclear arsenals.

The United States and Russia also have the more recent Strategic Offensive Reductions Treaty signed in 2002, which technically went further than START with stricter limits on the total deployment of warheads.

However, disarmament experts regard it as a weaker agreement, because it focuses on deployment and does not physically reduce weapons stockpiles, and is not verifiable unlike START.

Gottemoeller, who led the US delegation, made it clear that the replacement deal would be one of several building blocks in broader global moves towards nuclear disarmament and curbs on proliferation.

She highlighted the breakthrough at the 65-nation Conference on Disarmament last Friday, which agreed to restart global arms control talks after more than a decade of deadlock.

It includes full "negotiations" for an international ban on production of new nuclear bomb-making material, a Fissile Material Cut-off Treaty (FMCT).

"If we succeed on FMCT, we'll have taken a necessary but admittedly not sufficient step towards nuclear disarmament," Gottemoeller said.

"It must be complemented by deeper respect on non-proliferation rules, consequences for those who violate them, improved verification on compliance and further progress on arms control."

The conference will also hold talks on curbing the arms race in outer space, called for by Russia and China, as well as full nuclear disarmament, a key demand of developing nations.

The permanent conference in Geneva includes the historic nuclear weapons powers, as well as India, Israel, North Korea, Pakistan, and Iran whose controversial nuclear energy programme is under the international spotlight.

Obama last week called FMCT "an essential part of my vision."

However, Pakistan warned the Conference Thursday that it wanted to see progress "in tandem on all core issues," including 'negative security assurances' sought by non-nuclear weapon states to guarantee that they would not be targeted by a nuclear attack.

"This will serve as a first building block," said ambassador Zamir Akram, who also highlighted Pakistan's overriding concern about the regional nuclear balance in South Asia with arch-rival India.

## **#25**

### **EU to send mission to Moscow and Kiev over gas dispute AFP, June 4, 2009**

BRUSSELS -- The EU commission announced Thursday it would send a fact-finding mission to Moscow and Kiev to shed light on their gas payment dispute, after a previous row disrupted European supplies.

European Commission President Jose Manuel Barroso "has asked a team of senior officials at the commission to travel to Moscow and Kiev," his spokesman told reporters.

The aim of the mission is "to establish all the facts about the situation."

Talks will also be held in the EU with gas operators, he said.

A report will then be submitted to EU leaders at their next summit in Brussels on June 18-19.

Russian Prime Minister Vladimir Putin warned Wednesday that gas supplies to Europe piped through Ukraine could come to a grinding halt soon due to crisis-ridden Kiev's payment arrears.

Moscow has called in recent days on the European Union to help Ukraine pay for its gas, or face a repeat of the crisis in January when Russia turned off the natural gas taps for two weeks in January, hitting supplies in Europe.

The EU relies on Russia for almost a quarter of all the gas it consumes, notably for heating and the power industry, and more than 80 percent of the supplies transit Ukraine.

Russian gas giant Gazprom had also called on the EU to help Ukraine.