

WASHINGTON, D.C. August 14, 2009

TO: NCSJ Leadership and Interested Parties

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



In Brief: Tension Between Russia & Its Neighbors; Ukraine Mayor's Anti-Semitic Outburst; Limmud FSU in Hamptons

Dear Friend,

I hope you are having an enjoyable and relaxing summer. Unfortunately for some of Russia's neighbors, it's been anything but relaxing in the last few weeks. Russian President Dmitry Medvedev and Prime Minister Vladimir Putin both have made blistering statements directed at Ukraine and Georgia. President Medvedev sent a stinging letter to Ukrainian President Viktor Yushchenko accusing his government of adopting policies intended to undermine a 1997 bilateral agreement, rewriting the history of the 1930s, and supplying arms to Georgia prior to last year's August war. Many experts believe this is the first of many efforts to influence the upcoming Ukrainian presidential election, and to send a message to the other countries in the region.

Prime Minister Putin made a visit to Abkhazia to mark the first anniversary of the Russia-Georgia conflict. He continues to push for recognition of Abkhazia and South Ossetia's independence and has promised continued support and aid. Not surprisingly, his visit and comments elicited a strong condemnation from the Georgians. There are stories and commentary about both situations in this week's update.

Ukrainian officials have been slow to react to Uzhgorod Mayor Sergey Ratushniak's anti-Semitic statements and anti-Israel remarks. The Jewish community has requested that the prosecutor general examine the mayor's conduct. NCSJ has been in contact with the Ukrainian Embassy urging that an appropriate response be forthcoming from the government. Please see the story included in this week's update.

Last Sunday, I had the privilege of participating in the first FSU Limmud conference to convene in the United States. Several hundred people, mostly young Russian-speaking Jews, met at the Westhampton Synagogue in Long Island for an inspirational day of study, music and dancing. The discussion sessions ranged from politics to religion and everything in between. I was on a panel that looked at the integration of Jewish Russian-speaking émigrés into the larger American Jewish community. It was a vigorous debate about the many challenges as well as opportunities that confront our Russian-speaking brethren in their efforts to become part of the community.

I know it's mid-August, but it's not too early to mark your calendar for the annual NCSJ Board of Governors meeting on Tuesday, December 7th, 2009.

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. August 14, 2009

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#1a

Moldovan Opposition Parties Form Coalition Reuters, August 8, 2009

CHISINAU - Four pro-Western opposition parties in Moldova said on Saturday they had formed a coalition which would give them enough seats in parliament to form a government.

However, with 53 seats out of 101 in the assembly, the Liberal Democratic, Liberal, Democratic parties and the Our Moldova Alliance do not have enough votes to impose a replacement to incumbent Communist President Vladimir Voronin.

"There are 21 principles that unite us and on which basis we have reached a mutual understanding and agreement to create a ruling coalition in Moldova," the leader of the Liberal Democratic Party, Vlad Filat, told journalists.

(Reporting by Alexander Tanas; Editing by Jon Boyle)

#1b
Kiev police seize SS uniform
JTA, August 10, 2009

KIEV, Ukraine -- Kiev police seized and destroyed an SS uniform being offered for sale in a Ukrainian market.

The uniform was on sale in the Kureniovsky market, according to the chief of police of the Obolon Kiev district. Police identified and arrested the sellers, who openly distributed Nazi uniforms and other paraphernalia.

Police seized the uniform at the request of the Jewish Forum of Ukraine, which addressed a letter to the Ministry of Internal Affairs and Kiev city authorities several months ago demanding a stop to the open selling of anti-Semitic literature and other items.

#1c
Kremlin bill on using army abroad
BBC News, August 10, 2009

Russian President Dmitry Medvedev has introduced a bill to parliament that would allow the country's armed forces to intervene beyond Russia's borders.

The bill would allow Russian troops to be used abroad "to rebuff or prevent an aggression against another state" or "protect Russian citizens abroad".

Mr Medvedev said the bill was linked to last year's war with Georgia over South Ossetia, Russia's Interfax reports.

Moscow said it was protecting Russian citizens in South Ossetia.

The war began on 7 August 2008, as Georgia tried to retake control of its breakaway region, following a series of clashes.

Russian forces quickly repelled the assault and pushed further into Georgia.

The conflict lasted for five days before a ceasefire was agreed. Russia pulled back, but built up its military presence in both South Ossetia and another breakaway region, Abkhazia.

'Addressing issues'

On Monday, Mr Medvedev said the new bill was "linked to the well-known events that happened last year", according to Interfax.

"We very much hope that these events do not happen again but the issues need to be addressed," he said.

If approved, the bill would augment an existing law allowing the president to use Russian special military units abroad.

Under the law adopted by MPs in 2006, the president must notify lawmakers of any such operation, but the unit size, location and timing can be kept secret.

#1d
Armenia, Azerbaijan 'Coming Closer' To Peace
RFE/RL, August 11, 2009

YEREVAN -- The top U.S. official for Nagorno-Karabakh talks insists that Armenia and Azerbaijan are moving closer to a framework agreement over the disputed territory, RFE/RL's Armenian Service reports.

Ending a two-day visit to Yerevan, Deputy Assistant Secretary of State Matthew Bryza also downplayed the significance of recent changes made to the peace proposal principles formally put forth by the Organization for Security and Cooperation in Europe's (OSCE) Minsk Group in Madrid in November 2007.

He told RFE/RL that the "fundamental formulations that are in the Madrid document remain, and what has changed is a few slight technical points that are important, of course, but they are technical and in no way disadvantage either side."

Some opposition politicians in Armenia claim that the newly revised version of the "Madrid Principles" disadvantages the Armenian side, requiring it to make more concessions to Azerbaijan on key issues.

Bryza dismissed those claims as "ridiculous" and "empty."

The "updated version" of the peace plan was devised at a July meeting of the Minsk Group in Krakow, Poland.

Bryza said Armenian and Azerbaijani leaders agree on the "fundamental concepts" of the proposal but that a final solution is still a long way off.

#1e

Yiddish author Josef Burg dies in Ukraine JTA, August 11, 2009

ROME -- The award-winning Yiddish author Josef Burg has died at the age of 97 in Chernivtsi, Ukraine.

Burg died Monday of a stroke, according to Austria's Theodor Kramer Society, which presented Burg with a literary award earlier this year.

Before World War I Chernivtsi, known as Czernowitz in German and Yiddish, was the capital of the Bucovina region of the Austro-Hungarian Empire and a focal point of Yiddish language and literature. The region came under Romanian rule after World War I.

Born in 1912 in the nearby town of Vishnits, Burg lost his entire family in the Holocaust. He survived by fleeing to the Soviet Union. He published his first story in 1934 in the Yiddish newspaper Chernovitser Bleter. Romanian authorities banned the newspaper in 1938, but Burg revived it as a monthly in 1990.

He continued writing and publishing well into his 90s, receiving several awards such as Israel's Segal Prize for Yiddish writing.

#1f

Lithuania in Russia customs row BBC News, August 12, 2009

Tension has risen between Lithuania and Russia over inspections of Lithuanian goods lorries, many of which are now stuck at Russian customs.

Lithuania accuses Russian customs officials of singling out Lithuanian lorries trying to enter Russia from neighbouring Latvia.

Reports say hundreds of Lithuanian lorries are stuck at the Latvia border.

Russian officials say the tighter inspections follow breaches of customs regulations by Lithuanian hauliers.

Both Latvia and Lithuania - former Soviet republics - are EU members.

Lithuania's transport ministry says the delays are causing daily losses of up to 500 euros per lorry.

The Russian ambassador to Lithuania, Vladimir Chkhikvadze, was summoned to the Lithuanian foreign ministry on Tuesday to give an explanation.

Lithuanian customs officials say Russia has reported only 16 cases of customs violations by Lithuanian hauliers this year - a tiny fraction of the freight deliveries from Lithuania to Russia.

Russia's Itar-Tass news agency says Lithuania plans to appeal to the European Commission for help.

"The European Commission is entitled to defend the interests of all members," said Lithuanian Foreign Minister Vygaudas Usackas.

#1g

Top US official to make rare Belarus visit AFP, August 13, 2009

MINSK - A top US official is to make a rare visit to Belarus Friday, the Belarussian foreign ministry said, as President Alexander Lukashenko seeks a rapprochement with the West after years in the cold.

US Assistant Secretary of State for European Affairs Philip Gordon will have meetings with Lukashenko's administration and the foreign ministry, the ministry said in a brief statement on its website.

"The whole range of issues in Belarus-US relations will be discussed in the talks," it added.

The meeting comes amid signs of a warming in ties between the West and Lukashenko's Belarus, which was dubbed "Europe's last dictatorship" by the previous US administration of president George W. Bush.

Lukashenko, after meeting a US Congressional delegation in June, ordered the release of a US citizen, Emanuel Zeltser, whose imprisonment last year strained ties with Washington.

The Belarus strongman also voiced hope for a restoration of full diplomatic ties, provided the United States lifted sanctions on state oil and chemicals firm Belneftekhim that Washington imposed after accusing Minsk of rights abuses.

Relations between Belarus and the United States hit a low last year when the US ambassador left the country and several other US diplomats were forced out amid a row over the US economic sanctions.

Lukashenko's move for closer ties with the West has irked neighbour and traditional ally Russia, prompting a succession of noisy bilateral squabbles.

#1h

Russia and Ukraine Trade Barbs By Clifford J. Levy New York Times, August 14, 2009

Ukraine's president, Viktor A. Yushchenko, defended himself on Thursday against criticism from his Russian counterpart, Dmitri A. Medvedev. Mr. Yushchenko said it was unfair for Russia to not take any responsibility for the decline in relations with Ukraine. This week, Mr. Medvedev said Russia would not send an ambassador to Ukraine because of what he said were Mr. Yushchenko's "anti-Russia" policies, including his efforts to seek NATO membership and his support for the Georgian government, which fought a brief war with Russia last year. In response, Mr. Yushchenko on Thursday released his own letter to Mr. Medvedev. "Our government has never deviated from the principles of friendship and partnership," specified in accords between the countries, he wrote.

#2

Chervonenko: slamming law-enforcers' silence on anti-Semitic statements by Uzhgorod mayor Kyiv Post, August 8, 2009

Vice-President of the All-Ukrainian Jewish Congress Yevhen Chervonenko has said he doesn't understand why law-enforcers are not responding to anti-Semitic statements by Uzhgorod mayor Serhiy Ratushniak.

"All Ukrainian Jews are indignant at Ratushniak's outrageous anti-Semitism and do not understand why the Prosecutor General and the Interior Ministry are keeping silence on this matter," Chervonenko's press service quoted him as saying on Saturday.

According to him, the statements by the Uzhgorod mayor "are not only aimed at kindling the interethnic hatred, but are of the same nature as Nazism."

As reported, Mayor of Uzhgorod Ratushniak is alleged to have beaten a girl campaigning for Arseniy Yatseniuk's Front of Changes initiative. The 21-year-old activist of the Front for Change, Natalia Butrymko, said that Ratushniak approached the organization's campaign tent in downtown Uzhgorod on August 6 demanding that he be shown permission documents for setting up the tent. She said that after she had asked him to introduce himself, he destroyed the camp, started insulting her, then grabbed her by the throat and pushed her to the ground.

Earlier, while commenting on the activities of the Front for Change initiative, the Uzhgorod mayor said: "Impudent Jew Yatseniuk, who was successfully serving to thieves, who are at power in Ukraine, is using criminal money to plow ahead towards Ukraine's presidency." Besides, Ratushniak said: "Criminal Jew Yatseniuk has apparently decided that these are the elections to a village council somewhere in Israel. So, using criminal money he gathered drug traffickers and smugglers and without the permission of the city council is showering our city with the garbage."

Former transport minister Chervonenko is currently first deputy head of Kyiv city state administration. Earlier, he headed the national agency for Euro 2012 preparations.

#3

Russia Longs to Graduate At the Top of Trade Class

By Finlay Lewis

CQ Weekly, August 10, 2009

President Obama has repeatedly stressed that he intends to "reset" the relationship between the United States and Russia. But for that to happen, he first needs to perform a rewind-and-erase task that has eluded his two immediate predecessors: ditching the Jackson-Vanik amendment, a Cold War relic that used trade to punish totalitarian regimes if they denied their citizens emigration rights.

The law held out the most-favored-nation trade status (i.e., non-discriminatory access to vast and lucrative U.S. consumer markets) as an inducement to enact more liberal emigration policies. China, another Communist power that fell under the law's strictures, received annual presidential waivers to bypass its conditions until 2002, when trade relations were formalized after China won entry into the World Trade Organization (WTO) in 2001.

But similar progress has been stymied for Russia. The measure was enacted as an amendment to a 1974 trade law under the sponsorship of two Democrats, Sen. Henry M. Jackson of Washington (House 1941-53; Senate 1953-83) and Rep. Charles A. Vanik of Ohio (1951-81), and the Kremlin has been in full compliance since at least 1994, three years after the Soviet Union collapsed. But Congress never managed to get a floor vote for a bill to formalize Russia's release from the strictures of Jackson-Vanik, a process known as graduation.

Bids by Presidents Bill Clinton and George W. Bush to get such a measure on track proved to be poorly timed. The first Clinton effort, in 1999, coincided with a major showdown between Russia and NATO over the Kosovo invasion. Bush tried again in the months after the terrorist attacks of Sept. 11, 2001, but he dropped the plan when Russia angered American farm groups by erecting trade barriers against U.S. poultry products.

The idea resurfaced in 2003 but fizzled after U.S. troops discovered Russian military supplies in the hands of Saddam Hussein's forces following the invasion of Iraq — hardly an optimal time to shop a Russia trade measure in Congress. Bush pledged to push for Russia's graduation at summits with President Vladimir V. Putin in 2006 and 2008, but alleged unfair Russian trade practices in the marketing of some agricultural products, combined with ongoing violence in the Russian republic of Chechnya, discouraged the administration from trying to persuade a manifestly reluctant Congress.

Perhaps mindful of these past miscues, Obama has kept almost entirely quiet — in public, anyway — about any plans for a Jackson-Vanik repeal. However, senior Russian officials have not been shy about putting words in his mouth. After Obama met separately with Putin, now the prime minister, and President Dmitry Medvedev in Russia last month, Sergey Lavrov, Russia's minister of foreign affairs, told a TV interviewer that Obama "understands the awkwardness of — let's put it mildly — this situation for the American side and has given an assurance that removal of this amendment will be one of the priorities of his administration."

Still, the status quo clearly rankles — especially since not only China, but also lesser economic powers such as Mongolia and Vietnam got clean Jackson-Vanik bills of health. In January, Putin went out of his way as he spoke at the World Economic Forum in Davos, Switzerland, to mock U.S. lawmakers who argued to keep Russia under Jackson-Vanik because of Russian trade barriers against American poultry. To underline how little such objections had to do with the amendment's original intent, Putin quoted former dissident Natan Sharansky, saying that he "had not served time in a Soviet prison for chicken meat." Sharansky, who eventually emigrated to Israel, has emerged as a high-profile supporter of Russia's graduation.

Symbolic Politics

But more than standard trade sniping — or unfortunate timing — has stayed Congress' hand in lifting the Jackson-Vanik strictures, observers say. The law stands as a landmark in the battle to secure human rights legislation and has compiled a remarkably successful track record.

Alan P. Larson, then undersecretary of State for economic, business and agricultural affairs, told lawmakers on the House Ways and Means Subcommittee on Trade in 2002 that about 1 million Russian Jews had made their way to Israel between Jackson-Vanik's enactment and the date of his testimony. Some 573,000 refugees, including Jews, evangelical Christians and Catholics, had left the old Soviet Union for the United States during the same period. Russia and Israel now authorize visa-free travel between the two nations — an unthinkable development when Jackson-Vanik was signed into law 35 years ago.

Indeed, since Russia has long fulfilled the liberalization criteria of the law, the endurance of the trade penalty is not a question of policy, observers say. "Above and beyond anything else, it is symbolic politics," said James F. Collins, the U.S. ambassador to Russia from 1997 to 2001. "This is seen as a kind of slight of Russia — a treatment of Russia that doesn't accept its proper international standing . . . that doesn't recognize that Russia is not the Soviet Union."

During his visit to Russia, Obama affirmed that his administration accords Russia the full respect due a great power and said he looks forward to building a deeper commercial relationship. But Obama's powerful Russian audience probably won't take such reassurances to heart until Jackson-Vanik is off the books. As Vladimir Lukin, then-deputy speaker of Russia's lower house of Parliament, told *The Wall Street Journal* prior to a 2003 Bush visit to Russia, "This whole history of Jackson-Vanik is already so laughable, it's legendary."

That perception is precisely why unshackling Russia "has an outsized importance," said Stephen E. Biegun, executive secretary of Bush's National Security Council and now Ford Motor Co.'s vice president for international affairs. "This one is low-hanging fruit. It is a tangible sign beyond good wishes and rhetoric that the United States is interested in investing in a constructive relationship with Russia. That makes it bigger than just Jackson-Vanik. There are very few issues we and Russia work on . . . that we can make progress on as dramatic as this."

Sandy Berger, Clinton's national security adviser, likewise acknowledges that Jackson-Vanik remains freighted with symbolic importance, for better and worse. It has "become the Rorschach test for everything involved in the U.S.-Russia relationship," he said.

What It Takes

Still, should Obama seek Russia's release from the law, he's not assured of any slam dunks on Capitol Hill, due to both the symbolism of the law and to a good deal of residual Cold War-era suspicion of Russian ambitions.

"There might be some time in the future, if there were to be a grand bargain where we really made some progress on human rights and worked through the really big issues which we have on nuclear disarmament and the missile defense system, where we might make it part of a larger arrangement," Sen. Arlen Specter, a Pennsylvania Democrat, said of future efforts to graduate Russia out of the law. "It is unfortunate that the international checkers game looks for a lot of concessions in return for concessions, but that is real politics," added Specter, whose parents were Soviet Jews.

More mundane trade concessions would help as well, including lowering the poultry barriers. During his own recent visit to Moscow, Commerce Secretary Gary Locke said that move, together with lifted restrictions on the pork trade with the United States, would mark a "significant first step" toward persuading Congress to embrace graduation.

Another way to get Congress to plow through the Jackson-Vanik legacy would be to jump-start Russia's on-again, off-again negotiations to join the WTO. The WTO insists that all its members trade with one another on equally favorable terms — meaning that the United States could be locked out of some potential trade benefits after Russia's admission if it continues cleaving to Jackson-Vanik.

Sharansky's support for graduation may signify a split among human rights advocacy groups. Mark B. Levin, executive director of the National Conference on Soviet Jewry, said his group supports graduation on the strength of Moscow's free emigration policies, although he acknowledges that its human rights record on other issues is not spotless. However, Tom Malinowski of Human Rights Watch says that such a move might "send the wrong signal" in light of Russia's still-woeful human rights record — citing as a case in point the July killing of a Russian human rights activist in Grozny.

But after chafing under the law for 35 years, Russian leaders would interpret fresh human rights monitoring as simple congressional caprice. After all, they've observed, Congress voted in 2000 to lift Jackson-Vanik from China and grant it permanent normal trading relations as a step toward WTO membership, despite Beijing's 1989 Tiananmen Square crackdown. And, of course, that arrangement has proven wildly profitable for both trading partners: In 2008, U.S. exports to China totaled nearly \$70 billion, versus \$9.3 billion for Russia. On a much smaller scale, the former Soviet republic of Ukraine won its liberation from the law in 2006 as part of its accession to the WTO — even as human rights groups denounced the spread of anti-Semitism within its borders.

In order to turn around a policy debate that's become this politicized, observers say, Obama would need a strong push from his own domestic constituencies to make scrapping Jackson-Vanik a real priority. "I don't think there is a great groundswell of opinion that says Jackson-Vanik is relic of a bygone era when American-Russian relations were abysmal," said Ross K. Baker, an expert on Congress at Rutgers University. "Nobody wants to plant their flag on that mountaintop."

#4

How Russia Defines Genocide Down

By Clifford J. Levy

New York Times, August 9, 2009

MOSCOW — After the conflict between Russia and Georgia broke out a year ago, each side accused the other of atrocities, but the Russians went farther. They spoke of marauding Georgian soldiers who systemically killed hundreds if not thousands of civilians in the separatist enclave of South Ossetia. Georgia was guilty not just of war crimes, they said.

It was genocide.

"Eyewitnesses say Georgian army units ran over women and children with their tanks, drove people into houses and burned them alive," Vladimir V. Putin, the prime minister and former president declared. "What was it if not genocide?"

That word became a Russian rallying cry. But it also served to underscore how the Kremlin seemed to mishandle the campaign to shape public opinion worldwide — a pivotal arena as Russia and Georgia sought to cast blame over who started the fighting.

It was as if senior Russian officials pulled out a dog-eared Soviet propaganda playbook that called for hurling the most outlandish charge, without recognizing that in the modern global media climate, their credibility would quickly suffer if the facts proved otherwise.

In the old days, credibility might not have mattered. Language could be marshaled by the Kremlin in discomfiting ways to advance the ideals of Communism and the West just expected it. But now, Mr. Putin has presented himself and his country as democratic and forward-looking, and that same language is held to a different standard.

And so it was that reporters entered South Ossetia after the five-day war, and Russian and local officials could not explain where all the bodies were, even at one point suggesting that they had been hastily buried by family members in backyards.

It later became clear that the death toll was far lower. The Kremlin now acknowledges that 162 South Ossetian civilians died in the war, out of a population of roughly 70,000. The figure was higher on the Georgian side, with 228 civilians killed, the Georgian government said.

Last week, as Russia used the anniversary of the war to undertake a public relations effort to press its case that Georgia caused it, the genocide charge was largely absent. The Georgian conduct was instead labeled criminal.

(As is customary these days, given that both countries have hired Western public relations agencies, the Georgians issued their own dossier, maintaining that Russia was responsible for the war.)

Asked on Thursday about genocide, a deputy Russian foreign minister, Grigory B. Karasin, seemed to concede that in the turbulent days of last August, the Russian side may have overstepped.

Still, Mr. Karasin emphasized that the allegation had to be understood in the context of regional history, saying that South Ossetians had long believed that the Georgians wanted to exterminate their culture.

“Those people, I think, on an emotional line, not on a legal line, but on an emotional line, have their own right to refer to the policy of Tbilisi toward the minorities, and toward South Ossetians, as a type of genocide,” Mr. Karasin said.

Mr. Karasin did not mention it, but there was another factor. Last August, the Kremlin appeared to jump at the opportunity to turn the tables on the West over the issue of ethnic clashes and breakaway regions.

Russia had long been indignant over Western support for Kosovo, the enclave in Serbia that won recognition as independent last year. The NATO bombing of Serbia in 1999, which was intended to prevent the Serbs from suppressing ethnic Albanians in Kosovo, had especially angered people here.

With the South Ossetian conflict, the Kremlin saw hypocrisy, asking why it was proper for the West to deploy force to support Kosovo in the face of supposed Serbian violence against civilians, but not for Russia to do the same thing for South Ossetia.

The Russians, in other words, ventured that if the West can call the Serbian actions genocide, then the term fit the Georgians as well.

Questioned about the genocide claim five weeks after the war, Russia’s president, Dmitri A. Medvedev, replied with scorn.

“It is laughable when people suggest that we should first count the dead, implying that if there was such and such a number, it would be genocide, but 100 people less and it is not genocide,” Mr. Medvedev said. “Of course, only people who used their aircraft to bomb Yugoslav territory for 90 days could think this way.”

While the Russians have avoided mentioning the word recently, their South Ossetian allies have not entirely done so. Last week, they unveiled a series of exhibits dedicated to the war. They are housed at the Museum of Genocide.

#5

Georgia-Russia: What We Still Don't Know

One Year Later, Questions Still Linger About the Russian-Georgian War

By Joshua A. Tucker

New Republic, August 10, 2009

Friday marked the one-year anniversary of the beginning of the Russian-Georgian War. Last summer, battles were fought, lives were lost, and land was destroyed. Yet one year out, what is most striking is how little the politics related to the war seem to have changed and how many questions surrounding the conflict remain unanswered.

Let's go back in time to early last August. In Georgia, Mikheil Saakashvili was under attack from a hostile opposition that often took to the streets, accusing him of "hoarding and abusing power," according to The New York Times. But he looked likely to stay in power until the end of his term. In Russia, Dmitri Medvedev had recently ascended to

the presidency, sparking speculation about who was really in charge--Medvedev or his predecessor, Vladimir Putin. Russian-Georgian relations were frosty, and rumors flew that conflict could break out at any time. Russian-U.S. relations were also relatively chilly, with points of conflict including U.S. plans for a missile defense system in Central Europe and the question of NATO membership for Georgia and Ukraine, but the two nations were cooperating on some issues of common interest, such as containing terrorist threats.

While much about what triggered the war remains in dispute, late in the evening of August 7, Georgian forces entered South Ossetia, one of two breakaway Georgian republics. The following day, Russia responded by ordering troops into South Ossetia and, eventually, Georgia proper. After five days of fighting, the sides agreed to a truce, brokered by the French. However, Russian troops remained in and around South Ossetia and Abkhazia, the other breakaway republic.

Fast forward to early August 2009. Despite the war (or maybe because of it), Saakashvili is still in power. He continues to face frequent calls for his resignation but will probably survive until the end of his term. We are no closer than we were a year ago to understanding where power really lies between Putin and Medvedev, despite claims that the war demonstrated that Putin pulls all the strings. Russian-Georgian relations are extremely tense, with rumors surfacing in recent days of new between Georgia and its breakaway republics. (Tensions have apparently increased sufficiently that Obama and Medvedev spoke about the matter by phone last Tuesday.) And, while the overall tone of Russian-U.S. relations has improved somewhat since Obama took office--the issues of missile defense and new NATO members are being addressed with a bit more tact now--the two countries essentially remain what Daniel Korski, a senior policy fellow at the European Council on Foreign Relations, called "frienemies," cooperating on some issues and conflicting on others.

So what has changed in the past year? Most seriously, the price of oil, which was skyrocketing up toward \$147 per barrel at this time last summer, has only recently returned to about half that level. Not coincidentally, the Russian economy has suffered mightily from the global economic crisis. (Georgia's economy has also suffered, both from the war and international economic developments.) Only Russia and Nicaragua have recognized South Ossetia and Abkhazia as independent. (Noticeably missing from this list is China, which one can only assume was not pleased to see Russia stoking the aspirations of separatist regions). Russian troops are still in the republics--despite complaints from Georgia about both their actions and locations, their number is fairly low--along with some EU monitors. Georgia has asked for U.S. monitors as well, but Russia has resisted the move.

In short, little related to this war has changed; despite the Russian military victory, neither side can really claim to have gained much. So what are we to make of the conflict? Four explanations for why the war occurred seem plausible. First, it may have been a "mistake" on Georgia's part. It's possible Saakashvili guessed wrong, thinking he could grab South Ossetia and get back under the West's protection before Russia did anything. Second, the war may have been a "mistake" on the part of a Russia determined to remove Saakashvili from power. Perhaps Moscow underestimated what the international community's reaction would be and/or overestimated the capabilities of the Georgian opposition to Saakashvili. Third, as I have suggested previously on this website, the war may have been an attempt by the Russians to send a costly "signal" about its concern with growing Western influence in the former Soviet republics--in particular, vis a vis Georgian or Ukrainian NATO membership.

Finally, the war may have been the start of a series of aggressive moves by Russia to reclaim parts of its former empire by force, as John McCain seemed to suggest last fall.

With regard to this fourth possibility, however, nothing we've seen since the conclusion of the war suggests that the Russia-on-the-march explanation is remotely likely. Moreover, forthcoming research in the journal *Post-Soviet Affairs* by University of Michigan professor William Zimmerman suggests that Russian foreign policy elites' conception of Russia's appropriate sphere of influence is sensitive to the price of oil. Put another way, if Russia restrained itself from going all the way to Tbilisi last summer with oil at \$147 per barrel, it seems unlikely we'll see Russian troops in Ukraine anytime soon.

The other three explanations for the war all seem potentially credible, but we currently lack the evidence to distinguish among them. There is an international fact-finding report under the direction of a Swiss diplomat due out in September; perhaps we will learn more then.

And what comes next for Russian-Georgian relations depends largely on which explanation for the war turns out to be right. For instance, the status quo seems likely to persist if the war was a mistake on Georgia's part--even Saakashvili is unlikely to repeat that blunder--or if the war was a signal that Moscow believes the West has heard.

(Which, perhaps, it has. See, for example, U.S. Secretary of Defense Robert Gates's somber comments about the possibility of Georgia joining NATO.) This could also be the outcome if the war was a first step in renewed Russian aggression. But, even if that doubtful situation is the case, Russia has been sufficiently weakened by the economic crisis that it would have put such plans on hold.

More troubling is the possibility that we could witness a second Russian-Georgian War. Although a less likely outcome, this could follow if last year's war was a failed attempt on Russia's part to remove Saakashvili from power and it's still itching to get the job done, or if it was a signal that Moscow does not believe the West has yet heard. (We still don't know what the Russians have made of Obama's comments in Moscow last month about states like Georgia having a right to their own foreign policies.) And, while theoretically a gradual improvement in Russian-Georgian relations is always a possibility, as long as South Ossetia and Abkhazia remain out of Georgia's sovereign control, this is highly unlikely.

Perhaps it should not be surprising, though, that a war no one really seems to have won would yield so few definitive legacies.

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#6

Ten Years at the Helm: Putin Holds a Photo Shoot and Visits Turkey

By Pavel K. Baev

Eurasia Daily Monitor, August 10, 2009

It appeared to be just another of ailing President Boris Yeltsin's oddities when on August 9, 1999 he appointed Vladimir Putin as prime minister and announced his support for this unknown bureaucrat as the next president of Russia. In a matter of a few weeks Putin's campaign gained an unstoppable momentum - and throughout this decade he has remained the master of Russian politics. It was the brutal suppression of the secessionist rebellion in Chechnya depicted as Russia's "war on terror" that convinced Russians that Putin was indeed the leader they were collectively longing for (Nezavisimaya Gazeta, www.grani.ru, August 7). The war was brought to a conclusive end, and despite the widespread and deepening instability in the North Caucasus, Putin's claim over achieving victory remains undisputed. The war with Georgia, which was also remembered last weekend on its first anniversary, was portrayed as a triumph, but in fact it has seriously undermined Russia's position in the Caucasus (Kommersant, Nezavisimoe voennoe obozrenie, August 7). Meanwhile, Putin has moved on to other matters.

It is the gas business that now primarily attracts his attention, and only a select few of his trusted lieutenants from the special services, the so-called siloviki, have made the transition with him. Always attuned to public relations, Putin opted for a business-trip to Turkey to mark his jubilee, and has every reason to portray this visit as a success. The contract on building the first nuclear power plant in Turkey could be a significant breakthrough for Rosatom, which has not exactly boosted its international reputation with the controversial Bushehr project in Iran due to be finished this year (www.gazeta.ru, August 7). Far more significant, however, was the deal on constructing the South Stream gas pipeline across Turkey's exclusive economic zone in the Black Sea, which was the main goal of Putin's trip. The competition with the E.U.-backed Nabucco project has become a personal issue for him and he is prepared to fight it out (Kommersant, August 7). In his opinion, it is not in the European market but at the entry point that the outcome of this pipeline race will be decided, so Moscow is playing hard-ball in Turkmenistan seeking to divide its resources with China and Iran. Without Turkmen gas, the only hope for Nabucco is Iraq, but counting on stable production in Kurdistan remains a high-risk option.

One point that is often overlooked in the commentary on this clash of pipelines is that Moscow is mildly irritated with the Nabucco project but not really too concerned, since the real aim of its pipeline strategy is not more gas to Europe but bypassing Ukraine (Vedomosti, August 7). Towards this aim, Russia is prepared to double its gas export to Turkey through the expanded Blue Stream pipeline, implicitly encouraging its ambition to become a "gas hub" and not merely a transit state. The E.U. is not enthusiastic about such a prospect and Putin expects that Turkey's hard bargaining will make Russian gas more attractive. Ukraine, however, is the designated loser as Russia plans to reduce its transit by more than a half. Kyiv has just delivered the monthly payment for the gas it imported in July, but Putin knows perfectly well that negotiations on emergency loans with the E.U. are not going well, so Ukraine's insolvency is only a question of time (RBC Daily, August 7).

The point about how Ukraine's financial troubles could possibly suit Russian interests constitutes a part of the larger issue about the agenda of Putin's gas policy. Sound goals such as maximizing profits are certainly present in this agenda but there are other elements that could hardly be rationalized from the point of view of business logic (Ezhednevny Zhurnal, August 6). The desire to boost Russia's international profile is not malignant in itself, but it translates into an obsessive urge to show its neighbors who are the master in the post-Soviet house and to punish the malcontents. This bullying is bad for the gas business but Gazprom has internalized it as a feature of Putin's personal style of leadership.

Ten years at the summit of power has inevitably inflated Putin's self-perception and the photo-session from his recent short outdoor vacation in Tuva provided fresh evidence. A choir of courtiers is probably praising the good looks of their boss and asserting that the picture of his muscular torso will give his popularity a new boost. Consequently, it is difficult indeed to hear the voice of common sense suggesting that such PR is slightly ridiculous (www.gazeta.ru, August 6). Economic troubles were not allowed to spoil Putin's trip to the Far East and he found time to go to the bottom of Lake Baykal in the Mir submersible and to gently pat a beluga whale in the Sea of Okhotsk (Nezavisimaya Gazeta, Vremya Novostei, August 3). That is exactly what his premiership was intended to convey: having fun, while making sure that governors are duly disciplined, while accepting the manifestations of loyalty from joyful crowds. The unexpected recession has turned the public mood rather sour, but Putin refuses to compromise on the first part of the plan.

This extra-VIP tourism will hardly help to restore economic confidence, as Putin's methods of managing the economy are limited to distributing oil revenues and tightening state control, are proving inefficient in checking the deepening crisis. President Dmitry Medvedev is trying to listen to more liberal economic opinions and has started to question the rationale behind pouring money into huge state corporations, including Russian Technologies, which instead of playing the role of "locomotives" have become a massive liability (www.newsru.com, August 7). Medvedev continues to repeat his claim that Russia will emerge from the crisis as a modernized and re-energized state. However, he is unwilling to admit that the shedding of Putin's heritage of rigid centralization is a pre-condition for such a recovery. The feeble economy is only part of the larger problem of a stagnating country, and Russians will have to go through some bitter self-assessment in order to regain the ability to see their "dear leader" as a scantily dressed quasi-emperor.

#7

CIS Allies Wary of Moscow After War

By Nabi Abdullaev

Moscow Times, August 10, 2009

A year after Russian troops crushed the Georgian army in South Ossetia, Moscow has cobbled back together its ties with the West, but in a largely unforeseen consequence of the war relations with other former Soviet states have become increasingly strained.

The war and Moscow's subsequent recognition of Abkhazia and South Ossetia as independent states halted NATO's advance toward Russia's borders and demonstrated to the world the country's decisiveness in defending what it deems national interests. But Russian officialdom has yet to learn how to package a convincing message for its main foreign policy audience — the West — to show the legitimacy and expediency of its moves, political analysts say.

Even now, in comments for a documentary on the conflict shown Friday by NTV television, President Dmitry Medvedev spoke at length about his emotions when he decided to send troops into Georgia, but he said little about his motivations — other than that the decision "helped to defend people's lives."

The new administration in Washington and the necessity of Russian cooperation on issues of vital importance to the United States have not allowed President Barack Obama's team to make the Russian-Georgian conflict a major bilateral topic, said Pavel Zolotaryov, an analyst with the Institute of USA and Canada at the Russian Academy of Sciences.

"Georgia was a project of the previous American administration," he said, referring to then-U.S. President George W. Bush's backing of President Mikheil Saakashvili, a U.S.-trained lawyer who came to power after a bloodless

popular uprising in 2003. “Of course, now Washington cannot turn away from Tbilisi, an ally that sends troops to support Americans in Iraq, but Obama’s hands are not tied.”

When Obama visited Moscow last month, the looming anniversary of the Russian-Georgian war and continuing tensions between those countries did nothing to hinder wide-ranging talks between the U.S. and Russian presidents and their advisers.

Russia has also restored relations with NATO, which were abruptly severed after the conflict last year.

The Georgian conflict proved to be a fleeting thorn in Russia’s ties with its major partners in the European Union, too. Several diplomats from the EU have told The Moscow Times on condition of anonymity because of the sensitivity of the topic that their governments place blame for the conflict on Tbilisi rather than Moscow.

And while concerns of lasting damage to relations with the West have largely passed, Moscow has seen a burgeoning estrangement with its most loyal allies in the Commonwealth of Independent States, a loose, Russia-led alliance of post-Soviet states that Georgia abandoned last fall.

None of the CIS countries — including what had been Russia’s closest allies, Belarus, Kazakhstan and Kyrgyzstan — has followed Nicaragua, the only state other than Russia that has recognized South Ossetia and Abkhazia.

“The war has shown all other CIS countries that they are in no sense equal to Russia, despite all the formal arrangements, and that they should always understand that there is a limit to Russia’s tolerance of their behavior,” said Vladimir Zharikhin, an analyst with the Institute of CIS Countries.

The situation has pushed CIS leaders to look for ways to affirm their sovereignty, he said.

Last month, five CIS heads of state snubbed an informal summit in Moscow despite being invited by the Kremlin. Previously, a no-show by one would have caused a scandal.

Also, Belarus and Uzbekistan are stalling Russia’s latest pet project in the region: the creation of a multilateral rapid-response military task force.

Kyrgyzstan, now the most devoted of Russia’s allies, has hinted that it needs additional support for setting up a new Russian military facility on its territory, while Tajikistan has suggested dumping Russian as an official language.

One of the positive lessons that Russia has learned from the war is that frozen conflicts, if left unattended, risk degenerating into war, as happened in South Ossetia, Zharikhin said.

He pointed to Russia’s postwar effort to advance talks between Moldova and leaders of the separatist, Moscow-leaning Transdnestr republic, as well as last month’s attempt to restart Azeri-Armenian talks in Moscow over the disputed Nagorno-Karabakh republic.

“Of course, these problems are very far from being solved, but Moscow is at least striving to create some dynamics in the talks there,” Zharikhin said.

He and Sergei Markedonov, a Caucasus analyst with the Institute for Political and Military Analysis, agreed that poor informational support for Moscow’s actions remains one of the biggest mistakes still not addressed by the Russian leadership in the conflict or its aftermath.

“I don’t remember any press tour to South Ossetia for foreign journalists arranged by Russian officials. Why don’t they demonstrate the effects of war on the republic to professionals instead of telling us how cruel it was?” Markedonov said.

He pointed to the outbreak of the belligerent rhetoric on both sides as the anniversary of the war approached.

“The same [deputy chief of the Russian General Staff Anatoly] Nogovitsyn who was Russia’s chief talking head during the war last year — in what almost everyone said was Moscow’s PR failure — is doing most of the official talking about the anniversary,” Markedonov said.

Russia's reluctance to allow international monitors into South Ossetia and Abkhazia is also a counterproductive PR strategy, he said.

"If monitors go there and talk to the locals, this may not change the general perception of Russia's role in the conflict abroad, but at least a new range of voices supportive of Russia's actions will be heard," he said.

#8

Ukrainian Jews want mayor charged for slurs JTA, August 10, 2009

KIEV, Ukraine -- Ukrainian Jewish leaders are asking that the mayor of a major Ukrainian city be charged for assault and making anti-Semitic statements.

In a request to the prosecutor general, the Jewish Forum of Ukraine on Sunday asked that Uzhgorod Mayor Sergey Ratushniak's conduct be examined in accordance with the Criminal Code of Ukraine on inciting interethnic hatred.

Ratushniak allegedly assaulted a woman, 21, last week as she campaigned for the Front of Changes initiative near the university in Uzhgorod, located in western Ukraine at the Slovakia border. The mayor also openly made anti-Semitic statements and anti-Israel remarks.

"All Ukrainian Jews are indignant at Ratushniak's outrageous anti-Semitism and do not understand why the prosecutor general and the Interior Ministry remain silent on this matter," Yevgeny Chervonenko, the vice president of the All-Ukrainian Jewish Congress and the Jewish Forum of Ukraine, as well as the first deputy mayor of Kiev, said in a statement.

Chervonenko added that the statements by the Uzhgorod mayor "are not only aimed at inciting interethnic hatred but are of the same nature as Nazism."

According to an Interfax news agency report Saturday, Ratushniak was commenting on activities of the Front for Change initiative headed by parliament member Arseniy Yatsenyuk, a leading presidential candidate whose parents reportedly were Jewish, when he said, "Impudent Jew Yatsenyuk, who was successfully serving to thieves, who are at power in Ukraine, is using criminal money to plow ahead towards Ukraine's presidency."

Also, according to Interfax, Ratushniak said that "Criminal Jew Yatsenyuk has apparently decided that these are the elections to a village council somewhere in Israel. So, using criminal money, he gathered drug traffickers and smugglers, and without the permission of the city council is showering our city with the garbage."

According to the alleged assault victim, Ratushniak began to insult female campaigners for Yatsenyuk, then grabbed her by the throat and pushed her to the ground.

Ratushniak denies the accusations.

Presidential elections are scheduled for Jan. 17.

"Arseniy Yatsenyuk is not Jewish, but he is a very nice person and definitely a good candidate," Rabbi Yaakov Dov Bleich, chief rabbi of Ukraine, told JTA.

Political analyst Tars Kuzio has said that Yatsenyuk's Jewish origins could hurt his chances. Jewish leaders and experts predict that some political forces will play the "Jewish card" during the elections.

#9

Iran and Russia: No Love Lost By Amir Taheri Asharq Al Awsat, July 31, 2009

For 30 years, Khomeinist mobs have been burning the United States' flag in public amid shouts of "Death to America!"

These days, however, it is the Russian flag that is burned by protestors chanting "Down with Russia!"

Angry Iranians regard Russia as a friend of a regime that has "stolen" a presidential election and is trying to crush the democracy movement.

This wave of anti-Russian sentiments has been so strong that even commentators in Moscow have noticed.

But is it justified?

Russophobia has a long history in Iran.

It started with the wars that the tsars launched against a weakened Persia from the late 18th century to 1830, annexing large tracts of Iranian territory in the Caucasus and Central Asia. In the Caucasus, through four decades of intermittent wars, Iran lost Daghestan, Ossetia, Abkhazia, Georgia, Ajaria, Aran (Now Azerbaijan) and Armenia to Russia. In Central Asia, the Russians annexed such centers of Persian culture as Bokhara, Samarkand and Merv.

In 1829, a mob attacked the Russian Embassy in Tehran, killing most of its employees including the Minister Plenipotentiary, Alexander Griboidev.

Peter the Great and Catherin the Great, dreamed of annexing the whole of Iran so that Russia could reach the warm waters of the Indian Ocean.

By mid-19th century, Moscow had turned the Caspian Sea, for centuries an Iranian lake, into a Russian pond in which Iran was denied even a commercial navy. Russia maintained a monopoly on the lucrative caviar trade until Iran nationalized the industry in 1951.

In 1909, Russia signed a pact with Great Britain, another enemy of Iran at the time, to divide it into two spheres of influence. Iran's newly created constitutional government resisted that plot and reasserted what was left of the nation's independence.

Two years later, the Russians landed troops on the Iranian side of the Caspian, in support of princes and mullahs who tried, and failed, to destroy the new constitutional government.

The Russians invaded again during the First World War and returned home only after the 1917 Bolshevik Revolution.

In 1919, a contingent of Bolshevik "military instructors" arrived in Gilan, on the Iranian side of the Caspian, to set-up a secessionist "Republic of the Jungle" as part of Komintern's strategy for "setting the East ablaze."

When that attempt failed in 1921, the Bolsheviks signed a treaty with Tehran under which Russia received the right to land troops in Iran when and if it felt threatened by the presence of foreign forces.

By 1940, Russia had lost its overt influence in Iran while the NKVD, the Soviet secret service, had acquired a clandestine presence by creating the Tudeh (Masses) Party in Tehran, and the Democratic Sect, a secessionist outfit, in the province of Azerbaijan.

A year later, Russian troops were back, this time in alliance with Britain, with the aim of using Iran as "a bridge of victory" for supplying the Red Army against Nazi invaders in Europe. (US forces joined the duo in 1942).

At the end of the war, Stalin refused to withdraw his troops from the Iranian provinces of Azerbaijan and Kurdistan with the intention of turning them first into independent entities and then annexing them to the USSR. However, Iran, backed by the US that at the time had a monopoly on nuclear weapons, using the threat of a regional war that an exhausted USSR could not contemplate, forced Stalin to recall his armies

By the 1960s, the Soviet Union had become a marginal player in Iran. It tried to pressure Iran to distance itself from the West by supporting radical Arab regimes in Egypt, Libya, Syria and Iraq that waged a propaganda war against the Shah's regime.

At the same time, Moscow refused to abrogate the 1921 and 1941 treaties that Iran had signed under duress. In 1970, the Shah declared both treaties "dead and buried". In 1979, the new Khomeinist regime repeated that position. With the fall of the USSR, everyone assumed that the treaties were dead.

Playing the Russian card has formed a major part of Ahmadinejad's strategy in what he sees as his Jihad to create "a world without America." Dreaming of an anti-American axis that includes China, Russia, Iran, North Korea, Syria, the Sudan and Venezuela, Ahmadinejad has gone out of his way to woo Moscow:

-- In 2005 Ahmadinejad declared that Iran recognized the abrogated treaties as valid. This was seen as a diplomatic warning to the United States not to take military action against the Islamic Republic because such a move could lead to Russian military intervention.

-- In 2007, he withdrew Iranian support for Kosovo's independence, despite the fact that 98 per cent of the newly created republic's inhabitants are Muslims. Iran has joined Russia in rejecting Kosovo's demand to become a member of the United Nations.

-- He has abandoned Iran's policy of protecting refugees by handing over to Russia scores of Chechen, Ingush and Daghestani fighters, all Muslims, who had fled from Afghanistan after the fall of the Taliban. The previous Iranian government under Muhammad Khatami had allowed refugees who did not wish to remain in Iran to travel to other Muslim countries. According to Chechen sources, more than 100 fighters handed over to Russia by Iran were executed in 2006 and 2007.

-- Ahmadinejad has backed Russia's invasion of Georgia and its effective annexation of South Ossetia and Abkhazia. This complements his policy of working with Russia and Armenia in Transcaucasus to limit US influence.

-- He has joined Russia in opposing US plans to build anti-missile shields in Poland and the Czech Republic.

-- He has applied for membership of the so-called Shanghai Group, a regional alliance created by Moscow with China and the Central Asian republics.

-- Reversing a previous policy of diversification, he has decided to grant most of the contracts for building 22 new nuclear power stations to Russia. This was one of the reasons for the resignation of Gholam-Reza Aghazadeh, the long-serving head of Iran's nuclear programme, this month. Aghazadeh believes the Russians are playing the Iranian card to secure concessions from the US and do not intend to help Iran build a credible nuclear industry. The Russians were scheduled to complete the Bushehr nuclear power station in 2005. Four years later, there is no sign that they intend to do so.

-- He has signed the biggest arms contract in the history of Russo-Iranian trade for the purchase of S300 anti-aircraft missile systems. Although Moscow has repeatedly postponed delivery, Tehran has not even criticised the delays.

-- Under Ahmadinejad, the number of Iranians training in Russia has increased fourfold. Russia is training hundreds of Iranian security personnel and providing materiel used against demonstrators.

Ahmadinejad's opponents in Tehran claim that his pro-Russian policy reflects the views of the "Supreme Guide" Ali Khamenehi.

Muhammad Muhsin Sazgara, a former member of the Islamic Revolutionary Guard Corps (IRGC) who has defected to the US, claims that Khamenehi established ties with the KGB, the Soviet secret service, years before the revolution.

At the time the idea was that the Soviet Union, being the only power standing up to the United States, would help Khomeinists destroy Iran's pro-West regime.

According to that analysis, Khamenehi and Ahmadinejad believe that Russia, though much weakened, could help the Islamic Republic destroy American influence in the Middle East.

Russian support for the Khomeinist regime may be less solid than Sazgara and others claim. Nevertheless, the perception in Iran is that Vladimir Putin's authoritarian regime is the principal foreign supporter of the theocracy in Tehran. Burning the Russian flag is one way for Iranians to send a message to Moscow.

Amir Taheri's new book " The Persian Night: Iran Under the Khomeinist Revolution" is published by Encounter Books in New York and London.

#10

In Letter, Medvedev Slams Ukraine AP, August 11, 2009

MOSCOW -- Russian President Dmitry Medvedev lashed out at Ukraine's leadership on an array of grievances, accusing the country of endangering European gas supplies and saying Russia won't send a new ambassador until relations improve.

In a letter to Ukrainian President Viktor Yushchenko released Tuesday by the Kremlin, Mr. Medvedev cites complaints ranging from Mr. Yushchenko's push to make Ukraine a NATO member to his support of an Orthodox church outside Moscow's control.

Russia and Ukraine have had troubled relations for years, but the new criticism was unusual for its strong language and its length. It comes five months before Ukraine's presidential elections, and Mr. Medvedev clearly hopes Mr. Yushchenko will lose his bid for a second term.

Russia-Ukraine relations "will resume on a fundamentally different level -- that of strategic partnership -- and this moment will not be long in coming," Mr. Medvedev said in a "video blog" posted on the Kremlin Web site in which he comments on the letter to Mr. Yushchenko. "I hope that the new leadership of Ukraine will be ready for the breakthrough."

Such a comment could raise anger in Ukraine if it is seen as an attempt by Russia to interfere in Ukraine's internal affairs. Russia openly supported Mr. Yushchenko's opponent, Viktor Yanukovich, in the 2004 elections that were annulled after the huge "Orange Revolution" street demonstrations protesting vote fraud; Mr. Yushchenko won the rerun.

There was no immediate official reaction from Ukraine to Tuesday's statements.

Ukraine is the main transit country for Europe-bound Russian natural gas, and political tensions aggravate gas-price disputes. In a dispute this winter, Russia suspended deliveries through Ukraine for two weeks.

Mr. Medvedev, in the letter, decried "the gathering impression that Kiev is consistently seeking a rupture in forming economic ties with Russia, especially in the energy sector. As a result, the stable use by our countries of the ... unified gas transportation system that guarantees the energy security of Russia, Ukraine and many European states is placed under threat."

The Russian president also accused Mr. Yushchenko of stirring up anti-Russian sentiment to justify his efforts to gain NATO membership and of interfering with the operations of the Russian Black Sea Fleet, which is based in the Ukrainian port of Sevastopol.

Ukraine ordered two Russian diplomats to leave last month after weapons movements by the Black Sea Fleet that Ukraine said weren't permitted.

The letter also criticized Ukraine for its efforts to have the famine of 1932-33 recognized as genocide.

The famine was engineered by Soviet dictator Josef Stalin to force peasants to give up their private plots of land; Ukraine suffered the most of all Soviet regions. Russia opposes the term genocide, saying other ethnic groups also suffered

#11

Georgia's 'Restart' Button

By Nino Burjanadze

New York Times, August 10, 2009

The news article “Improbably, leader of Georgia survives” (July 27) asserts that following Vice President Joe Biden’s visit to Georgia, President Mikheil Saakashvili has made a miraculous recovery and will serve out his term, which ends in 2013.

Of course, it is for the people of Georgia to decide the fate of our president, and Vice President Biden gave no such assurances to Mr. Saakashvili.

In his speech to the Georgian Parliament, Vice President Biden said that the democratic ideals of the Rose Revolution will only be fulfilled when “government is transparent, accountable and fully participatory,” when there is a “balance of power between the Parliament and executive,” when “the media is totally independent and professional” and when “the courts are free from outside influence and the rule of law is firmly established.”

This is what the democratic opposition has been calling for in the past two years. These measures are the tests of a true democracy — and are becoming known in Georgia as the “Biden tests.”

The Georgian government could do two concrete things to demonstrate progress toward meeting these tests.

First, Imedi TV — the formerly independent station — should be returned to its previous owners, free from government control. This would show progress is being made toward a free media.

Second, the release of political prisoners — more than 100 of whom are languishing in jails because of their political views — would demonstrate moves toward the rule of law.

I hope President Saakashvili will take these actions without further delay as proof that his democratic pledges are true.

Those of us in Georgia who are democrats need the help of the United States and our other friends and allies in order to turn these tests into action so that we can press “the restart button” on democracy in Georgia.

#12

Moscow Signals Widening Rift With Ukraine

By Michael Schwartz

New York Times, August 12, 2009

MOSCOW — The Russian president, Dmitri A. Medvedev, assailed his Ukrainian counterpart on Tuesday, blaming him for anti-Russian policies that he said had brought relations between the countries to “unprecedented lows.”

In a letter to Ukraine’s president, Viktor A. Yushchenko, posted on the Kremlin Web site on Tuesday, Mr. Medvedev announced that Russia would not send its new ambassador to Ukraine as planned, “given the anti-Russian course of the Ukrainian leadership.”

Ukraine’s acting foreign minister, Volodymyr Khandogiy, said at a news conference in Kiev that the Foreign Ministry was disappointed by Mr. Medvedev’s decision to put off the arrival of Russia’s ambassador, the Interfax news agency reported.

Relations between Russia and Ukraine have ranged from turbulent to openly antagonistic since Mr. Yushchenko took power in 2005 after a bloodless uprising known as the Orange Revolution, ousting a political clan backed by Moscow and largely seen as corrupt.

In his letter, Mr. Medvedev said relations between Russia and Ukraine had reached their lowest levels since the Soviet Union collapsed. He lashed out at Mr. Yushchenko’s pro-Western policies, especially his efforts to seek NATO membership, which Russia views as a national security threat.

On a visit to Ukraine last month, Vice President Joseph R. Biden Jr. said the United States would continue to support Ukraine's NATO bid, once again highlighting the issue, which is unpopular with many Ukrainians.

Mr. Medvedev expressed anger at Mr. Yushchenko's suggestion that Russia's Black Sea Fleet would be evicted from the Ukrainian port city of Sevastopol when its lease expired in 2017. He also dismissed as a "nationalistic interpretation" Mr. Yushchenko's insistence that a famine that ravaged Ukraine and other parts of the Soviet Union in the early 1930s was genocide against the Ukrainian people by Soviet authorities.

Mr. Medvedev's most pointed criticism on Tuesday was in response to Mr. Yushchenko's unequivocal support for the Georgian president, Mikheil Saakashvili, during Georgia's brief war with Russia last August over South Ossetia, a separatist Georgian region.

"Kiev has adopted an openly anti-Russian position regarding the Saakashvili regime's military attack on South Ossetia," Mr. Medvedev wrote in his Web posting. "Ukrainian weapons killed peaceful citizens and Russian peacekeepers."

Ukraine has never denied selling weapons to Georgia, claiming such sales complied with international law. The United States and Israel, among other countries, also have incensed Russian authorities by selling weapons to Georgia, and last month Mr. Medvedev said Russia would impose sanctions on any company still doing so.

Mr. Yushchenko has complained that the Kremlin has sought to limit Ukrainian sovereignty, in part by imposing costly economic blockades in response to perceived slights. In recent years, Moscow has placed embargoes on Ukrainian products like milk and meat. Moscow has also occasionally shut off the flow of natural gas through Ukraine, restricting energy supplies to Western Europe, which receives about 80 percent of its Russian gas through Ukraine.

Mr. Medvedev's remarks seemed to indicate that the Kremlin would no longer be willing to work with Mr. Yushchenko, who is seeking re-election in a presidential vote in January. "Russia hopes that a new political leadership in Ukraine will be prepared to establish relations between our countries that in practice will address the real aspirations of our people and the interests of strengthening European security," Mr. Medvedev said.

In Ukraine's last presidential elections, which touched off the Orange Revolution, Moscow was criticized for its open support of Mr. Yushchenko's main challenger, Viktor F. Yanukovich.

At that time, Mr. Yushchenko was a political hero in Ukraine, his face scarred by an unsolved poisoning attempt, for which he blamed Russia. Now his ratings are in the single digits, and Mr. Yanukovich is favored to win the election.

In a statement posted on his party's Web site on Tuesday, Mr. Yanukovich said normal relations between the current administration in Ukraine and Russia were impossible. "The first thing we will do upon taking power will be to revive normal, neighborly, equal and mutually beneficial relations with our strategic partner, Russia," he said.

#13

Russia to boost Abkhazia presence BBC News, August 12, 2009

Russia is to spend almost \$500m (?300m) next year reinforcing its military bases in Georgia's breakaway region of Abkhazia, the prime minister says.

Vladimir Putin's announcement came as he arrived in Abkhazia for talks.

He said Russia was committed to defending and financing the small strip of land in Georgia's north-west corner.

Moscow officially recognised the independence of Abkhazia and South Ossetia following the war a year ago between Russia and Georgia.

Apart from Russia only Nicaragua recognised the regions' independence in the conflict's aftermath; both areas are still widely held to remain part of Georgia.

Russian citizenship

He began his visit by laying a wreath at a war memorial to remember servicemen who died in the 1992-1993 war between Abkhaz separatists and the Georgian government.

Speaking ahead of the trip, Mr Putin said Russia would deploy more forces in Abkhazia and build a "modern border-guard system" to guarantee the security of the two breakaway regions.

"All this will cost about 15-16bn rubles [\$463m; ?280m]," he said.

Moscow is rapidly establishing facts on the ground in Abkhazia following last year's war, says the BBC's Richard Galpin in the region's main city, Sukhumi.

The bulk of the money will be spent on military bases and strengthening the border between Abkhazia and Georgia, says our correspondent.

The Abkhaz government wants Moscow to build a big navy base south of Sukhumi, which could ultimately provide an alternative home for the Russian Black Sea fleet currently based in Ukraine, a senior Abkhaz official told the BBC.

Russia currently has about 1,000 troops in Abkhazia and about 800 in South Ossetia, Russian Deputy Foreign Minister Grigory Karasin said recently, adding that about 1,500 would be deployed in each territory by the end of this year.

Mr Putin also said Moscow was already helping finance the region's overall budget and was paying people's pensions.

A large proportion of Abkhazia's population has already been given Russian citizenship.

The build-up of Russia's military presence in Abkhazia and South Ossetia is regarded by Georgia as a clear violation of its sovereignty.

Last year's five-day conflict erupted on 7 August as Georgia tried to retake control of South Ossetia.

Russia quickly repelled the assault and pushed its forces deeper inside Georgia, before pulling back.

#14

Ukraine To Create "Bad Bank", Spend \$1.4B On Recapitalization

By Alexander Kolyandr

Wall Street Journal, August 12, 2009

LONDON -- Ukraine's central bank Wednesday outlined its plans to repair the country's traumatized banking system and ease pressures of its currency, the hryvnia.

In a statement released via its web site, the National Bank of Ukraine said it will ask the government's permission to spend 10.991 billion hryvna on, or \$1.395 billion, on the recapitalization of banks in the second half of 2009.

In an attempt to promote lending in the crisis-stricken country, the central bank is planning to provide up to 7 billion hryvna to banks that resume lending to investment projects.

The Bank also said it will propose to the government that it create a so-called "bad bank" to accumulate distressed assets from other banks.

The NBU said it plans to recapitalize or transfer deposits of Ukrprombank to one of the state-owned banks in September, to recapitalize Nadra Bank in November and to restructure its foreign debt. The central bank also said it will continue to support already recapitalized Rodovid Bank (RODB.UR), Bank Kyiv and Ukgasbank (UGZB.UR).

The NBU also laid out measures intended to support the country's shaken currency.

It said it plans to introduce new derivatives instruments into the domestic foreign exchange market, starting with forward contracts. It will also set a maximum 2% net margin between the purchase and sale price of a currency in the cash foreign exchange market.

Investment bank Troika Dialog sees the introduction of the net margin cap as an attempt to "prevent speculation on the local cash market following the reemergence of depreciation pressures and widened cash margins in July, when residents bought \$1.2 billion" of foreign currency.

Troika added that massive buying of foreign currency "coincided with the beginning of payouts from retail deposits in state-recapitalized banks, thus indicating still-low confidence in the domestic currency and banks".

"We see this as a positive development for banks, as it will allow smaller domestic banks to hedge their currency positions, currently available mainly for subsidiaries of foreign banking groups", Troika added.

Following a sharp drop in demand for steel and almost total freeze in external lending in 2008, Ukraine plunged into its most severe economic crisis in a decade, which saw its national currency losing 60% of its value over a year.

According to the action plan for the second half of 2009, the central bank is committed to keep annual inflation under 13% and monetary base growth at 6% in 2009.

#15

Russia's president calls time on vodka "disaster"

By Guy Faulconbridge

Reuters, August 12, 2009

MOSCOW - Russian President Dmitry Medvedev on Wednesday called time on the country's vodka tipplers, saying alcoholism had become a "national disaster."

Medvedev said measures aimed at reducing binge drinking had not reduced alcoholism in Russia, where downing vast amounts of vodka at one sitting is an integral part of national culture.

"If I speak openly, I think that one cannot speak of any change, nothing has changed," Medvedev told a meeting of senior officials in the Black Sea resort of Sochi, according to a copy of his remarks supplied by the Kremlin.

"Alcoholism in our country is a national disaster."

Medvedev said he was shocked by official data showing the average Russian drank 18 liters (38 pints) of pure alcohol each year.

"When you convert that into vodka bottles, it is simply mind-boggling," Medvedev said.

Doctors believe alcohol related diseases cause around half of all deaths of Russians between the ages of 15 and 54, a key factor in dire demographic forecasts used in long-term economic growth models.

Just 40 percent of this year's Russian school leavers are likely to live to the pension age of 55-60, according to World Health Organization figures quoted by Health Minister Tatyana Golikova.

Russia's rulers have had a love-hate relationship with vodka for decades: happy with the vast revenues that vodka sales bring but concerned by the social and health problems it leaves behind. "This is a centuries old problem and one cannot hope to solve it overnight," Medvedev said.

Golikova said Russia needed a new campaign against alcoholism and appeared to praise Soviet leader Mikhail Gorbachev's drive to reduce drinking in the mid-1980s.

"We are the absolute (world) leader in terms of alcohol consumption," said Golikova.

"No matter how one views the 1985-1990 anti-alcohol campaign and the mistakes that were made ... the campaign did lead to a serious drop in death rates, especially among men, and it saved the lives of one million people over five years," she said.

Gorbachev's opponents said his campaign led to a boom in illegal production of low-quality alcohol.

Russian officials say about 30-50 percent of Russia's vodka market is illegal and untaxed. Many officials say a state vodka monopoly would bring order to the market and make it easier to control.

#16

Putin Says Europe Quietly Blames Georgia for War

By Ellen Barry

New York Times, August 13, 2009

MOSCOW - Prime Minister Vladimir V. Putin of Russia said Wednesday that Europeans increasingly hold Georgia responsible for last year's war in the Caucasus but are afraid to admit it publicly because of pressure from the United States.

On his first post-war visit to Abkhazia, one of the two separatist territories at the center of last year's war with Georgia, Mr. Putin pledged 15 billion rubles, or about \$470 million, to build a Russian military base and reinforce the boundary between Abkhazia and Georgia proper.

Georgia's Foreign Ministry reacted with anger to Mr. Putin's visit to the enclave, which Russia and Nicaragua - alone in the world - recognized along with the other separatist territory, South Ossetia, as an independent nation after the war.

"Putin's 'visit' to the occupied territory of a sovereign country is yet another provocation," the ministry said in a statement. The ministry added that the trip was "yet another attempt to destabilize the situation and escalate tension in the Caucasus region." Mr. Putin's visit came on the heels of the first anniversary of the brief war in Georgia. Russia's Federal Security Service already has 800 border guards deployed in South Ossetia and 1,000 in Abkhazia, and by the end of the year it will have 3,000 soldiers stationed in the two territories.

"This is a reinforcement of the border, of modern construction, not a Maginot line," Mr. Putin said, referring to the massive defensive barrier France built - unsuccessfully - in the 1930s to repel Germany. "A border, to interact with Georgia and with Russia."

The war's anniversary has revived mutual recriminations between Russia and Georgia over who was responsible for its outbreak, with both countries saying they acted defensively when they sent troops into South Ossetia. Both are waiting for a European Union fact-finding mission's report on the war's origins. The release was delayed from July until late September after new material became available.

Mr. Putin said world opinion has turned in Russia's favor since last year, and that "practically all of international society" has acknowledged that Georgia was the aggressor in the conflict.

"In the West, what is called the West, we have plenty of supporters," he said, in remarks to Abkhaz journalists. "They are all under a certain pressure from NATO's leading country, the United States. And, to put it bluntly, many of them don't publicly state their positions, because they would then diverge from the U.S. position."

Mr. Putin said that American leaders, in the aftermath of the cold war, "came under the impression that they could act without any rules - as they wanted, as it pleased them." But he said that time had passed, and that European countries were becoming gradually more willing to express their support for Russia.

"As concerns criticism of Russia, it's just a way to defend this collective opinion that was worked out, as I said, under the pressure of one country," he said. "No one wants to lose face. And so this record, once it starts spinning, continues, without stopping."

It was not Mr. Putin's first visit to Abkhazia, a beloved beach resort during the Soviet era. Mr. Putin recalled with some nostalgia a trip he made as a member of a student construction brigade.

"At that time, I earned a huge amount of money, something like 800 rubles," he said. "I remember that I bought a coat that I wore for the next 15 years. All the rest of my money we wasted with great pleasure."

#17

**Russia leaders enjoy night out
AFP, August 13, 2009**

MOSCOW - President Dmitry Medvedev and Prime Minister Vladimir Putin, rarely seen in public together, have shared a typically male night out in the latest display of machismo from Russia's leaders.

The pair, both holidaying in the Black Sea resort of Sochi, cheered on Russia in a friendly football clash with Argentina over drinks and swaggered along the resort's embankment to the astonishment of locals.

Aides have gone to great lengths to burnish the image of Russia's ruling duo, dismissing any reports of possible disagreements between Medvedev and Putin as attempts to drive a wedge between them.

The sight of the two casually dressed leaders taking a leisurely walk late Wednesday night was so unusual some passers-by thought they were impersonators. One man wondered whether they were the "live" president and prime minister.

"Alive, so far alive," Medvedev, dressed in a black sports jacket and T-shirt, said to the non-stop camera clicks.

A female onlooker said the two men should visit the palm-lined city more often. "Come to us!" she cried out, to which Putin replied: "Thank you."

The two men also stepped into a cafe to watch the football match between Russia and Argentina, rooting for the national team in the company of mostly young locals.

Wearing a blue shirt and jeans, Putin was shown sipping beer and munching on pistachios, while Medvedev, who had just hours earlier called on officials to battle Russia's mind-boggling alcoholism rates, had tea.

Russia's pro-government newspaper Izvestia said the cafe was the resort town's fanciest night club built in the shape of an oil-drilling platform and where an entrance fee for men is 1,000 rubles (30 dollars).

After the match in which Argentina beat Russia 3-2, the leaders exchanged opinions on the results with the locals and left the club to their cheers, the television said.

The 56-year old Putin, who has consistently cultivated an image of a virile alfa-male, also posed for pictures with two beaming blondes half his age.

Putin has in the last month alone showed off his muscular torso on his holiday in Siberia and dived to the bottom of the world's deepest lake, Baikal aboard a mini-submarine.

Medvedev and Putin are both on a working vacation and have summer residences in Sochi, the city set to host the Winter Olympic Games in 2014.

Putin, who earlier Wednesday visited Georgian breakaway region of Abkhazia, and Medvedev used the balmy evening to discuss work, the television report said.

In the footage from the nightclub, Putin sat back with a satisfied smile on his face, letting his animated protege Medvedev do most of the talking and joking.

Their parting moment seemed to leave no doubt as to who was a senior partner in the tandem: Putin hugged the youthful president and patted him on the shoulder before the two men went by car back to their separate residences.

#18

**Russia Plans 'Cash-for-Clunkers' Program as Car Sales Plunge
By Anastasia Ustinova
Bloomberg, August 12, 2009**

Russia plans its own version of the U.S. "cash-for-clunkers" program to boost sales of domestically made cars amid the worst economic slump on record.

The government will offer 200,000 vouchers worth 50,000 rubles (\$1,539) each to owners of any car older than a decade, the Industry Ministry said on its Web site. The program applies to purchases of Russian models and foreign cars assembled in the country.

Russian sales of new cars and light trucks plunged 58 percent in July from a year earlier to 115,483 as rising unemployment, a devalued ruble and inflation reduced disposable income, according to the Moscow-based Association of European Businesses. The government said yesterday that the economy declined 10.9 percent in the second quarter, the biggest contraction since at least 1995, when records began.

“One of the biggest problems of the Russian car industry is the average time they’ve been on the road,” said Alexei Rakhmanov, the head of the ministry’s auto department. “About 50 percent of all the cars are more than 10 years old. The pilot program will not only allow us to support the carmakers but also help renew Russia’s fleet.”

Ford, Toyota

Governments around the world have taken steps to boost car sales amid the worst global recession since World War II. U.S. deliveries rose to an annual level of 11.2 million in July, the highest since September, after the government offered as much as \$4,500 under its so-called cash-for-clunkers program. A similar plan in the U.K. attracted more than 154,900 new orders. Last month, PricewaterhouseCoopers LLP said Russian sales may tumble by half this year to 1.6 million.

More than 10 foreign automakers have factories or joint ventures in Russia, including Ford Motor Co., Volkswagen AG and Toyota Motor Corp. The biggest beneficiary of the new program will probably be Togliatti, southern Russia-based OAO AvtoVAZ, which has cheaper models, said Konstantin Romanov, an analyst at Moscow-based brokerage Finam Investment Co.

“The measure will be ineffective for the industry in general, as it is advantageous only for owners of cars with a market price of below 50,000 rubles,” Romanov wrote in a note to investors today. “According to our estimates, such cars are mostly owned by people who would be able to buy only the cheapest new car.”

#19

'Raiding' Underlines Russian Legal Dysfunction 3 Lawyers Targeted After Uncovering Seizure of Firms

By Philip P. Pan

Washington Post, August 13, 2009

MOSCOW -- When three of Russia's finest lawyers agreed to represent the investment fund Hermitage Capital, they thought they were taking on a routine tax case.

Then they uncovered evidence of a breathtaking crime: Top police and tax authority officials appeared to have quietly seized ownership of Hermitage firms and used them to arrange a \$230 million tax refund.

Now, the lawyers themselves are in legal trouble. One has been jailed. The two others have fled the country. All three face charges that seem intended to discredit Hermitage and divert attention from the enormous theft.

Their plight highlights the hazards of practicing law in Russia's corruption-ridden courts despite nearly two decades of reforms supported by hundreds of millions in U.S. and European aid. Prosecutors and police continue to dominate the judiciary as they did in the Soviet era, but unrestrained by the institutions of the old Communist system or the checks of a genuine democracy, the opportunities for abuse have grown.

No crime illustrates the state of the legal system better than what is known as "reiderstvo," or raiding -- the takeover of businesses through court rulings and other ostensibly legal means with the help of crooked judges or police. The practice is so widespread that local media have reported what raiders charge: \$10,000 to alter a corporate registry, \$50,000 to open a criminal case, \$300,000 for a court order.

Hermitage, once Russia's largest foreign shareholder with more than \$4 billion in holdings, says it encountered a bold variation on reiderstvo: When raiders failed to seize its assets, they looted the Russian treasury instead, then went after the lawyers who caught them.

President Dmitry Medvedev, a lawyer himself, has called "legal nihilism" the main obstacle to growth in Russia and has condemned raiding as "shameful." But neither he nor his government has responded to Hermitage's pleas for help or the protests of the Moscow bar association and international legal groups.

In a statement last month, the Interior Ministry touted its success in solving the tax theft. But the money has not been recovered, nor have any officials been arrested. Prosecutors have charged only a convicted killer named on documents as Hermitage's new owner. Courts in Cohorts

For years, Hermitage targeted corruption in the state enterprises in which it invested. In 2005, it upset someone in power, and its British chief, William Browder, was barred from entering Russia. As a precaution, the fund sold its Russian assets and moved most employees overseas.

Then, in June 2007, police raided its Moscow offices and those of its Moscow-based law firm, Firestone Duncan. Brandishing warrants for material about a Hermitage affiliate suspected of tax evasion, they confiscated much more. When one lawyer objected, police beat him so badly that he was hospitalized for two weeks, said Jamison Firestone, the American head of the law firm.

Three days later, Hermitage hired the prominent Moscow defense lawyer Eduard Khayretdinov.

A taciturn former cop and judge, Khayretdinov, 50, was among a pioneering generation who joined the bar in the early 1990s as lawyers first began to operate independently of the state. It was a hopeful move, he recalled, made as then-President Boris Yeltsin's reformers were trying to build an impartial judiciary.

Nearly two decades later, Russian lawyers are the embodiment of that incomplete task. Some are corrupt middlemen, pulling strings and delivering bribes. Others risk arrest and violence in pursuit of justice. Most try to avoid trouble, though figuring out how is more difficult than ever. If the party once controlled the courts, now the highest bidder often does.

Khayretdinov tried to make a difference. In a nation with a conviction rate near 99 percent -- higher, some say, than under Joseph Stalin -- he managed to win the release of five clients in 15 years. "I understood that our system was getting worse, but every time I prepared to speak in court, I honestly believed the court would hear me," he said.

In October 2007, he discovered that lawsuits had been filed in St. Petersburg against three Hermitage firms that once held shares of Gazprom, the state energy giant. Without telling his client, judges had issued more than \$400 million in rulings against the firms.

Photographing each page of the court files, Khayretdinov realized that lawyers representing the firms had essentially pleaded guilty in every case. But Hermitage had never hired them.

In Moscow, Hermitage checked the government's corporate registration database and was astonished to discover that it no longer owned the subsidiaries. A business in Kazan, 400 miles from Moscow, was listed as the proprietor.

Complex Maneuvering

Raiding, a mix of extortion, identity theft and simple thuggery, has emerged as major problem for the Russian economy, where property rights remain clouded by the chaotic privatizations of the 1990s. A U.S. Justice Department official in Moscow has described it as "a new and sophisticated form of organized crime" that "poses a serious threat to foreign investors" and has even spilled into American courts.

In one high-profile case, the Norwegian telecom giant Telenor is battling an attempt to seize its stake in a Russian mobile operator after a Siberian court issued a \$2.8 billion ruling against it. But smaller domestic firms are usually the victims. One veteran police official has estimated that as many as 10,000 takeovers occur annually but that fewer than 100 are prosecuted and result in convictions.

Raiding is difficult to investigate because it relies on police and judicial corruption and often involves complex legal maneuvering. Hermitage turned to Sergei Magnitsky, 37, a specialist in tax law at Firestone Duncan who was also a licensed auditor. "The best I ever saw," Firestone said.

To take ownership of the firms, Magnitsky concluded, the thieves would have needed original corporate seals and founding documents – items that police had seized in the raids.

The lawyers suspected the involvement of Lt. Col. Artem Kveznetsov, an Interior Ministry official who supervised the raids and had been poking around Hermitage bank accounts. He had no clear link to the lawsuits, but raiders often use criminal cases to smear their victims and obtain key documents.

On Nov. 29, 2007, Hermitage confronted Maj. Pavel Karpov, the officer supervising the tax probe, with its findings. The company says he blanched and motioned one of its attorneys to his desk. Apparently worried that his office was bugged, he typed a message: Kuznetsov had pressured him to open the inquiry.

Kuznetsov and Karpov referred a reporter's queries to the Interior Ministry, which did not respond to faxed questions.

Only one law enforcement agency opened a probe into Hermitage's allegations. But when Magnitsky showed up 10 minutes early for a meeting with its investigator last summer, Kuznetsov was in the office. Looting the Treasury

Why would anyone go to the trouble of obtaining multimillion-dollar judgments against companies that no longer hold any assets?

The mystery stumped Vladimir Pastukhov, 46, a longtime Hermitage adviser and a law professor at the Higher School of Economics. "No one knew what the crime was, but it was clear that if we didn't immediately argue our case, Hermitage would be blamed for something," he recalled.

He and the others filed a series of court motions. Prosecutors responded by indicting Hermitage executives in absentia and disclosing that the powerful Federal Security Service, the domestic successor to the KGB, had initiated the tax inquiry.

It was Browder, the company's British chief, who first suggested that the raiders might be using the court rulings to erase profits on paper and apply for a huge tax refund. The lawyers were skeptical. Magnitsky noted that it often took years to get a refund in Russia.

But then they discovered that the firms had opened accounts at two banks that reported a spike in deposits afterward. With more digging, they confirmed that \$230 million was deposited days after the companies applied for a tax refund. The money quickly disappeared overseas.

When Hermitage reported the fraud in July 2008, police went after the lawyers, summoning them to Kazan.

After speaking to police, Pastukhov concluded that he would be arrested if he went. "I used to believe that if you were persistent and targeted, you could get results, even in the Russian courts," he said after fleeing to London. "But I've changed my mind. I'll never step into another courtroom again as a Russian lawyer."

Khayretdinov was sure he could prove his innocence and hid in Russia for months. But then police accused him of improperly representing the stolen firms because Hermitage no longer owned them. He decided he had no hope in court and flew to London.

Magnitsky never considered leaving because he didn't believe he could be jailed for nothing, colleagues said. But in November, police charged him with helping a Hermitage firm evade taxes in 2001. His attorney said he didn't even begin working with the firm until 2002.

"They've told him that if he says bad things about Hermitage, they'll let him go," Firestone said. "But Sergei told them no. . . . He believes the only way that Russia gets better, the only way the law starts to work here, is if good people stand up for it."

#20

Grim Expectations

By Oksana Antonenko

New York Times, August 14, 2009

During his visit on Wednesday to Abkhazia - Georgia's break-away state recognized as independent by Moscow after the war ended a year ago - Vladimir Putin promised to spend around \$465 million (roughly twice the size of Abkhazia's G.D.P.) to build Russian military bases on its soil and to fortify its "border" with Georgia.

Russia's defense minister, Anatoly Serdyukov, who accompanied Prime Minister Putin, said that Moscow will station 3,600 troops in Abkhazia, where 1,000 Russian border guards are already deployed.

The Abkhazians have welcomed the Russian military as insurance against future conflict, but in fact these latest measures are likely to make peace harder to achieve. Indeed, the prospects of a sustainable resolution to the conflicts in the South Caucasus remain bleaker than they have ever been since the end of the Soviet Union.

The main legacy of the Georgian-Russian war of 2008 is the complete suspension of the conflict-resolution process. Discussions in Geneva mediated by the European Union, the United Nations and the Organization for Cooperation and Security in Europe represent a useful forum for day-to-day conflict management issues, but they do not constitute a real mechanism for conflict resolution.

The problem is that there is no longer an agreement on what conflict we are talking about. The Georgians see the conflict purely as a case of Russia's aggression and occupation of their territory. The Russians assert that the conflicts that existed between Georgia and Abkhazia, and between Georgia and South Ossetia, have been resolved with Russia's unilateral recognition. Both of these approaches are wrong and dangerous. They ignore the simple reality that without commonly agreed terms of future co-existence between people living in Georgia, Abkhazia and South Ossetia there cannot be a lasting peace.

Russia's recognition and the establishment of de facto protectorates in Abkhazia and South Ossetia make such an agreement difficult. But Georgia's use of force last year, and its refusal to contemplate any reconciliation with Abkhazians and South Ossetians represent an equal obstacle to peace.

Another legacy of the war is the security vacuum that has emerged in and around the conflict zones. The catastrophic failure by the U.N. Security Council and the O.S.C.E. to agree on a status-neutral arrangement for extending their respective missions in Abkhazia and South Ossetia is a major setback for the confidence-building process. By the end of the summer there will be no international presence in Abkhazia and South Ossetia - for the first time in over 15 years - and hence no monitoring and reporting from both sides of the de facto cease-fire line.

The E.U. monitoring mission, which was deployed to implement the cease-fire agreement mediated by President Nicolas Sarkozy of France, operates only on the Georgian side of the borderline, with no real prospects of being admitted to Abkhazia and South Ossetia. The mission's reporting is useful, but incomplete.

Today, there is a profound gap between policy objectives supported by the international community - Georgia's territorial integrity with Abkhazia and South Ossetia under its sovereignty - and the reality on the ground following Russia's unilateral recognition and deployment of its troops in both places. Most international observers privately accept that in the foreseeable future there is no chance that Abkhazia and South Ossetia would voluntarily accept Georgia's sovereignty. Russia is unlikely to withdraw its recognition or its presence from both regions. The real question is whether Abkhazia and South Ossetia could one day accept any form of co-existence with Georgia that does not equate to their full independence.

Therefore, the task of the international community is not simply to repeat the mantra of "territorial integrity," but to develop a realistic strategy for keeping the door open for future negotiations. This is not a trivial task; it requires honesty, flexibility and strategic vision.

It is important first of all to set the record straight on the war of 2008 - to acknowledge the suffering of all of those caught up in it as well as the unlawful use of force by both Russia and Georgia.

The second step should be to develop a strategy for engagement with communities in Abkhazia and South Ossetia that does not involve the recognition of independence. It is clear that no Western state will recognize the

independence of Abkhazia and South Ossetia because it has been imposed through Russia's use of force and in violation of international law. However, it is important to signal that the international community will be ready to recognize a negotiated agreement between Georgia, Abkhazia and South Ossetia in regard to their future political arrangements, whatever those arrangements might be. This could encourage all parties to return to the negotiating table.

At the same time, the international community should continue to support peace-building activities within Abkhazia and South Ossetia, including sending their students to be educated abroad, economic projects that promote interdependence within the South Caucasus region, and informal dialogues across the conflict divide.

If no such efforts are undertaken, it will be Russia that shapes the attitudes among the future elites in Abkhazia and South Ossetia. Moreover, in the absence of engagement, there will be no option for promoting conflict transformation through Europeanization, which has been applied with varied degrees of success in the Balkans and in Cyprus.

During his recent trip to the region, the American vice president, Joe Biden, was right to assert that there is no military solution to Georgia's conflicts. Russia should support this view by reducing its military presence in the conflict zones and by working with other members of the international community to rebuild the path toward peace that was destroyed by last year's war.

Oksana Antonenko is a senior fellow at the International Institute for Strategic Studies in London.

#21

Belarus agrees to regular contacts with US AFP, August 14, 2009

MINSK — Belarus said Friday it agreed to maintain regular contacts with the United States, following rare talks with a top US official as Minsk seeks a rapprochement with the West after years in the cold.

Vladimir Makei, head of Belarussian President Alexander Lukashenko's staff, hosted Philip Gordon, assistant secretary of state for European and Eurasian affairs, in the Belarussian capital as the ex-Soviet nation seeks a rapprochement with the West after years of frozen diplomatic ties.

"There was a detailed exchange of opinions concerning multilateral cooperation and joint action in the sphere of the international security and disarmament," Lukashenko's office said in a statement.

"Both sides have agreed to hold regular contacts."

Gordon was also to meet with Belarussian opposition leaders and members of civil society, the US state department said ahead of the trip.

His visit comes amid signs of a warming in ties between the West and Lukashenko's Belarus, which was dubbed "Europe's last dictatorship" by the previous US administration of president George W. Bush.

Lukashenko, after meeting a US Congressional delegation in June, ordered the release of a US citizen, Emanuel Zeltser, whose imprisonment last year strained ties with Washington.

The Belarussian president also voiced hope full diplomatic ties be renewed, provided the United States lifted sanctions on state oil and chemicals firm Belneftekhim that Washington imposed after accusing Minsk of rights abuses.

Relations between Belarus and the United States hit a low last year when the US ambassador left the country and several other US diplomats were forced out amid a row over the US economic sanctions.

Lukashenko's move for closer ties with the West has irked neighbour and traditional ally Russia, prompting a succession of noisy bilateral squabbles.

#22

Medvedev rules out better ties with Ukraine's leader

Reuters, August 14, 2009

SOCHI - Russian President Dmitry Medvedev on Friday ruled out any improvement in thorny relations with ex-Soviet neighbour Ukraine under its current President Viktor Yushchenko.

In an open letter issued on Tuesday, Medvedev accused the Ukrainian leader of pursuing a deliberately anti-Russian course, and said he would delay sending Moscow's new ambassador to Kiev.

"I have already said all I wanted to say," Medvedev told a news conference after talks with German Chancellor Angela Merkel in his Black Sea residence. "If I expand on why I did this, I am afraid it may turn out even tougher."

"I do not see prospects for restoring normal relations under the current leaders," he added.

Yushchenko, who came to power following peaceful pro-Western protests in 2004, has been viewed by Moscow as a hostile figure throughout his rule. He has rejected Medvedev's charges.

Analysts have said that the Kremlin chief's verbal attack was designed to send a clear message to other candidates in Ukraine's January presidential vote, including Prime Minister Yulia Tymoshenko and opposition leader Viktor Yanukovich.

Yushchenko will seek re-election but has little chance of winning, according to polls.

"I hope the new Ukrainian leadership will have many chances of considerably improving relations between Ukraine and Russia," Medvedev said. "Russia is really striving to achieve this, this is a top foreign policy priority for us."

Quarrels between Russia and Ukraine range from gas transit agreements to the future of Moscow's naval base on the Crimean peninsula.

#23

Medvedev's Strange Gift to Yushchenko

By Yevgeny Kiselyov

Moscow Times, August 14, 2009

There is an old Russian anecdote that would shock most people in the West, but it reflects the mores here all too well.

A man comes home from work and no sooner does he step through the doorway than he wallops his wife with such a backhand that it sends her sprawling on the floor.

"Vanya, what was that for? I didn't do anything wrong," she asks.

"I know. If you really had done something wrong, I would have killed you!" he replies.

I was immediately reminded of this joke after hearing President Dmitry Medvedev's video address posted on his blog Tuesday. Out of the blue, Medvedev struck out against President Viktor Yushchenko and announced that he would postpone sending Russia's new ambassador to Kiev, a political demarche that is roughly equivalent to recalling an ambassador entirely.

Everybody was left scratching their heads and wondering, "What could have prompted such a disproportionately harsh speech by Medvedev?" The only thing worse than this would have been to break off diplomatic relations with Ukraine entirely, as Moscow did with Georgia last year and with Israel over 40 years ago. Recall that when Israel trounced its Arab enemies in the 1967 Arab-Israeli war, the Soviet Union, which had placed all of its political eggs for that region in the Arab basket, broke off diplomatic relations with Tel Aviv out of spite.

This example is a good illustration of the consequences of such reckless and poorly thought-out policies. For the 24 years during which the Soviet Union had no diplomatic relations with Israel, the Kremlin lost almost all influence in the Middle East. (Official relations were restored only in 1991, just weeks before the Soviet Union's collapse.)

Today, Russia is formally a sponsor of the Middle East peace process, but that is probably more a weak consolation prize from the other participants in the negotiations than recognition of Moscow's actual influence in the region. Unfortunately, the same fate awaits Russia in the Caucasus. Just like with Israel, Moscow will one day perhaps in 24 years? need to establish normal diplomatic relations with Georgia once again.

And the same scenario could unfold in Ukrainian relations if the Kremlin continues its inflammatory rhetoric. The arguments Medvedev used to defend his diplomatic attack against Kiev do not hold water. All of the problems the president mentioned do exist, but they first appeared long ago and most had arisen even before Yushchenko took office. They include the disagreements over the transit of Russian gas through Ukrainian territory, the future of Russia's Black Sea fleet, the status of the Russian language in Ukraine, conflicting interpretations of Russian-Ukrainian history and difficulties encountered by Russians doing business in Ukrainian markets, to name a few. Moreover, Medvedev clearly inflated the importance of these problems. They hardly justify the president of one country leveling such scathing statements at the president of a neighboring country.

What is really going on?

One conspiracy theory holds that Yushchenko violated some type of secret agreement between Moscow and Kiev concerning the only issue that Russia truly cares about gas shipments. But this theory has not yet been substantiated.

Another version of the conspiracy theory which seems bizarre at first glance suggests that Medvedev is actually trying to help Yushchenko's re-election bid by publicly lambasting him just before Ukraine's presidential election. According to this theory, by interfering in Ukraine's internal affairs, Medvedev will help increase Yushchenko's popularity by giving credence to his anti-Russian platform. After all, Yushchenko is practically the only presidential candidate who speaks openly about the so-called Russian threat to Ukraine's national independence.

Yushchenko's critics have always held that he suffers from paranoia, but Yushchenko has had little hard evidence to support his alarmist anti-Russian statements. In this sense, Medvedev's speech is a huge gift for Yushchenko. Now he can say, "Look, I told you so. Russia is openly threatening us and trying to dictate our policies."

The obvious question is: What does Moscow have to gain from this approach? However paradoxical it might seem, the so-called anti-Russian Yushchenko may actually be advantageous for Russia. Moscow views Yushchenko as a weak politician, but this presents an excellent opportunity that Moscow can exploit to its advantage. Yushchenko can do the Kremlin's work for it by continuing to paralyze Ukrainian politics through his constant bickering with Prime Minister Yulia Tymoshenko and other opposition politicians. In addition, Yushchenko has always supported RosUkrEnergo, the shady intermediary for gas transports between Moscow and Kiev.

True, this theory does have one major flaw: Yushchenko's electoral support is so low that Medvedev's help would probably be too little to boost Yushchenko's miserable ratings. Interestingly enough, in 1996, former President Boris Yeltsin had about the same level of support when he started his successful re-election campaign. The big difference, however, is that Yushchenko lacks Yeltsin's charisma and his notorious administrative resources. As former President Leonid Kuchma famously said, "Ukraine is not Russia."

Therefore, it remains to be seen how Ukrainian voters will react to Moscow's new anti-Ukraine campaign. But if Medvedev's strategy is successful, we might see an amazing, come-from-behind victory for Yushchenko in January's presidential vote.

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#24

U.S. to Resume Training Georgian Troops

By Thom Shanker

New York Times, August 14, 2009

WASHINGTON -- The United States is resuming a combat training mission in the former Soviet republic of Georgia to prepare its army for counterinsurgency operations in Afghanistan, despite the risks of angering Russia, senior Defense Department officials said Thursday.

The training effort is intended to prepare Georgian troops to fight at NATO standards alongside American and allied forces in Afghanistan, the Pentagon officials said.

Russian officials have been informed, American officials said. The training should not worry the Kremlin, they said, because it would not involve skills that would be useful against a large conventional force like Russia's.

"This training mission is not about internal defenses or any capabilities that the Georgians would use at home," said Geoff Morrell, the Pentagon press secretary. "This is about the United States supporting Georgia's contribution to the war in Afghanistan, which everybody can recognize is needed and valued and appreciated."

At the same time, officials in Washington said, the Georgians should not see the new training mission as a military counterweight to Russian influence along Georgia's borders and within the separatist regions they fought over.

A year ago, the republic's brief, disastrous war with Russia froze a similar American training operation that prepared Georgian troops for deployments to Iraq.

The new training mission is scheduled to begin Sept. 1. The first members of a Marine Corps training and advising team are to arrive in Georgia on Sunday or Monday, and the number of trainers will fluctuate between 10 and 69 over the next six months.

Georgia has pledged an army battalion about 750 troops to Afghanistan, and it should be ready to deploy next spring, perhaps by March.

It is unlikely that Kremlin officials could offer a convincing argument that training a single Georgian Army battalion amounted to a threat to Russian security. But the new training could be seen as a launching pad for increased military relations among Washington, NATO members and a former Soviet republic that aspires to NATO membership.

The Kremlin vehemently opposes any extension of NATO's defensive umbrella over former Soviet republics, in particular Georgia and Ukraine. At the same time, some NATO officials view Georgia's behavior before the war last year as needlessly provocative, and have said it harmed the country's chances for alliance membership.

Shortly after taking office, President Obama ordered the doubling of American forces in Afghanistan, to about 68,000, and the administration has sought, with little success, to persuade NATO allies to add to their combat forces.

In contrast to some NATO allies that impose restrictions on where their forces can go and what they can do in Afghanistan, the Georgian military will send its troops with none of these so-called caveats, a decision viewed by American officials as intended to indicate Georgia's worthiness for potential alliance membership.

Officials said Georgia's troops would probably be assigned to operations in areas of Afghanistan under Marine command, so the training mission begins that partnership.

The United States has so far rebuffed requests from Georgia to rearm its military after its humiliating defeat by Russia. When the war began, Georgia recalled an army brigade serving in Iraq and never sent it back, and the Americans training the Georgians returned home.

Georgian troops that join the Afghan mission will bring their own small-caliber weapons, but the United States and other allies will supply vehicles, including armored transports, as well as logistical support and daily supplies, according to senior Defense Department officials.

Any weapons provided to the Georgians would stay in Afghanistan, the officials said.

Some military ties between the United States and Georgia resumed after the war with Russia, but they focused on officer development, improvement of command-and-control systems, and other such areas, officials said. There have been visits by senior American military officers and government leaders most recently Vice President Joseph R. Biden Jr. and NATO has conducted some military exchanges.

Administration officials familiar with discussions with Russia said American officials emphasized that Russia had endorsed the international security assistance mission in Afghanistan. For example, Russia allows overflight rights and land access for the coalition supply mission for Afghanistan.

A senior Pentagon official, speaking on the condition of anonymity in order to describe the diplomatic communications with Russia, acknowledged that "this is delicate for us because while we want to be supportive of the Georgians, and look forward to their contribution in Afghanistan, we don't want to be perceived incorrectly as supplying lethal capabilities that would elicit a Russian response."