

**WASHINGTON, D.C. October 23, 2009**



**TO: NCSJ Leadership and Interested Parties**

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

In Brief: NCSJ Student Leadership Program

Dear Friend,

This has been an exciting week at NCSJ. Under the direction of Lesley Weiss, Director of Community Services and Cultural Affairs with assistance from Alla Lipsky, Program Assistant, NCSJ hosted 16 Russian and American Jewish students for an eight -day advocacy training program in Washington, D.C. In collaboration with American University and Moscow Hillel, the program, funded by the Jewish Federation of Greater Washington as part of the Federation's Washington-Moscow Connection, was part of our ongoing and vibrant Student Leadership Program.

Students from Moscow Hillel who participated in NCSJ's Student Leadership Program in Moscow in 2008 and in 2009 joined their American counterparts to continue their educational and leadership development, dealing with Jewish identity, advocacy, combating anti-Semitism, and components of civil society. The students also participated in a video conference with the students at Stanford who had traveled with NCSJ to Moscow last spring, which reinforced ties among an increasing community of future Jewish leaders that reaches throughout the US and the FSU.

The program included an intensive schedule of meetings and experiences which included the Russian and Israeli Embassies, Office of Russian Affairs at the State Department, and the U.S. Commission on Security and Cooperation in Europe. The participants also met with the Jewish Studies Department and Hillel at American University, celebrated Shabbat with hundreds of students at University of Maryland Hillel and learned about International Hillel from Wayne Firestone, President of the Hillel International Center. They also had an opportunity to learn about the Washington Jewish community from Misha Galperin, Executive Director and CEO of the Jewish Federation of Greater Washington and participated in a budget allocations simulation. They toured the Jewish Community Center of Greater Washington and met with Ella Kagan, the Principal of the Shalom School. In addition to the many meetings on the schedule, they visited the U.S. Capitol, the White House, the Newseum and had a Russian-language tour of the U.S Holocaust Memorial Museum. They were also briefed by the American Jewish Committee, B'nai B'rith International, and the Anti-Defamation League about their organization's priorities and current issues.

Discussions were wide-ranging. The students explored strategies for combating anti-Semitism, the U.S-Russian relationship, media freedom and human rights, as well as American college life. In the coming weeks I will share with you some of the student's reflections on their experience as well as a full report on the week's activities.

Sincerely,

A handwritten signature in black ink that reads 'Lesley Weiss'.

Lesley Weiss  
Director of Community Services and Cultural Affairs



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

NCSJ WEEKLY NEWS BRIEF  
Washington, D.C. October 23, 2009

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**#1a**

**EU Plans Economic Aid To Armenia**

**RFE/RL, October 18, 2009**

YEREVAN -- The European Union has announced plans to provide Armenia with economic assistance, RFE/RL's Armenian Service reports.

The European Commission's office in Yerevan said in a statement that the EU's executive branch will ask member countries to approve a loan of 65 million euros (about \$97 million) and a grant of 35 million euros to help Armenia deal with its worst economic downturn since the early 1990s.

It said the assistance will support an adjustment program agreed to between Armenia and the International Monetary Fund.

The Armenian government projected a budget deficit of \$475 million for 2010 and said it plans to cover at least half of the spending gap with external funds.

The EU statement said the proposed assistance will complement the financial resources provided by the EU through the European Neighborhood and Partnership Instrument.

The EU also announced in September that it will provide 33 million euros between 2011 and 2013 to support "institutional reforms" that would allow Armenia to negotiate association and free-trade agreements with the EU.

Armenia is eligible for such deals due to its inclusion in the Eastern Partnership program, which offers six former Soviet republics deeper integration with the EU in return for political and economic reforms.

**#1b**

**Moscow closes two Nativ offices**

**JTA, October 19, 2009**

JERUSALEM -- Russian officials reportedly closed two local offices of Israel's Nativ organization.

The St. Petersburg and Novosibirsk offices of the group, which helps Jews from the former Soviet Union make aliyah, have been closed, according to a report Oct. 14 in the Israeli daily Ma'ariv.

The closings will make it difficult, if not impossible, for more than 200 Russian Jews currently seeking to leave for Israel to receive the documents they need, the newspaper reported.

Nativ's primary work is to determine if Russian Jews requesting to immigrate to Israel are eligible to make aliyah under the Law of Return.

The move comes two weeks after Israeli diplomat Shmuel Polishuk, head of the Nativ delegation to Russia, was asked to leave the country.

Polishuk, according to media reports including Ma'ariv and Reuters, was sent out of the country after being accused of espionage. Nativ officials also told Ma'ariv that Russian security agencies were following Nativ employees and interfering in their work.

"Shmuel Polishuk was caught red-handed in Moscow," Russian Foreign Ministry spokesman Andrei Nesterenko told Reuters, though Polishuk was not declared a persona non-grata by Moscow, which is usually done to suspected spies.

The Israeli government formally cut links between Nativ and Israeli intelligence services a decade ago.

During Soviet times, Nativ developed covert contacts with Jews in the Soviet bloc, but with the lifting of the Iron Curtain, it became directly involved in encouraging Jews from the former Soviet Union to make aliyah.

## **#2**

### **Early Signs of Economic Recovery in Ukraine but Conditions Remain Challenging Ukraine Economic Development Forum, October 19, 2009**

WASHINGTON, D.C. - Over two hundred international experts on Ukraine gathered in Washington, D.C. and Kyiv on October 15th, 2009, to evaluate the country's progress in recovering from the recent global liquidity crisis.

The first annual International Forum on the Economic Development of Ukraine ([www.edfukraine.com](http://www.edfukraine.com)) concluded that while there are signs of an economic recovery in Ukraine, conditions will remain challenging in the near future.

At the onset of the international crisis, Ukraine had been enjoying strong growth. As the crisis rapidly unfolded across the globe in the fall of 2008, it interrupted the growth cycle of Ukraine and many other emerging markets. Amidst extreme global economic difficulties, Ukraine suffered one of the deepest economic downturns and sharpest currency depreciations during the most severe phases of the crisis.

Although the pace of the economic slowdown in Ukraine has recently decelerated, overall economic conditions remain challenging. Respected economists, business leaders, and senior officials from the U.S. and Ukrainian government gathered at the Newseum in Washington, D.C. and the World Bank Headquarters in Kyiv to review progress and setbacks within the challenging economic environment.

With one of the largest gatherings of Ukraine and regional experts on hand, economic, political and business leaders in both Ukraine and the U.S. conferred over a video teleconference to discuss the financial crisis in Ukraine and the government response.

Also present for the discussion in Washington were Ukrainian Vice Prime Minister Hryhoriy Nemyria and Minister of Economy Bohdan Danylyshyn, along with a 50-person strong Ukrainian Trade and Investment Delegation of business and government officials to the U.S. On the Kyiv side, leading international financial and development officials from the IMF, EBRD, EC, the World Bank and others engaged in a meaningful dialogue on steps needed to move forward beyond the crisis.

A number of panels and keynote addresses were scheduled to cover the most pressing issues related to the crisis. Among the topics discussed were the impact of the global liquidity crisis on Ukraine and the road to recovery, as well as causes of the crisis and potential solutions, including measures to revive economic development in Ukraine. Participants also discussed Ukraine's response to the current crisis, perspectives for 2010, and US support for global economic recovery and to Ukraine.

According to Dr. Edilberto Segura, Chairman of the Board of The Bleyzer Foundation, the longer term economic outlook for Ukraine is still bright, but significant improvements in the business environment are needed to promote investments as the new source of economic growth.

### #3

## Western Ukraine Could Decide Presidential Election Outcome

By Taras Kuzio

RFE/RL, October 19, 2009

After what is widely seen as five years of missed opportunities under incumbent President Viktor Yushchenko, Ukraine's three-month election campaign has begun.

Past presidential elections in Ukraine have been a contest for control of the "swing" region of central Ukraine that Leonid Kuchma and Yushchenko won in 1994 and 2004, respectively. But to win nationwide, a candidate needs either western or eastern Ukraine as well.

Kuchma won by winning the east and the center, Yushchenko the west and the center. The last three elections were won by slim majorities of 52-56 percent.

The upcoming presidential elections will be different, and the first in which western Ukraine will play a strategic role in deciding the winner. Central Ukraine continues to be dominated by Prime Minister Yulia Tymoshenko, whereas opposition Party of Regions Chairman Viktor Yanukovich has a dominant position in eastern-southern Ukraine.

The presidential election is set for January 17, 2010; if no candidate wins outright in the first round, a runoff will take place three weeks later.

### Presidential Fragmentation

Western Ukraine's central role in the upcoming elections is the product of five years of infighting and fragmentation of the center-right. The Our Ukraine-People's Self Defense bloc (NU-NS) that entered parliament in September 2007 included nine parties that had promised to merge into a single pro-Yushchenko party that would support his bid for a second presidential term.

Instead, the nine have grown to 14, with the establishment of two new parties, led by Interior Minister Yuriy Lutsenko (Self Defense) and former chief of staff Viktor Baloga (United Center), plus three NGOs that are embryo parties led respectively by former Defense Minister Anatoliy Hrytsenko (Civic Initiative), former parliament speaker Arseniy Yatsenyuk (Front for Change), and Vyacheslav Kyrylenko (For Ukraine!).

Of NU-NS's 72 parliamentary deputies, approximately 40, a slim majority, support the democratic coalition underpinning the Tymoshenko government (together with the Tymoshenko and Volodymyr Lytvyn blocs).

Of the remaining 32 deputies, 17 belong to the single pro-Yushchenko group, For Ukraine!, while a further 10 belong to United Center.

President Yushchenko's election campaign is hampered not only by his low popular support, which he routinely dismisses as unimportant, but also his lack of a political machine. Yushchenko is honorary chairman of the People's Union-Our Ukraine (NS-NU) party, one of the original nine in the NU-NS bloc, and his chief of staff Vera Ulianichenko is its leader. Both the NS-NU and Yushchenko personally can count on only 2-3 percent support.

The NS-NU has been bankrupt since the spring, when Ukrainian businessmen withdrew their funding after it became evident that he was a lame duck president unable to win a second term.

At least five of the figures who played key roles in the Orange Revolution will be competing for the presidency: Yushchenko, Tymoshenko, Yatsenyuk, Hrytsenko, and Yuriy Kostenko, leader of the People's Party, one of the original nine in the NU-NS bloc.

The nationalist-populist leader of the Svoboda Party (formerly called the Social-National Party) Oleh Tyahnybok, who won a majoritarian seat in 2002 and joined the Our Ukraine faction (only to be expelled two years later for anti-Semitic remarks), will also be competing for the western Ukrainian vote.

### Not Easy Breaking In

The two leading candidates in western Ukraine are Tymoshenko and Yatsenyuk. Yatsenyuk leads among younger and educated voters in the three Galician oblasts, while Tymoshenko leads in the remaining four oblasts of western Ukraine. Overall, Tymoshenko has a 6-7 percentage-point lead over Yatsenyuk throughout western Ukraine.

Yatsenyuk's popularity has catapulted him to third place in national opinion polls, but this should not make him overly self-confident, and his ratings have dropped by a third since the summer. Yatsenyuk's popularity is being squeezed from four directions: Tymoshenko, Ukraine's best election campaigner and most charismatic politician; incumbent Yushchenko, who has the same voter base as Yatsenyuk; Hrytsenko; and Serhiy Tyhipko.

In addition to Yatsenyuk, Hrytsenko and Tyhipko also figure within the "second tier" of candidates. Tyhipko has roots in the Dnipropetrovsk clan's Labor Ukraine Party, but is increasingly challenging Yatsenyuk for the position of the "new face in politics" among disillusioned voters.

Yatsenyuk's western Ukrainian voters could also turn away from him over his inconsistency on issues that they consider crucial to Ukraine's national identity. Although elected to parliament in the NU-NS bloc, Yatsenyuk has de facto ditched key elements in its platform, such as abolishing parliamentary immunity; legal recognition of Ukrainian nationalist partisans who fought against the Nazis and Soviets in the 1940s; NATO membership; and energy independence (Yatsenyuk supports a gas consortium with Russia).

He has also recently become skeptical of EU membership and withdrew his signature from a January 2008 letter to NATO's Bucharest summit (which he signed together with Tymoshenko and Yushchenko) seeking a Membership Action Plan.

These are all issues on which Yushchenko (and to some degree Tymoshenko) are challenging Yatsenyuk. Ironically, Russian President Dmitry Medvedev's bitterly critical August letter to Yushchenko will only have served to improve his ratings in western Ukraine and therefore eaten into Yatsenyuk's popularity.

Touted last year as representing the younger generation of Ukrainian politicians and therefore by implication as "pro-Western," Yatsenyuk looked decidedly less so at the September Yalta European Strategy (YES) summit.

YES, an NGO established five years ago by oligarch Viktor Pinchuk, invited Yanukovich, Tymoshenko, and Yatsenyuk to present their platforms to a special "Freedom of Speech" ICTV live program and to European guests (ICTV is one of four television channels owned by Pinchuk). Of the three, Yatsenyuk, according to Ukrainian media reports, was the most disappointing and vacuous.

### Tymoshenko Stands Up

Tymoshenko's campaign team have realized the strategic importance of western Ukraine and reached out to the North American diaspora, which retains its influence over the region. Addressing the annual meeting of the World Congress of Ukrainians in Lviv on August 21-22, on the eve of Ukraine's Independence Day, Tymoshenko stressed her support for Ukrainian remaining the only state language, an issue of particular concern to western Ukrainians and the Ukrainian diaspora.

On October 13, the Tymoshenko bloc organized a parliamentary hearing on links with the Ukrainian diaspora. Tymoshenko's reaffirmation of support for the Ukrainian language forced Yanukovich to announce prematurely that, if reelected president, he would elevate Russian to the status of the second state language. This policy, which figured in his 2004 campaign program, will ruin his chances completely in western Ukraine, and to some degree in the central region as well.

The January elections are likely to require a runoff, as in 2004, this time between Tymoshenko and Yanukovich. But unlike five years ago, when Yushchenko ran as the united opposition candidate, this time around the former Orange Revolution parties and leaders are fragmented.

Ukrainian intellectual groups are increasingly calling on the "Orange" camp to unite around Tymoshenko, as they had united around Yushchenko. That lack of "Orange" unity in turn improves Yanukovich's chances, so it is likely that this time the bitter second round will pit him against Tymoshenko.

*Taras Kuzio is a senior fellow of Ukrainian Studies at the University of Toronto, adjunct research professor at the Institute of European and Russian Studies at Carleton University, and editor of the bimonthly "Ukraine Analyst"*

#### **#4**

#### **Ukraine opens election campaign, Orange dream faded**

**By Richard Balmforth**

**Reuters, October 18, 2009**

KIEV - Whatever happened to Ukraine's Orange Revolution?

As the country starts its first presidential election campaign since that popular movement in 2004 broke the grip of the post-Soviet establishment, its leader, President Viktor Yushchenko, stares a painful reality in the face.

Opinion polls point to Viktor Yanukovich, his disgraced Moscow-backed opponent back then, getting easily through a January 17 election to go into a run-off vote.

Just as bitter for Yushchenko -- his erstwhile "Orange" ally but now rival, Prime Minister Yulia Tymoshenko, is almost certain to be the other player in the second-round showdown, analysts say.

The 55-year-old president has ratings so low that none but his most loyal supporters see a chance of re-election.

Most Ukrainians hope the vote, for which official campaigning begins Monday, will end five years of political infighting that has paralyzed decision-making and frustrated reform in one of Europe's worst performing economies.

It will also decide the extent to which the ex-Soviet state of 47 million will stick to Yushchenko's pro-western blueprint or toe a more compliant line toward its old master, Russia.

No matter who triumphs, most analysts expect renewed efforts to improve frosty ties with Russia -- including pushing the pursuit of NATO membership firmly on to the back-burner -- without abandoning the democratic strides Ukraine has made.

The two have been involved in disputes over the pricing and supply of Russian natural gas across Ukrainian territory to Europe. The Russian Black Sea fleet based in the Ukrainian port of Sevastopol could become a serious source of friction.

But both Yanukovich, a former prime minister from the hard school of eastern Ukraine politics, and Tymoshenko will fend off competition from Russian big business and attempts to tug Ukraine back into Moscow's sphere of influence, analysts say.

"The course for integration into the European Union and NATO will be pushed back for at least five years," said Vadym Karasev, director of the Institute for Global Strategies.

"The country will be suspended between the post-Soviet world of yesterday and the European one of tomorrow."

## POLITICAL RATINGS

A poll this month put Yanukovich, whose power base is in Russian-speaking regions of the country, in front with 28.7 per cent. Tymoshenko had 19 percent, according to the SOCIS survey.

The challenge from former parliament speaker Arseniy Yatsenyuk, 35, who had been seen as a rival for Tymoshenko's vote, has leveled off. Support for him was at 8.2 per cent.

But these ratings may hold good only for the first round.

Tymoshenko, 48, a firebrand who sports a peasant hair-plait, can quickly find the pulse of a crowd as she showed in 2004 with electrifying performances during the Orange street protests.

Pro-Tymoshenko advertising in Kiev proclaims: "She works!." Her campaign will focus on her energy and decisiveness.

Yanukovich, 59, a towering man who heads the pro-business Party of the Regions, seems sure to champion Russian-language rights, oppose NATO membership and emphasize what he has denounced as the "chaos" of the Yushchenko years, analysts say.

"Yanukovich will not be a puppet of Moscow, but the degree of influence of Moscow on Yanukovich will be greater than that on Tymoshenko," said political analyst Volodymyr Fesenko.

But in a run-off, Yanukovich may find it hard to strike a chord in central Ukraine -- a key battleground -- or make inroads in the Ukrainian-speaking west.

On balance, most analysts believe Tymoshenko will outperform the sometimes clumsy Yanukovich in a head-to-head clash in February. But, as steward of the economy, Tymoshenko might still see her ratings take a knock if there is more bad economic news.

Ukrainians have seen the national currency, the hryvnia, lose more than a third of its value against the dollar -- hard for the many who purchased big on dollar credit and are now facing rising pay-back terms.

A lot too depends on Ukraine's business billionaires, who have no qualms about putting their money behind a candidate -- though they switch sides easily.

A turnaround in Yushchenko's fortunes seems unlikely.

He ousted Yanukovich in 2004 after a rigged election was quashed by the Supreme Court and he went on to win a re-run.

But he has been an indecisive leader. His nationalistic and other policies have won little broad support. His incessant sniping at Tymoshenko has also backfired on him, many say.

But others say he has not been given the credit for a significant pro-democracy shift in society during his rule.

"This is a pluralistic society. There is a free press. The economy is in a mess but Ukraine is the freest country in the Commonwealth of Independent States," said one foreign observer.

## #5

**EU, Russia Press On With Partnership**  
**By Ahto Lobjakas**

**RFE/RL, October 19, 2009**

BRUSSELS -- The European Union's relations with Russia appear to have returned to business as usual -- except that there's not much business in evidence. The verdict after EU-Russia talks in Brussels is that real cooperation on most substantive issues has come to a virtual standstill.

Speaking at a news conference after the meeting on October 19, Swedish Foreign Minister Carl Bildt -- whose country currently holds the rotating EU presidency -- reaffirmed the EU's interest in developing its partnership with Russia.

"There are, of course, some issues where we have different perspectives, notably the Southern Caucasus, but there is a broad range of other issues where we see both the necessity and possibility of moving forward in our relationship," Bildt said.

The EU has expended significant effort to improve its ties with Moscow since Russia's invasion of Georgia last year, despite ongoing Russian political brinkmanship.

The two sides will meet for a summit in Stockholm next month, but EU diplomats hold out little hope for substantive breakthroughs, blaming Moscow's apparent disinterest.

Russia called off a scheduled round of talks on a new EU-Russia partnership agreement on October 16, citing "technical reasons."

Moscow has also dragged its feet over joining the World Trade Organization, an important goal for the EU, which is seeking to establish commercial relations with Russia on a clearer legal basis.

Russian Foreign Minister Sergei Lavrov indicated on October 19 that Russia is unwilling to back the EU's ambitious goals for a global climate summit in Copenhagen in December. Instead he focused on regional and global security concerns, urging the EU to collaborate with Russia.

"How closely Russia and the EU cooperate on the significant issues on the global agenda will directly determine how far the EU can go toward solving the tasks facing it -- and how substantial the EU's impact will be on working out answers to the challenges and dangers that stand before us all," Lavrov said.

Lavrov repeated President Dmitry Medvedev's longstanding call for a new European "security architecture."

He also refused to guarantee that last January's natural gas shutoff to Ukraine wouldn't be repeated. The cutoff disrupted supplies to Europe, leaving millions without heat during bitterly cold weather. Lavrov said responsibility lies with transit countries such as Ukraine.

Lavrov urged the EU to say when it would allow Russians visa-free travel to member countries. But EU External Relations Commissioner Benita Ferrero-Waldner said consensus on the issue within the EU is unlikely in the short or medium term.

"We [have] always said that visa-free travel is, of course, a long-term perspective," Ferrero-Waldner said. "This was particularly mentioned [today] because we need of course also always a close mandate [to proceed with negotiations] and a close agreement of all the member states."

Several EU member states believe the issue of visa-free travel for Russians, which holds great symbolic importance for the Kremlin, represents one of the EU's best levers for dealing with Moscow.

**#6**  
**U.S. Seeks to Keep Watching Russia's Weapons**  
**By Thom Shanker and Peter Baker**

**New York Times, October 20, 2009**

WASHINGTON — With a key arms control treaty set to expire soon, the Obama administration is searching for ways to keep inspectors in Russia or else it risks losing American eyes on the world's second most formidable nuclear weapons arsenal for the first time in decades.

The administration has been negotiating a replacement for the pact, the Strategic Arms Reduction Treaty, or Start, which goes out of force on Dec. 5. But even if the talks produce a new agreement by then, the Senate and the Russian Parliament will not have time to ratify it before the old one expires — and some Republicans on Capitol Hill are warning that approval is far from certain.

In the absence of a treaty or an ad hoc but legally binding “bridge” authority, American inspectors would be forced to leave Russia when the treaty expired, and Russian inspectors would have to leave the United States. State Department lawyers are examining several options in hopes of preserving the ability to monitor and collect information about Russia's nuclear weapons, administration officials confirm.

Under Start, the United States is allowed a maximum of 30 inspectors in Russia to monitor compliance with the treaty. Russia likewise has interests in finding a bridge mechanism to continue its similar rights to inspections in the United States.

If negotiators for President Obama and President Dmitri A. Medvedev of Russia reach agreement on a follow-up treaty that the two leaders can sign by Dec. 5, then the administration may seek what is called “provisional application,” putting the terms of the treaty into place on a temporary basis pending a Senate vote.

If the two sides do not settle on a new treaty, then the administration may seek some form of executive agreement with the Russians permitting inspectors to stay and information to be shared on terms similar to the current Start agreement while negotiators continue to talk.

Such an agreement, at least according to administration officials, would not require Senate approval, although lawmakers are demanding that the Senate Foreign Relations Committee be brought into the discussion. Administration officials said they would consult with Senate leaders on the plan.

Secretary of State Hillary Rodham Clinton raised the issue with her Russian counterpart, Foreign Minister Sergey V. Lavrov, during talks in Moscow last week, according to senior officials. But the two sides have not yet agreed to any specific measures to continue verification efforts in the absence of a new treaty, these officials said.

“We are working on options to provide transparency on strategic forces during the time before the new treaty enters into force,” a senior administration official said Friday. “But I think it's premature to discuss specifics of any transparency options. Our focus is on getting the new treaty finished.”

The impending lapse of the treaty is already raising significant concerns on Capitol Hill.

Senator Richard G. Lugar of Indiana, the ranking Republican on the Foreign Relations Committee, asked the State Department for a report on what legal instruments were being considered as a “bridge” between the expiration of Start and a new treaty, and for a description of what verification activities could take place without a treaty.

Andy Fisher, a senior adviser to the senator, said Mr. Lugar had also asked whether any of the proposed verification mechanisms would require Congressional authority. The senator has expressed specific concern that verification measures not be allowed to lapse, Mr. Fisher said.

The Start agreement was signed in 1991 before the collapse of the Soviet Union and went into effect in 1994, requiring both sides to reduce their arsenals to 6,000 warheads. The two sides are trying to produce a new treaty that keeps many of the verification and inspection elements of Start, while bringing the legal ceiling on strategic warheads and delivery vehicles down even below today's much lower levels.

The administration hopes to follow up with a new round of negotiations on another treaty with Russia that would enact more far-reaching reductions in nuclear weapons as part of Mr. Obama's goal of eventually ridding the world of all nuclear arms.

Mr. Obama and Mr. Medvedev struck a preliminary agreement on the terms of a new treaty during a meeting in Moscow in July that would cut the arsenals of both sides by at least a quarter. The two presidents agreed to cut each side's strategic nuclear warheads to between 1,500 and 1,675, down from the 2,200 called for in 2012 by the Treaty of Moscow, which was signed in 2002.

The number of delivery vehicles, like land-based intercontinental missiles, submarine-based missiles and long-range bombers, would be cut to between 500 and 1,100, down from the 1,600 currently allowed under Start.

Negotiations are progressing, but Russia continues to press for restrictions on missile defense systems to be included in the treaty, something the United States has refused to consider. Even though Mr. Obama reshaped President George W. Bush's plan for an antimissile shield based in Europe, Russian officials insist on legal limits.

Senior Republican aides in the Senate said a number of members were angered that the administration had undermined relations with two important NATO allies by canceling the Bush plan. It had called for 10 interceptors in Poland and radar in the Czech Republic; some senators have vowed to fight any post-Start treaty that includes provisions limiting missile defense.

Republicans also have called attention to comments by Russian military officers, who said that they might decide to field missiles with multiple warheads, which is seen as destabilizing and contrary to any new effort to lock in nuclear arms reductions.

Ratification of a follow-up treaty would require Mr. Obama and the Democratic leadership to hold all members of their party and gain at least seven more votes from Republicans.

Senators from both parties who specialize in arms control and military issues are asking that the president concentrate as well on how to enhance the safety of the nuclear stockpile and modernize the nation's weapons facilities in parallel with submitting a draft treaty for ratification.

Senators Jon Kyl and John McCain, both Republicans of Arizona, are leading that effort. A senior Republican Senate aide said some members were gearing up to push the administration to commit to developing a new warhead, although a number of senior Democrats argue that reopening a warhead assembly line would undermine the administration's nonproliferation message.

## **#7**

### **Russia Gains at OPEC's Expense**

**By Andrew E. Kramer**

**New York Times, October 20, 2009**

MOSCOW — While OPEC members limped through a period of painful production cuts this year, Russian oil companies enjoyed an extraordinary run.

The year that has gone by since Russian officials floated — and then retracted — a proposal to coordinate production limits with the Organization of the Petroleum Exporting Countries illustrates why the Kremlin is unlikely ever to actually do so.

Already the world's largest oil producing nation, Russia, pumping prodigiously through the downturn, this summer passed another milestone. As Saudi Arabia tightened its belt to live by OPEC cuts, Russia surpassed it to become the world's largest exporter.

Profits and share prices of Russian companies like Lukoil and Rosneft are up and the Russian budget deficit is coming down: It may beat official forecasts of 7.5 percent of gross domestic product this year. BP, the British oil titan, has benefited through its joint venture in Russia, TNK-BP.

While others shut back wells and idled pipelines, new tax incentives in Russia encouraged companies to continue drilling.

Improbably, the once-neglected oil sector has emerged as one of Russia's few growth industries, helped by the tax cuts, a devaluation of the ruble that aided exporters and a change of policies that may invite foreign companies back into the sector.

"OPEC made a concerted effort to stem its exports," said Alex Fak, an oil analyst at Troika investment bank in Moscow. "The result of that action was higher oil prices. So Russia was encouraged to produce more and sell more. Which is what it did."

Yet, for a time, officials had seemed ready to revise the long-held axiom that Russian national interests were not served by cooperating with OPEC. Sharp price declines had turned Russian oil companies, just a few months earlier seen as money printing presses for the government, into money losers. Far from propping up the Russia government, which relies on oil exports for about 40 percent of its budget, they needed help themselves.

In the fourth quarter, the state oil company, Rosneft, had an unprecedented loss on its pumping assets, though currency gains, refining and gas station profit margins helped it to break even over all. "We were operating at a loss," Peter O'Brien, the American chief financial officer of Rosneft, said by telephone.

In that quarter, the cost per barrel of taxes and transportation tariffs equaled 99 percent of the current oil price, the company reported. That left almost nothing for operations — Rosneft was losing money for every barrel pumped out of Siberia.

The choice was either to line up with OPEC's cuts by reining in some of Russia's output of about 10 million barrels a day, in the hope of producing a global price recovery, or to save teetering companies by coming to the aid of the domestic industry.

Nowhere was the choice more stark than at Rosneft's showcase project, the Vankor field — the largest Russian oil development since the collapse of the Soviet Union. The field's derricks, pipelines and tanks were rising out of a featureless northern waste, but at a great expense.

It was the type of investment needed to sustain the industry. But after the oil price collapsed it seemed condemned by taxes, oil transport tariffs and amortization of capital costs, to operate at a loss.

Last autumn, even as Deputy Prime Minister Igor I. Sechin, at OPEC meetings in Vienna, was hinting at a possible production cut, the pressing need to keep projects like Vankor alive was setting a different course for Russian oil policy.

The mineral-extraction tax was lowered and the export tariffs recalculated to the benefit of companies. Oil companies unsuccessfully lobbied for a shift to a tax on profit to replace the extraction and export levies.

Then, in July, Prime Minister Vladimir V. Putin signed a decree waiving export tax entirely for east Siberian crude, creating a significant incentive to invest in those new fields, despite weak demand and excess capacity lying idle elsewhere. That tax exemption has not yet taken effect, but is expected to be retroactive to Sept. 1. At an oil price of \$70 a barrel, the tax is \$33.30 a barrel.

The Vankor field opened commercial production in August, accounting for much of Russia's increase in production this year. Relatively close to China, by Siberian standards, it will become a source for exports to that country. Total output from the field is expected to peak at half a million barrels a day

In an investor note, Troika said the tax holiday was game changing for Rosneft in east Siberia, turning into a profitable project one that at current prices would have achieved break-even, at best.

Mr. O'Brien, the Rosneft chief financial officer, said that, with most financing for Vankor already committed, the autumn tax breaks had freed up resources to maintain output at other fields so that oil pumped from Vankor added to, rather than replaced, existing output.

Last year, production dropped by 0.7 percent; and Russian officials had suggested they would let it slide to help OPEC support prices.

Mr. Sechin, the deputy prime minister, in his autumn meetings with OPEC, had made assurances that Russia would "coordinate" its production policies with the cartel. Rosneft braced for a mandatory cut of 300,000 barrels a day.

Instead, output in Russia is now projected to grow 0.3 percent this year after Mr. Putin, amid cheering officials, pressed a ceremonial button to bring Vankor online. OPEC officials have hardly disguised their outrage.

Abdullah al-Badri, secretary general of OPEC, said he was "not encouraged" by Russia's policies, Reuters reported from Vienna last month. Mr. Badri said he did not intend to accept an invitation by the Russian authorities for another meeting this year.

Sergei Shmatko, the Russian energy minister, said that the country had never pledged adherence to quotas — only "cooperation."

"Our goal is to improve coordination, to more actively exchange information and to carry out in-depth analysis on the oil market," Mr. Schmatko told a foreign audience in September. "Our position is that today's prices are not limiting development in the oil sector."

## **#8**

### **Russia's Leaders See China as Template for Ruling**

**By Clifford J. Levy**

**New York Times, October 18, 2009**

MOSCOW -- Nearly two decades after the collapse of the Communist Party, Russia's rulers have hit upon a model for future success: the Communist Party.

Or at least, the one that reigns next door.

Like an envious underachiever, Vladimir V. Putin's party, United Russia, is increasingly examining how it can emulate the Chinese Communist Party, especially its skill in shepherding China through the financial crisis relatively unbowed.

United Russia's leaders even convened a special meeting this month with senior Chinese Communist Party officials to hear firsthand how they wield power.

In truth, the Russians express no desire to return to Communism as a far-reaching Marxist-Leninist ideology, whether the Soviet version or the much attenuated one in Beijing. What they admire, it seems, is the Chinese ability to use a one-party system to keep tight control over the country while still driving significant economic growth.

It is a historical turnabout that resonates, given that the Chinese Communists were inspired by the Soviets, before the two sides had a lengthy rift.

For the Russians, what matters is the countries' divergent paths in recent decades. They are acutely aware that even as Russia has endured many dark days in its transition to a market economy, China appears to have carried out a fairly similar shift more artfully.

The Russians also seem almost ashamed that their economy is highly dependent on oil, gas and other natural resources, as if Russia were a third world nation, while China excels at manufacturing products sought by the world.

"The accomplishments of China's Communist Party in developing its government deserve the highest marks," Aleksandr D. Zhukov, a deputy prime minister and senior Putin aide, declared at the meeting with Chinese officials on Oct. 9 in the border city of Suifenhe, China, northwest of Vladivostok. "The practical experience they have should be intensely studied."

Mr. Zhukov invited President Hu Jintao, general secretary of the Chinese Communist Party, to United Russia's convention, in November in St. Petersburg.

The meeting in Suifenhe capped several months of increased contacts between the political parties. In the spring, a high-level United Russia delegation visited Beijing for several days of talks, and United Russia announced that it would open an office in Beijing for its research arm.

The fascination with the Chinese Communist Party underscores United Russia's lack of a core philosophy. The party has functioned largely as an arm of Mr. Putin's authority, even campaigning on the slogan "Putin's Plan." Lately, it has championed "Russian Conservatism," without detailing what exactly that is.

Indeed, whether United Russia's effort to learn from the Chinese Communist Party is anything more than an intellectual exercise is an open question.

Whatever the motivation, Russia in recent years has started moving toward the Chinese model politically and economically. After the fall of the Soviet Union in 1991, Russia plunged into capitalism haphazardly, selling off many industries and loosening regulation. Under Mr. Putin, the government has reversed course, seizing more control over many sectors.

Today, both countries govern with a potent centralized authority, overseeing economies with a mix of private and state industries, although the Russians have long seemed less disciplined in doing so.

Corruption is worse in Russia than China, according to global indexes, and foreign companies generally consider Russia's investment climate less hospitable as well, in part because of less respect for property rights.

Russia has also been unable to match China in modernizing roads, airports, power plants and other infrastructure. And Russia is grappling with myriad health and social problems that have reduced the average life expectancy for men to 60. One consequence is a demographic crisis that is expected to drag down growth.

The world financial crisis accentuated comparisons between the economies, drawing attention to Moscow's policies. In June, the World Bank projected that China's economy would increase by 7.2 percent in 2009, while Russia's would shrink by 7.9 percent.

Politically, Russia remains more open than China, with independent (though often co-opted) opposition parties and more freedom of speech. The most obvious contrast involves the Internet, which is censored in China but not in Russia.

Even so, Mr. Putin's political aides have long studied how to move the political system to the kind that took root for many decades in countries like Japan and Mexico, with a de facto one-party government under a democratic guise, political analysts said. The Russians tend to gloss over the fact that in many of those countries, long-serving ruling parties have fallen.

The Kremlin's strategy was apparent in regional elections last week, when United Russia lieutenants and government officials used strong-arm tactics to squeeze out opposition parties, according to nonpartisan monitoring organizations. United Russia won the vast majority of contests across the country.

Far behind was the Russian Communist Party, which styles itself as the successor to the Soviet one and has some popularity among older people. The Russian Communists have also sought to build ties to their Chinese brethren, but the Chinese leadership prefers to deal with Mr. Putin's party.

The regional elections highlighted how the Russian government and United Russia have become ever more intertwined. State-run television channels offer highly favorable coverage of the party, and the courts rarely if ever rule against it. United Russia leaders openly acknowledged that they wanted to study how the Chinese maintained the correct balance between the party and government.

"We are interested in the experience of the party and government structures in China, where cooperation exists between the ruling party and the judicial, legislative and executive authorities," Vladimir E. Matkhanov, a deputy in Russia's Parliament, said at the Suifenhe meeting, according to a transcript.

United Russia praises the Chinese system without mentioning its repressive aspects. And the party's stance also appears to clash with repeated declarations by Mr. Putin, the former president and current prime minister, and President Dmitri A. Medvedev that Russia needs a robust multiparty system to thrive.

The two endorsed the results of Sunday's local elections, despite widespread reports of fraud, prompting opposition politicians to call their words hollow.

Sergei S. Mitrokhin, leader of Yabloko, a liberal, pro-Western party that was trounced, said the elections revealed the Kremlin's true aspirations. And the China talks made them all the more clear, Mr. Mitrokhin said.

"To me, the China meeting demonstrated that United Russia wants to establish a single-party dictatorship in Russia, for all time," he said.

Throughout recent centuries, Russia has flirted with both the West and East, its identity never quite settled, and analysts said that under Mr. Putin, the political leadership had grown scornful of the idea that the country had to embrace Western notions of democracy or governing.

That in part stems from the backlash stirred in the 1990s, after the Soviet fall, when Russia faced economic hardship and political chaos, which many Putin supporters say the West helped to cause.

Dmitri Kosyrev, a political commentator for Russia's state news agency and author of detective novels set in Asia, said it was only natural that the Kremlin would cast its gaze to the East.

"When they discovered that there was a way to reform a formally socialist nation into something much better and more efficient, of course they would take note," Mr. Kosyrev said. "Everyone here sees China as the model, because Russia is not the model."

**#9**

### **Kremlin Rules**

**From Hillary Clinton, straight talk on democracy in Russia**

**Washington Post, October 17, 2009**

IT'S BECOME SO commonplace that the world little noticed last Sunday when Russian President Dmitry Medvedev and Prime Minister Vladimir Putin staged another phony, Soviet-style election. As in the old days, the ruling party (now known as "United Russia" instead of "Communist Party of the Soviet Union") won a smashing victory in local jurisdictions across the country, with opposing party politicians reduced to bit parts permitted for decorative effect only. Mr. Medvedev, who frequently impresses Western politicians with his statements in praise of democracy, hailed the elections as "well organized," which we suppose is undeniable.

Mr. Putin, who is less sentimental about these things, dismissed protesting politicians as whiners: "Those who don't win are never happy," he sniffed.

So it was gratifying to hear Secretary of State Hillary Rodham Clinton, coincidentally visiting Moscow in the days after the election, speak firmly in defense of true democracy. To a group of civil society leaders, increasingly embattled and in danger in Mr. Putin's Russia, Ms. Clinton said, "Both President Obama and I want to stress strongly how the United States stands with those who work for freedom, [who] campaign for justice and democracy, and who risk their lives to speak out for human rights."

She repeated the message at Moscow State University, telling students that the innovation Mr. Medvedev says he wants to foster in society can't flourish without "core freedoms, free speech, freedom of the press, the freedom to participate in the political process." She granted an interview to Echo Moskvy Radio, one of the few remaining independent media outlets of any significance, where she expressed "no doubt" that "democracy is in Russia's best interests, that respecting human rights, an independent judiciary, a free media are in the interests of building a strong, stable political system." And, at the civil society meeting, she was specific, noting that 18 journalists have been killed in Russia since 2000, with only one of those crimes solved. "When violence like this goes unpunished in any society," Ms. Clinton said, "it's undermining the rule of law, chills public discourse, which is, after all, the lifeblood of an open society."

As Ms. Clinton made clear, such honesty need not impede diplomatic engagement. Russian leaders will act in their interests, as they see them, in any case. But her words may cheer those in Russia who continue to fight for their rights, against long odds, while reminding all Russians that a less cynical government might lead to a more prosperous country.

## **#10**

### **Russia confident will join WTO with allies**

**By Lidia Kelly**

**Reuters, October 21, 2009**

MOSCOW - Russia remains confident it will join the World Trade Organisation together with Kazakhstan and Belarus, and the country's desire to join should not be doubted, President Dmitry Medvedev said on Wednesday.

Russia has been negotiating to join the world trade body for 16 years and is the largest economy outside its structures.

"We will join the WTO despite some delays due to the formation of the customs union (with Belarus and Kazakhstan)," Medvedev said. "There should be no doubt about this."

Russia has returned to direct WTO negotiations after Prime Minister Vladimir Putin said his country was only interested in joining the organisation in concert with Belarus and Kazakhstan through a customs union -- an unprecedented move in the history of the organisation.

The customs union will come into force on Jan. 1, 2010 and will create common external tariffs for the three former Soviet republics and create a single market for their 165 million people.

Russia's First Deputy Prime Minister Igor Shuvalov said on Wednesday there was only one WTO negotiation group for the union, consisting of representatives from all three countries and that for now the group was working effectively.

"If we need to change the format, we will make such a decision, but this decision would be made only with the agreement of all three countries," Shuvalov said.

"Our directives regarding simultaneous entry into the WTO and on equal terms for Russia, Kazakhstan and Belarus are carried on," he added.

Last week, the three countries said they hoped for WTO entry as soon as possible, but that they would pursue their candidacies as separate states [ID:nLF24334].

Russia's Ministry for Economic Development said earlier this month that the customs union could "without rushing" finish negotiations in the next 1-1/2 to 2 years [ID:nL1586681].

Shuvalov said the negotiating committee, headed by Russia's WTO negotiator Maxim Medvedkov, is acting on behalf of the customs union as well as on behalf of each of the three countries.

## **#11**

### **Russia Needs to Finish Privatization, Find 'Optimal' State Role**

**By Alex Nicholson**

**Bloomberg, October 21, 2009**

Russia needs to wrap up the privatization of state assets, which has dragged on for the last two decades, and reach an "optimal" level of state participation in the economy for the next 15-20 years, President Dmitry Medvedev said.

The government wants to use state asset sales to help plug next year's budget deficit, estimated at 6.8 percent of output, and use the privatization push to modernize the country's derelict infrastructure. Last year's 54 percent slump in oil prices, which pushed the economy into a 10.9 percent contraction in the second quarter, has forced the government to revive its commitment to renouncing its commodity reliance.

The creation of state corporations in key industries of the economy such as shipbuilding, aerospace and nanotechnology, has gotten "out of control," Medvedev said today in a meeting with business leaders in Moscow.

"This doesn't mean that they must be closed down, they will continue to work, but eventually there is the question of whether they are turned into a joint stock company or they cease to exist," he said.

President Dmitry Medvedev ordered an investigation into state corporations' finances and management on Aug. 7. Prosecutors should provide a conclusion by Nov. 10 as to whether the companies are "viable" in their current form, according to the Kremlin.

## **#12**

### **Russian Pipelines Win Key Approvals**

**By JACOB GRONHOLT-PEDERSEN**

**Wall Street Journal, October 21, 2009**

MOSCOW -- Russia moved a step closer to realizing its two major export-gas pipeline projects under the Baltic and Black seas to Europe after receiving long-awaited approvals from Denmark and Turkey.

Denmark gave the green light Tuesday to construct the Nord Stream in its section of the Baltic Sea, becoming the first country to clear the project.

Countries bordering the Baltic Sea have worried that the pipeline would pose a threat to the environment, but Russia has said it expects the remaining countries -- Finland and Sweden -- to approve the project by year-end.

Russia's attempt to push through the second pipeline -- the South Stream pipeline under the Black Sea -- has proved more difficult. But after Turkey approved the project Monday, Russia expects a feasibility study to be finished at the beginning of 2010, with construction likely to begin by year-end.

The pipeline is to supply gas from the Black Sea's Russian coast to a distribution point in Bulgaria.

Russia seeks to cement its role as Europe's main energy supplier by building the two gas-export routes bypassing countries like Ukraine and Belarus that it considers potentially troublesome.

Europe depends on Russia for about a quarter of its gas needs, and critics have said the new pipeline projects will increase Europe's dependence on Russia -- the world's biggest energy exporter. Confidence in the country as a reliable supplier has fallen since supplies to Europe were cut off in January during a pricing dispute with Ukraine, Russia's main transit route to Europe.

Russia on Tuesday also gained final approval from Serbia, a transit country for South Stream, during a visit to Belgrade by Russian President Dmitry Medvedev.

Last year, Russia's state-controlled gas monopoly OAO Gazprom bought Serbia's major oil and gas assets and agreed to route its South Stream gas pipeline through Serbia.

South Stream now appears closer to realization than the rival European Union-backed Nabucco pipeline project, due to ship Central Asian and Middle Eastern gas to Europe via Turkey -- and avoiding Russia. Nabucco, however, faces problems securing supplies from the region.

The willingness of individual EU members to expand energy ties with Moscow comes despite concerns in Brussels about growing dependence on Russian gas.

The Nord Stream pipeline was agreed between Russian Prime Minister Vladimir Putin and former German Chancellor Gerhard Schroder, who now heads the company behind the pipeline. German energy companies BASF AG and E.ON AG are partners in the project.

Italian Prime Minister Silvio Berlusconi, meanwhile, is a strong supporter of the South Stream pipeline, which has ENI SpA as a partner.

**#13**  
**Oligarchs Get an Earful From Russian President**  
**By Andrew E. Kramer**  
**New York Times, October 22, 2009**

MOSCOW — President Dmitri A. Medvedev on Wednesday used a now-traditional annual meeting with Russian oligarchs to scold them for their corporate missteps and for corruption, while also demanding that they take a more patriotic approach to conducting business affairs.

In one exchange highlighting the always delicate relationship between the Kremlin and the oligarchy, Mr. Medvedev listened as the Siberian mining magnate, Oleg V. Deripaska, explained that it now seemed all but impossible to get a fair hearing in a Russian court.

“Everybody knows you need to pay,” Mr. Deripaska said at the meeting in the Kremlin. He described the Russian judiciary as “overgrown” with mediators who solicit payments on behalf of judges.

Mr. Medvedev responded that this state of affairs should hardly come as a surprise to the oligarchs, who, after all, had been the ones doing the paying for many years. “A question arises: Who pays them, these mediators?” he said. “I suspect it is business and not somebody else that pays them.”

“This phenomenon did not appear yesterday or the day before yesterday,” Mr. Medvedev said of court corruption. He told the oligarchs to report court corruption to prosecutors.

The meeting, held in a reception hall in the Kremlin, is traditionally open to journalists for an introductory statement by the president and a comment or two from oligarchs he selects to speak, suggesting the exchanges are at least in part choreographed by the Kremlin.

Mr. Deripaska used his time first to make a jab, apparently, at Mikhail M. Fridman, whose Alfa Bank had threatened Mr. Deripaska's aluminum smelters with bankruptcy proceedings in Russian courts. While other banks had agreed to restructure the debt, Alfa Bank had pressed ahead with its collection efforts and a threat of using the Russian courts.

Mr. Deripaska suggested this was a situation that "deserves your attention."

In other remarks, Mr. Medvedev told the businessmen that Russia was falling dangerously behind in technology. They must invest in technological innovation or face obsolescence when Russia opens its economy to greater competition after joining the World Trade Organization, he said. "The crisis revealed the weakest side of our economy," he said.

The richest oligarch of the group, Mikhail D. Prokhorov, was not at the meeting, but it seemed that his recent activities had not escaped Mr. Medvedev's attention. Mr. Prokhorov, a basketball fan, announced last month he would buy the New Jersey Nets.

Oligarchs, Mr. Medvedev said, sometimes invested "in the best foreign companies in industry, finance, trade, media and even sports. And, generally, this isn't so bad. But we, and I mean the government and the people, have a right to expect the same activity inside the country."