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With United Russia’s brand suffering, will a party of the president’s “right hand” emerge?

Make no mistake, United Russia won this week’s regional elections, and will therefore continue to dominate in the Duma. Nonetheless, opposition parties made some inroads and voter support decreased for the party of Putin (and Medvedev?), and this despite a reported increase in aggressive, perhaps desperate, tactics by the party’s leaders to staunch support for any rivals. (1)

The election results, broadly drawn, indeed provided a victory for United Russia, as Pravda.Ru points out: “76 out of the 83 regions of the Russian Federation voted for local councils and eight regions held elections for Regional Parliaments. Almost half of the electorate turned out … and around half of these voted for United Russia.” (2)

Beneath the broad brushstrokes, however, some United Russia members recognized that support for the party of power had weakened. In Sverdlovsk, for example, United Russia polled just 40 percent of the vote, and in Irkutsk, the Communist Party’s candidate for mayor, Viktor Kondrashov, soundly beat his United Russia competition, with more than double the vote. (3)

While regional branches of United Russia responded in different ways to the perceived need for a strong party showing, some vote irregularities followed familiar, proven trails. As the executive director of Golos, Lilya Shibanov, noted, “There were massive violations in Yekaterinburg, including busing voters in to vote en masse. Buses were used in great quantities … there was a very high
percentage of voting by absentee ballot.” (4) The more insidious problem with Russian elections now, of course, involves the restrictions on the number of election monitors. As Shibanov points out, “While earlier at local elections there were as many as 10 to 12 observers … we now consider it good when there are at least three monitors.” (5)

While the election results did, in fact, prove a victory for United Russia, the erosion of support in the electorate did not go completely unnoticed. As Boris Gryzlov mused, “We need losses at a regional level so that we recognise the causes of these losses and then correct them.” (6)

Political parties in Russia’s recent past already have developed a quirky history of rapid rises as the smile of the president (or prime minister) falls upon them with an equally sharp decline as favor evaporates: Our Home - Russia, Russia’s Choice, The Rybkin bloc, Union of Right Forces, Fatherland-All Russia, Right Cause. Over the years, Russia’s executive leadership has made several attempts to create political parties meant to support the president or government, on the one hand, or serve as domesticated opposition on the other. There also have been a multitude of reasons for their failures. The most likely common denominator would seem to stem from the inability of the parties to take advantage of the party system and organization left in place from the CCCP, most often because Russia’s regions, particularly in Yel'tsin’s era, were not organized along a strict enough “vertical of power” to ensure cooperation with “requests” from the central authorities.

While Putin certainly has made strides to correct glitches in the power vertical, some regions still maintain independence of action. Given the current political atmosphere, there may be some regions that do not feel compelled to support United Russia, at least until they see the outcome of what they perceive to be a factional rift at the center of power.
It seems the regional elections last October, and the opposition walk out that followed, still may have repercussions for the political supporters of Putin/Medvedev. The whispers of a new party forming began last fall; the recent regional election results certainly don’t inspire confidence in United Russia’s ability to deliver votes for the prime minister or president. Perhaps there is a mind in the Kremlin considering the possibilities of launching a new presidential platform.

Strangely, the rumors circulating about the creation of a new party are based on the remnants of a group so unpopular as to make the idea seem absurd. Stalwart family members, ostensibly led by former Yel’tsin (and Putin) Chief of Staff Aleksandr Voloshin (he, of course, was also mentor to the current president), apparently are considering a political comeback. The basis for a new party would spring from United Russia itself. Political clubs established within the party (currently there are four of them: two liberal, two conservative) were created with the idea of spinning new parties off from the inside. In the fall, as the clubs were forming, plans to develop them into parties were put aside. According to Aleksei Makarkin from the Center for Political Technologies, “[T]he idea was abandoned for fear of United Russia disintegrating and eroding.” (7)

If United Russia should falter, or if the failures, even when weighed against the victories, of this election cycle are deemed too great, we may witness the Kremlin churn out another great political party. In addition to Voloshin, who has remained remarkably quiet through the early years of Medvedev’s presidency (until now), there is another candidate to head the new party, Yel’tsin’s daughter Tatiana (Dyachenko) Yumasheva. Her blog on life among the Kremlin elite in the 1990s surely gives Prime Minister Putin pause, as she recounts his early days in Moscow. Recent blog postings include a delightful tale of how former prime minister, foreign minister, head of the SVR, Yevgeni Primakov, wanted Putin fired when he was head of the FSB. These are tales that are not meant to warm the prime minister’s heart, but how the president feels on the subject is unknown.
The question remains if there is anything any Yel’tsin “Family” member might say, that the Russian electorate would actually want to hear. It seems doubtful, but stranger things have happened in Russian politics. Just in case, perhaps the Kremlin should also be prepared to create the party of the president’s “other hand.” (8)

Source Notes:
(3) In Irkutsk, the Communist candidate reportedly won 62 percent of the vote, as compared to the United Russia ally of 27 percent, RIA-Novosti, 16 Mar 10, 06:47 GMT via http://www.news.az/articles/11533.
(4) “Regional Elections give Russia’s Ruling Party Food for Thought,” Ibid.
(5) Ibid.
(8) “A. Voloshin Would Like to Return to Power,” Argumenty nedeli, N48, 03 Dec 09; What the Papers Say Weekly Review, 7 Dec 09 via Lexis-Nexis Academic;
Government proposes a night-time ban on alcohol sales

On March 11, 2010, the Government Commission on Regulating the sale of Alcohol considered proposing a bill to ban night-time sales of strong alcoholic beverages, as part of President Medvedev’s anti-alcohol abuse campaign. (1) Currently, alcohol is available in many regions 24 hours a day for as little as 40-50 rubles ($1.5 US) per half liter bottle of vodka. (2) According to official statistics cited in support of the proposed legislation, 76% of Russians regularly consume alcohol; more than 50% of Russian students age 11-18 regularly drink 1-6 liters of alcoholic beverages per week. In rural areas, the alcohol consumption rate exceeds 90%. Since the early 2000’s, Russia had the highest rate of children diagnosed with alcoholism in the world. In 2009, two intoxicated minors in Khabarovsk Krai killed five people that refused to loan them money for alcohol. (3) While some of the sources of these official statistics seem questionable, and the numbers somewhat inflated, it is clear that alcohol abuse in Russia is not just a medical problem, but a matter of national importance.

President Medvedev launched an anti-alcohol campaign in 2009, when he claimed that the consumption rate of 18 liters of pure alcohol per year per every man, woman, and child was having a profound degenerative impact on the country’s gene pool. (4) The goals of the campaign are to promote a healthy lifestyle and to reduce alcohol consumption by 55% by 2020 through measures such as implementing criminal liability for violations of the rules of the alcohol trade, more efficient tax policies, and advertisement restrictions. (5) Chief
Narcologist Yevgeny Bryun even proposed including directions for use with alcoholic beverages. (6) The President suggested reducing the size of beer bottles from 0.5L to 0.33L; tripling beer excise taxes; and setting a mandatory minimum vodka price at 89 rubles ($3 US) per 0.5L bottle. Nevertheless, the volume of vodka sales continues to grow, while beer sales decline. This is partially due to an inconsistent tax policy, while the beer excise tax has tripled, excise taxes for strong alcoholic beverages rose only 10-13%. (7)

Deputy Chairman of the Duma Committee on Health Nikolai Gerasimenko claims that the analysis of the international statistical data compels the conclusion that the level of alcoholism in society depends directly on the level of accessibility of alcohol through factors such as price, time, and location of sales. (8) The Government Commission on Regulating the sale of Alcohol is considering bills that propose reducing the accessibility of alcohol through measures such as a ban on nighttime, morning, and weekend sales; raising excise taxes; increasing penalties for sales to minors; and reducing the number of liquor stores. Notably, the Commission decided not to rush with its proposal until a better assessment of the regional practices, some of which are even stricter than those considered by the Government Commission, has been conducted. (9)

Chechnya has the strictest alcohol laws; retail sales are allowed only for two hours a day, from 8-10 am. Certain Islamic villages in Dagestan prohibit sales of all alcoholic beverages during any time of day or night. These are the extreme cases. St. Petersburg has a more typical regime – beverages with an alcohol content of 15% or more by volume cannot be sold from 11pm - 7am. Generally, the regions have reported an overall positive experience with alcohol restrictions. The Government of Ulyanovsk Oblast' maintains that tightening its alcohol policy has decreased instances of drunk driving by 19%, and that alcohol poisoning occurrences are down 18%. The office of the District Attorney of Sverdlovsk Oblast', a region that permits alcohol sales 24 hours per day, reported that the vast majority of domestic murders occur late at night and that the perpetrators
are intoxicated. Public health experts and officials insist that a night-time alcohol sales ban should cover all, and not just strong, alcoholic beverages. Businessmen oppose the ban; Komi Republic retailers stated that their revenues have fallen by one third since the ban was enacted. “For many shops, alcohol and tobacco sales are simply a matter of survival, which in turn makes possible to sell bread, milk and other unprofitable groceries,” commented Andrei Popov, a minimarket chain owner. (10)

Citizens were polled on what anti-alcohol abuse measures they would support. Most (63%) would support setting the minimum drinking age at 21 years old. The second most popular measure is prohibiting all advertisement of alcoholic beverages (57%); the third is promotion of a healthy lifestyle (47%). Only 10% of those polled supported total prohibition of alcohol. (11) President Medvedev agrees that Russia’s alcohol problem cannot be solved by drastic measures, “We have erred like this numerous times already, always with pitiful results, both for the people and the state.” (12) Nevertheless, the Commission did consider the possibility of reinstating the state monopoly on alcohol, but decided against such measure. First Deputy Prime Minister Viktor Zubkov explained that monopolizing the alcohol market would require the state to buy privately held assets, which is prohibitively expensive, and further that the state would not likely be an efficient monopolist. (13) Attempts to monopolize the sale of alcohol, especially vodka, have been made before, even though no anti-alcohol campaigns had been initiated since 1987. (14)

It appears that the Government may be using exaggerated figures to justify its proposals now, and likewise might use creative statistics to prove the campaign’s success in the future. Nevertheless, the need to mitigate the damage from Russia’s alcohol problem is clearly present. It is refreshing to see that the state did not undertake drastic measures, but rather reviewed historical mistakes, regional practices, and competing interests. “Perhaps this is the first time the
state has demonstrated a comprehensive and balanced approach to regulating alcohol market,” commented First Deputy Prime Minister Viktor Zubkov. (15)

Source Notes:
(7) “Russians are taught to stock up on vodka,” Gazeta nedelya, Ibid.
Russian Federation: Security Services
By Fabian Adami

Nevsky Express mastermind dead?
Early in February, FSB forces in Dagestan claimed a major anti-terrorist success during a special operation, with the death of Mokhmad Mokhamad Shakhban, aka Seyf Islam, reputedly the founding father of Al-Qaeda’s Caucasus networks. (1) A month later, the FSB announced that it had achieved a second major success in the North Caucasus.

On March 3, FSB Special Forces descended on the village of Ekazhevo in Ingushetia. In the ensuing firefight, eight militants were killed and ten captured. (2) According to the FSB’s statement on the operation, one of the individuals killed was Aleksandr Tikhomirov, aka Said Buryatsky. (3)

Born in Siberia, Tikhomirov converted to Islam at the age of 15, and subsequently traveled to Egypt and Yemen as a student, where he fell in with radical circles. Upon his return to the Russian Federation some time during 2008, he joined Doku Umarov’s circle, allegedly trained suicide bombers, and became one of the leading online pro-Jihadi preachers in the North Caucasus. (4) Tikhomirov is believed to have masterminded several marquee operations, such as the Nazran police station bombing in August 2009 that killed 25 people, (5)
and the derailing via explosive device of the Nevsky Express between St. Petersburg and Moscow in November of the same year. (6)

Russian authorities claim that Tikhomirov’s birth name was unknown to them until his death, and that he was being hunted under his Muslim nom de guerre. (7) The FSB has been careful to note that his identity has yet to be established beyond a reasonable doubt. During the siege of Ekazhevo, Tikhomirov barricaded himself inside a house, where he recorded a “final sermon” onto a cell-phone video camera, moments before his death. It is not yet known precisely how he died: what is known is that the body was badly burned, (8) and that the head of the corpse was “severely damaged, practically absent.” (9) Although a passport in his birth name was found alongside the body, the FSB has sent the remains to a DNA laboratory to confirm identity, (10) a necessary precaution because Tikhomirov apparently has attempted to fake his own death a number of times in the past, presumably to avoid capture. (11)

FSB Chief Alexander Bortnikov has claimed that the Ekazhevo operation was the final act of a three month-long investigation into the Nevsky bombing by his agency, during which sufficient evidence was unearthed to link Tikhomirov’s group to the atrocity. These suspicions apparently were confirmed by further evidence found at the scene. (12) The nature of this evidence has not been announced.

Tikhomirov/Buryatsky’s role in the Nevsky bombing is less relevant than the fact that his death provides significant political benefit to the Kremlin and the FSB. Given his identity as one of the chief ideologues of “paramilitary gangsters” (13)—to use President Ramzan Kadyrov’s language, Tikhomirov’s death (if confirmed by DNA analysis) would constitute a major anti-terrorist coup, albeit a short term one, for the hydra is sure to grow another head.

Borders update arctic; Nord-Stream; Angola
In March 2009, Russia’s National Security Strategy explicitly addressed the question of the Arctic, which is believed to harbor natural resources (specifically oil) on a level to rival the reserves in the Caspian Sea. The Security Strategy defined Russia’s Arctic regions as Border Zones, and ordered the FSB’s Border Guard Service to assume responsibility for their security. (14)

In mid-February, Vyacheslav Dorokhin, First Deputy Head of the Border Guards announced plans to deploy an automated monitoring system throughout the Arctic by the end of this year. (15) The FSB also plans to increase patrols by Coast Guard vessels, and to build several “supermodern” bases or complexes on islands throughout the Northern Sea Route. (16)

Dorokhin’s announcement was the first of a series of three by the Border Service, which also has revealed that it is assuming responsibility for guarding the Nord-Stream gas pipeline—a task that apparently is not “especially difficult.” (17) The Border Service moreover is to assume the task of training and equipping Angola’s Border Service, an assignment reminiscent of the Soviet Union’s proxy excursions into Africa during the Cold War. (18)

**FSKN demands more resources**

In late February and early March, Viktor Ivanov, Chief of Russia’s State Anti-Narcotics Committee (FSKN), made a series of public and private speeches. Ivanov used each of these events as a podium to address a number of key topics. First on the agenda was the issue of narcotics trafficking into Russia. Perhaps not surprisingly (given that Russian authorities will use any stick with which to beat Tbilisi), Ivanov alleged that smugglers are increasingly using Georgia, specifically the ports of Batumi and Poti, (19) as transit points into Russia. According to Ivanov, FSKN seized a total of 211 tons of Afghan heroin in the North Caucasus Federal Districts last year (20); approximately seven tons of heroin seized had been shipped via Georgia. (21) Russia’s southern borders are particularly vulnerable: narcotics traffickers are recruiting “guest workers” from
the Central Asian Republics as “drug couriers,” (22) and are using land routes via Azerbaijan, particularly Baku-Moscow and Baku-Kiev in order to move their product. (23)

Ivanov claimed that the FSKN is unable to counter the level of smuggling that is currently occurring, with its present resources. Only 35% of FSKN (presumably both facilities and agents) is equipped with “special technology,” and most of that is “outdated,” having been purchased and introduced no later than 2003. (24) In this regard, the FSKN apparently is in the same boat as the military and other intelligence agencies: it is unable to purchase the most up-to-date technologies, a situation made worse by the Russian military-industrial sector’s chronic lack of R&D know-how.

While he addressed the issue of resources in a matter-of-fact manner, Ivanov unleashed a significant level of vitriol against NATO and the United States. Speaking at the FSKN’s annual collegium meeting, Ivanov argued that responsibility for fighting narcotics trafficking from Afghanistan had been passed, from the United States to NATO, and thence to the national and provincial authorities in Afghanistan, while the United Nations had avoided the subject altogether. (25) According to Ivanov the US decision to cease the destruction of the annual poppy crop has increased by eight-fold the “drug pressure” on Russia. (26)

In spite of the UN’s alleged failures and evasion of responsibility in the narcotics question, Ivanov announced his intention to raise the issue at a meeting of the UN Commission on Narcotic Drugs, due to be held under Ivanov’s Chairmanship in Vienna between March 7-12th. (27) Ivanov also proposed that Afghan poppy production be placed on the list of “problems threatening peace and security worldwide” when Russia takes the chair of the UN Security Council in August. (28)
(15) “Russia: Automated Monitoring System of Northern Seas, Arctic Being Deployed. Article by Vladislav Kunikov Under Rubric ‘Security; A Peek into the Arctic,’” Rossiyskaya gazeta Online, 16 Feb 10; OSC Translated Text via World News Connection.

(16) “Russian Border Service Presents Plans for Automated Monitoring of Arctic,” Rossiyskaya gazeta, 17 Feb 10; BBC Monitoring via Lexis-Nexis.


(19) “Georgia’s Territory Powerful Way of Drug Trafficking to RF-Adds,” ITAR-TASS, 27 Feb 10; OSC Transcribed Text via World News Connection.

(20) “Drug Mafia Uses Migrant Workers to Bring Narcotics into Russia—Official,” Interfax News Agency, Moscow, in Russian, 27 Feb 10; BBC Monitoring via Lexis-Nexis.


(22) “Russia’s Top Law Enforcement Officials Discuss Caucasus Drug Trafficking,” Interfax News Agency, 25 Feb 10; BBC Monitoring via Lexis-Nexis.

(23) Ibid.


(25) “FSKN Director Criticizes UN’s Anti-Drug Trafficking Efforts,” ITAR-TASS, 3 Mar 10; OSC Transcribed Text via World News Connection.

(26) “Russian Drug Control Chief Criticizes US Decision to Stop Combating Opium in Afghanistan (Part 2),” Interfax, 3 Mar 10; OSC Transcribed Text via World News Connection.

(27) “UN Commission On Narcotic Drugs to Discuss Drug Threat Large Scale,” ITAR-TASS, 7 Mar 10; OSC Transcribed Text via World News Connection.
Russian Federation: Armed Forces

By Lt. Col. Andrew Wallace (USAF)

Combat readiness and conscription shortfalls

President Medvedev gave the military “satisfactory” marks on the progress that has been made toward reforming the armed forces during the past year. (1) This rather muted praise, delivered on 5 March during a meeting of the Defense Ministry’s Board attended by both the army and navy, carried with it a review of the past year’s progress, as well as a renewed focus on upcoming tasks for 2010. The “satisfactory” marks are generous, considering the questionable readiness of the new brigades and the failure of the contract service program.

Brigade readiness

In February 2010, two months after completely restructuring the army into 85 brigades General Makarov stated, “All these brigades are in constant readiness, they [are] ready to perform the task set to them within one hour.” (2) This is a grand, forward-looking statement by the Chief of Staff, considering that some commanding officers do not know what to do with a brigade. (3) Even if commanders know what to do with the new brigades, the ground forces are still institutionalizing the change. According to the new commanding officer of the ground troops, General Postnikov, “[Only] the outer cover of the new staffing structure has been created to date. It is now necessary to perfect it.” (4)

In addition, the new brigades are not fully equipped with modern equipment. (5) President Medvedev described the modernization shortfall in the armed forces command, control and communications systems as “unfortunate” and ordered...
the new systems to be in place before 2012. (6) Given the challenges and shortfalls, it is not surprising that General Makarov would later acknowledge during the Ministry of Defense’s Collegium that, “60% of the newly formed brigades are not combat ready.” (7) Another factor that may be affecting readiness is the failure of the military’s contract soldier program.

**Contract soldier program failure**

In late February, General Makarov stated that the military had made “many mistakes” in building a contract-based force. (8) As a result, the armed forces decided to cut the current contract soldier program by 90%. (9) The military will begin anew to generate a force of both contract and conscript soldiers. (10) This time, the military plans to recruit its contract personnel from those soldiers completing their initial year of conscript service. (11) The goal is to obtain a more qualified recruit with the right “life experience.” (12) The recruits would then enter specialized training for two and half years to become professional sergeants. (13)

After completing this program, the newly trained non-commissioned officers (NCOs) would return to their operational units. The Russian military will expect the new corps of professional NCOs to be capable of replacing a junior officer in the field. (14) Although the process will take time, Russia plans to build its contracted professional sergeants through this new program.

The ramifications of the failed contract service program may generate serious concern among the public and the military. First, Russia has a serious demographic problem with just 740,000 men (approximately) coming of military age each year. (15) If officers are to fill around 150,000 positions and contract soldiers another 200,000 positions, Russia will need to draft roughly 600,000 soldiers each year. Adding to the problem, the number of draft dodgers has reached record levels, cresting the 100,000 mark. (16) According to reports, in Moscow alone, there are at least 45,000 draft dodgers. (17) Given both the
declining birth rate and the habitual draft dodging, future Russian drafts may leave the military seriously understaffed.

The second problem is time. Even if the military begins to train its first professional sergeant today, this training will not be completed until the fall of 2012. Consequently, it will take years to staff the armed forces fully with trained contract sergeants and even more time to institutionalize the professional NCO corps.

Finally, the prospect of increasing the number of personnel selected for the draft each year will not be popular among Russians. In a recent poll, 57% of Russians would not want a family member to serve in the armed forces and only 39% favored a conscript army. (18) To make matters worse, General Makarov has also indicated that the military may increase a conscript’s term of service to one and a half years. (19) Another option that the military is considering involves pre-draft training conducted by DOSAAF (Volunteer Society for Assistance to the Army, Air Force and Navy).

According to Colonel-General Sergei Mayev, DOSAAF will train conscripts in “44 military occupational specialties” this year. (20) The outsourcing of this initial training presents challenges in ensuring quality control and oversight of the contract-training program. In 2009, the Defense Ministry paid DOSAAF 1.5 million rubles to train 140 conscripts. (21) In return, the Defense Ministry received only 39 trained conscripts and lost over 1 million rubles. (22)

Although the Defense Ministry received “satisfactory” marks from President Medvedev for its reform efforts, brigade readiness and conscript service will remain significant challenges. In order to correct equipment shortfalls, the Defense Ministry plans to spend over $33 billion on new equipment over the next three years. (23) By 2020, the expectation is that 70% of the brigades’ equipment will be modernized. (24)
On the personnel side, Russia’s Defense Ministry does not have any quick solutions. The process of developing a professional NCO corps will take time and demand leadership from the current officer corps. In light of statistics that suggest officers initiate one out of every three hazing incidents (25) and further that 1,600 officers were convicted of crimes in 2008, it is clear that Russia’s officer corps is failing to provide the necessary leadership. (26) The future of Russia’s military modernization effort will rely heavily on the Defense Ministry’s ability to manage its most valuable resource, its personnel.

Source Notes:
(1) Medvedev Gives 'satisfactory' Mark to Army Reform – Serdyukov, Interfax, 9 Mar 10; OSCE Translated Excerpt via World News Connection.
(2) Entire Russian Armed Forces ready to perform combat tasks within hour – CGS, Interfax-AVN, 17 Feb 10 via Lexis-Nexis Academic.
(3) Russian chief of General Staff discusses army reform, Rossiya TV, 29 Dec 09 via Lexis-Nexis Academic.
(4) Russia: General Postnikov Says Contract Manpower Acquisition Unsuccessful, Vremya novostey Online, 1 Mar 10; OSCE Translated Excerpt via World News Connection.
(5) Russian Armed Forces ready, Ibid.
(6) Russia: Medvedev at MoD Collegium Discusses Rearmament, Overall MoD Work, START, Kommersant Online, 8 Mar 10; OSCE Translated Excerpt via World News Connection.
(7) 60% of Brigades Aren't Combat Ready; Col Vasilchenko Comments on MoD Collegium, Svobodnaya pressa, 15 Mar 10; OSCE Translated Excerpt via World News Connection.
(8) Conscription Will Be Increased - Gen. Staff, Interfax, 26 Feb 10; OSCE Translated Excerpt via World News Connection.
(9) Professional Army Spending Slashed By Nearly 90%, Interfax-AVN Online, 9 Mar 10; OSCE Translated Excerpt via World News Connection.
(10) Russian Defense Minister Serdyukov Interviewed, Odnako Online, 18 Feb 10; OSCE Translated Excerpt via World News Connection.

(11) Ibid.

(12) Ibid.

(13) Conscription Will Be Increased, Ibid.

(14) Text of Russian President’s Address to Defence Ministry Board, Russian Presidential Website, 6 Mar 10; via Lexis-Nexis Academic.


(16) Laws to Be Tightened For Those Dodging Military Service – Source, Interfax, 2 Feb 10; OSCE Translated Excerpt via World News Connection.

(17) Russia: Paying for Draft Deferments Big Business in Moscow, Moskovskiy komsomolets Online, 11 Mar 10; OSCE Translated Excerpt via World News Connection.


(20) Russia: DOSAAF To Tackle Pre-Draft Training, Voyenno-promyshlenny kuryer Online, 14 Mar 10; OSCE Translated Excerpt via World News Connection.

(21) Former DOSAAF Leadership Implicated In Illegal Property Sales; ITAR-TASS, 12 Mar 10; OSCE Translated Excerpt via World News Connection.

(22) Ibid.

(23) Medvedev Calls for Building Modern Force Capable of Responding to Any (Adds), ITAR-TASS, 22 Feb 10; OSCE Translated Excerpt via World News Connection.

(24) Russia's Medvedev on renewing armaments, social issues, officer training, Channel One TV, 5 Mar 10; OSCE Translated Excerpt via World News Connection.
Putin in Brest, Lukashenko in Caracas

On Tuesday, March 16, Russian Prime Minister Vladimir Putin traveled to the Belarusian city of Brest to attend a regularly-scheduled session of the Russia-Belarus Union State Council of Ministers. As part of the visit, Putin met with his counterpart - Belarusian Prime Minister Sergei Sidorsky. In their official comments following the meeting, both prime ministers made statements praising bilateral relations between the two countries, in particular pointing out a 17% increase in trade over the first two months of 2010 compared with the same period last year, as well as reaffirming their commitment to the recently-created Customs Union, which also includes Kazakhstan. (1)

Yet the circumstances surrounding Putin's latest visit suggest that business is not all as usual between the two partners of the Union State. Notably, Belarusian President Lukashenko did not meet with Putin. Perhaps even more significant than Lukashenko's absence (relations between the two, after all, have long been rocky) is the reason behind it. While Putin was in Brest trying to restore soured relations with Belarus, Lukashenko was in Venezuela, meeting with President
Hugo Chavez. Not surprisingly, the main topic of conversation in Caracas was oil.

Following the meeting, it was announced that Venezuela would supply Belarus with 80,000 tons of crude oil daily. Belarus, for its part, would assist Venezuela in developing its domestic refining capabilities. (2) In addition, other forms of cooperation were discussed, including in the military sphere. (3) While this was not the first time Lukashenko has met with Chavez—the two had previously met in 2007, at a time when both states were at the peak of their international isolation—in this instance, the timing could not be more significant in terms of Belarus' relationship with its immediate neighbor Russia.

According to some analysts, the oil agreement with Venezuela could effectively end Minsk's dependence on Russia for its oil needs, since the proposed daily import volume is comparable to the one agreed upon earlier this year with Russia (approximately 130,000 barrels daily). (4) Of course, there are major economic disadvantages in acquiring oil from Venezuela rather than Russia, particularly in terms of geography. Transportation costs would be much higher: not only would the oil have to be shipped via tanker, rather than pumped directly through a pipeline, but because Belarus is landlocked there is no direct way for Venezuelan crude to be imported: it would have to be transported overland, either through one of the states of the European Union, or through Russia itself, via the Kaliningrad region. It is perhaps not surprising, therefore, that cost has not yet come up in conversation about the Minsk-Caracas agreement. However, the announcement in and of itself has great symbolic significance: it shows that Belarus does have alternatives—even if more costly and logistically difficult—if Russia attempts to press its oil leverage too far. Furthermore, the timing of Lukashenko's visit—simultaneous with the Union State session—suggests that he may wish to demonstrate that Belarus will not be bound exclusively by regional considerations in its foreign relations. While relations with Venezuela need not come at the expense of those with Russia or hinder Belarus'
commitments to the Customs Union (whatever those may be), they may well be affected if Lukashenko determines that more to gain by leaning towards Caracas.

Another significant aspect to Lukashenko's meeting with Chavez is that up until now it has been Russia (and Putin in particular) that has been considered one of Venezuela's main supporters outside of Latin America. In this regard, Lukashenko may be seen in the Kremlin as stepping provocatively on its turf - particularly when it comes to the issue of arms exports, an area in which Russia traditionally has been dominant. It is possible that Russia's recent flap with Iran over the S-300 contract may not have gone unnoticed by other states opposed to American influence - which may explain the particular enthusiasm Chavez demonstrated on the topic of air defense in his meeting with Lukashenko. (5) Whether or not the two are, in fact, related, the possible arms deal, like the proposed oil deal, suggests that Russia's position in a "multipolar" world might not be as pivotal as it might have planned.

Whatever the intentions behind Lukashenko's latest moves, they appear to have caused Moscow to strike a more conciliatory note. Thus, while earlier in the Union State meeting Putin expressed disappointment with Minsk's failure to recognize the sovereignty of the breakaway Georgian regions of South Ossetia and Abkhazia, he later all but reversed his stance, stating that Russia supports Belarus' efforts to normalize relations with Europe and that if this [Belarus' continued recognition of Georgian territorial integrity] is what it takes to do that, then Russia does not object. (6) Likewise, on the issue of oil import tariffs, Putin suggested that they would be abolished by the time of the full implementation of the Customs Union by 2012 - again, contradicting Russia's earlier position that duties on oil and gas imports fall outside of the Customs Union tariff regime. (7) These apparently conciliatory gestures do not mean that Russia's desire to extend its influence in the Near Abroad has decreased, but they do provide some indication of how sensitive Moscow is to any real or perceived countermeasures to these efforts undertaken by its neighbors.
The recent trend of developments with Iran, Belarus and now Venezuela—juxtaposed with major arms deals with France, alleged secret agreements with Israel and of course the "reset" policy with the United States—is beginning to suggest that a pattern may be emerging in Russia's foreign policy de-emphasizing relations with so-called "rogue states," in favor of a greater understanding, if not closeness, with Western states - with conditions, of course. This new approach may appear to contradict Russia's new military doctrine, which names NATO expansion as Russia's main threat; however, a great deal depends on how that policy is understood.

If the purpose of the doctrine was to warn the West to stay out of Russia's business when it comes to former Soviet regions, then it appears to be achieving that purpose quite well: for one, the results of the 2008 war in Georgia (i.e. the presence in Abkhazia and South Ossetia) have been largely accepted in the West, as have recent election results in Ukraine. If an "understanding" regarding the former Soviet states between Russia and the West were to evolve, the losers in this arrangement well could be both the "rogue states" that in the past have enjoyed Russian support, as well as the independent states near Russia that historically have experienced Russian domination. Seen in this light, the latest meeting between Lukashenko and Chavez may be part of a trend among regimes that have historically enjoyed Russian backing to develop closer ties among themselves as a stop gap, given Russia's dwindling support. Whether or not this trend develops or spreads, it seems the latest developments between Russia, Belarus, and Venezuela suggest that the familiar pattern of relations, which Russia has cultivated over much of its post-Soviet history, is profoundly changing.

Source Notes:
(1) "PMs praise Russia-Belarus ties," Russia & CIS Presidential Bulletin, 16 Mar 10 via Lexis-Nexis.
Russian Federation: Energy Politics
By Creelea Henderson

National champion at odds with himself
By the end of Vladimir Putin’s second term as president in 2008, the privatization spree that reshaped the Russian economy during the first post-Soviet decade had been effectively reversed. Strategic industries were renationalized and reintegrated into state-controlled conglomerates—enormous entities created to harness the country’s most important economic sectors to its broad national interests. These entities were known as national champions, among which the petroleum industry ranked first in the government’s estimation for its power to advance the state’s economic and political interests in both domestic and international arenas. The state commandeered valuable petroleum assets and turned them over to national champions in the service of two key goals: first, state control of oil and gas exports would ensure a reliable stream of revenue for the government; and second, world markets would provide Russia with a
platform for economic recovery and return to political influence. When oil prices remained high, national champions like the state oil company Rosneft could advance Russia’s national interests and profit by the same transaction. Now Russia’s petroleum industry is in need of new investment to sustain production and the government is confronting the country’s first budget deficit in nearly a decade. When world oil prices collapsed, interests formerly in alignment fell into discord.

In the last quarter of 2009, Russia set a post-Soviet record by pumping ten million barrels of oil a day, raising annual output by about 1.4 percent. (1) In spite of this recent spurt in output, concerns that the country may have achieved peak production persist. Oil production growth began to slow in 2005, and in 2008 it fell by .07 percent, the first drop in a decade. (2) These declines are due in part to an increase in costs associated with exploiting both mature and new oil fields. Major fields in West Siberia and the Volga-Urals have already begun to mature, making extraction from the brownfields more difficult, and thus, more costly. Meanwhile, greenfields in remote regions like East Siberia typically require sophisticated technology to exploit and lack supporting infrastructure to process and transport the oil once extracted, meaning that huge capital outlays will have to be made before the new fields can be brought fully into operation. Any increase in Russian oil production in 2010 depends on East Siberian greenfields replacing West Siberian brownfields, but without financial incentives from the government it is unlikely that producers will be willing to make sufficient investment to maximize output at these challenging deposits.

Rather than risk stagnation in the country’s most promising new oil fields, last June Russian Finance Minister Aleksei Kudrin enacted an export tax holiday to spur production in East Siberia. The three-year zero export duty was designed to remain in effect long enough for producers to recoup investments in 13 remote greenfields. (3) When it was discovered that the tax break as originally fashioned would not extend to Rosneft’s showcase Vankor field, the largest oil project in
Russia’s post-Soviet history, Rosneft Chairman Igor Sechin, who also serves as deputy prime minister, bypassed the Finance Ministry and brought his objections to Prime Minister Putin. Sechin let it be known that unless Vankor was deemed eligible for the tax break, production at the field would be capped at half capacity. In January of this year the tax holiday was extended to include 22 fields, bringing Rosneft, TNK-BP, and Surgutneftegaz under its umbrella, whereupon Sechin suggested that it would take five to seven years for Rosneft to recoup its investment in Vankor, and that three years was too short a holiday. (4) Other Russian oil majors joined the chorus urging the Finance Ministry to extend the tax breaks to fields located outside of East Siberia. Their broadening demands prompted Kudrin to order a field-by-field review for eligibility, but he indicated that the tax holiday would remain in effect as granted. (5)

Meanwhile, the state budget is suffering from anemia brought on by two years of economic contraction that left the country with a $77 billion deficit in 2009. (6) The oil industry provides an important source of revenue from export receipts, upon which the government relied for about 40 percent of its budget in 2008. (7) A decline in annual oil and gas receipts has forced the government to seek out new sources of revenue to narrow a gap expected to reach 7.2 percent of GDP in 2010. (8) In spite of tight state finances, Kudrin’s prediction that the oil export tax holiday will cost the state budget $4 billion this year has proven unpersuasive, and any attempt the Finance Minister may have made to abolish the program has been overruled.

National champions were created to serve as a primary source of export revenues for the government and a commercial agent charged with expanding Russian influence in foreign markets. While Igor Sechin may be serving the state in his capacity as chairman of Rosneft by expanding into East Asian markets, his threat to limit production at Vankor field, Russia’s main source of oil destined for the Chinese market, suggests a willingness to consider profits ahead of contractual obligations. Certainly, there is nothing objectionable in the profit
motive of a businessman. The chairman of a national champion, on the other hand, is expected to adhere to a different standard, yet Sechin’s concern for Russia’s state interests is nowhere in evidence.

Source Notes:
(7) Ibid.