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## Russian Federation: Executive Branch

By Susan Cavan

### **Diarchy's collective policy formulated in Security Council**

This week, foreign policy issues greatly preoccupied Russia's leaders. President Medvedev held discussions with US Secretary of State Hillary Clinton, while Prime Minister Putin paid a multi-day visit to China to pursue the "Russian-Chinese energy dialogue" and to attend a Shanghai Cooperation Organization meeting. (1)

The talks between Medvedev and Clinton (and also between Clinton and Russian Foreign Minister Lavrov) aimed at working out a joint policy toward Iran – notably a more stringent sanctions regime. It appears that the talks failed to establish a coordinated approach to sanctions, nor was there even agreement on the need for sanctions at this time. Secretary of State Clinton did claim that the discussions revealed that Russia's leaders get it—that there is recognition of Iran as potentially posing a threat—and further, that "we are also in agreement that if our diplomatic engagement is not successful then we have to look at other measures to take, including sanctions to try to pressure the Iranians." (2)

It seems the most hopeful signs from the Russian leadership on the question of sanctions against Iran came from Medvedev...in September. At a press conference following a meeting with US President Obama in New York, Medvedev had suggested that there might be a need to take action with regard to Iran: "Russia's position is clear: Sanctions rarely lead to productive results, but in some cases sanctions are inevitable." (3)

Meanwhile, Prime Minister Putin, who brought his siloviki compatriot Igor Sechin along on his trip to China, met with China's President Hu Jintao, as well as with Wu Bangguo, chairman of the Standing Committee of China's National People's Congress. By the second day of meetings, Russia reportedly had signed approximately 40 contracts with Chinese businesses, said to be worth \$3.5 billion. (4)

More than the business deals arranged with China, however, Putin's visit captured headlines for his comments on the status of the talks back in Moscow over sanctions on Iran. "On the whole, I believe that we need to talk and seek compromises. If they are not found, we will see what to do next," Putin remarked at a press conference in Beijing. (5) As for the imposition of sanctions at this point, he said, "I think it would be premature." (6)

Putin's comments presented two problems: On the one hand, they did not confirm the atmosphere of mutual agreement on the threat posed by Iran, as portrayed by the US side after the Moscow talks; on the other hand, they seemed to reveal a striking difference on a significant foreign policy issue within Russia's tandem team.

The prime minister attempted to alleviate any suggestion of discord with the president by a facile reconciliation of Medvedev's statements with his own: "[I]f Dmitriy Anatolyevich [Medvedev] says that they [sanctions] are inevitable, then they are inevitable. (...) But if you take a close look at his statements and the context in which they were made, I am sure you will see that he is not bent on pursuing a policy of sanctions." (7)

When prompted by a reporter, Putin clarified for his audience the division of authority within the tandem: "The president of the Russian Federation determines our foreign policy." (8) Putin continued, by way of explanation, to describe how foreign policy is hammered out in Russia: "We discuss this issue [Iran]

collectively at the meetings of the Security Council.” (9) As to his coordination with the president, Putin asserted, "I know Dmitriy Anatolyevich's position. It is being formulated collectively.” (10)

The issue of how and where foreign policy is formulated in Russia is particularly thorny while Russia’s political array is dominated by an apparent diarchical chimera. Beyond the difficulties of protocol, during any international crisis, it would be critical to know with whom to address questions of any urgency.

President Medvedev attempted to put doubts about his independence of action to rest last month during an interview with Fareed Zakaria on CNN: "Foreign policy? Only one man does it in this country, the president... Naturally, all the directives, all the decisions are adopted by the president." (11)

This well may be so, but if the policy is fixed in the Security Council, a body dominated by the prime minister’s siloviki friends and appointees, and notably led by Secretary Nikolai Patrushev, who was the Director of Russia’s Security Services during all of Putin’s presidency, how independent is President Medvedev’s authority in this sphere?

At a Security Council meeting this summer, Medvedev was said to have presented forcefully on the subject of Russia’s role in developing advanced computer technologies. The topic was so crucial that the report noted the unusual behavior of the prime minister. “Even Prime Minister Vladimir Putin came to discuss it. Moreover, while usually entering meetings one minute after the president, this time, though Putin didn’t wait for the beginning of the meeting with the other members of the Security Council, he came a full six minutes earlier.” (12-Emphasis added) It seems a safe assumption that the other members of the Security Council usually refrain from discussing business until one minute after most of the members are seated.

It appears, once again, that despite the formal, constitutional distinctions between the positions of president and prime minister, Putin still is the boss. This week, he managed to demonstrate this fact to the world, while simultaneously stating almost the exact opposite. Now, that is talent.

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# Russian Federation: Domestic Issues and Legislative Branch

By Rose Monacelli

## **Thousands protest the modernization of Saint Petersburg. Again.**

Central Saint Petersburg was host to one of the city's largest protests in recent memory last Saturday as more than three thousand angry Russians gathered to voice their displeasure over proposed changes to the city skyline. Last month, city officials led by governor Valentina Matviyenko approved plans to construct a 77-story tower on the banks of the Large Okhta River in Saint Petersburg's historic city center. State-run energy firm Gazprom is sponsoring construction, which will cost approximately \$2.4 billion. (1)

This is not the first time that the government has clashed with the public over Saint Petersburg's skyline. Emperor Peter the Great founded the city in 1703 and spent the next twenty-two years shaping it with architects Domenico Trezzini and Jean-Baptiste Alexandre Le Blond. Peter's western-influenced style, known internationally as Petrine Baroque, sparked protests from the older members of the Russian nobility and resulted in accusations of treason and several attempts on Peter's life. (2) Similar protests have marked each evolution since Peter's death. In 1762, the Commission of Stone Buildings in Moscow and Saint Petersburg ruled that no structure would stand higher than the Winter Palace. After the Soviets came to power in the 1920s, Leningrad (as Saint Petersburg was renamed in 1924) became known as "the cradle of the revolution" and hosted more constructivist kommunalka communal apartments than any other city in Russia. (3) The rise of Stalinist architecture and World War II, particularly the Siege of Leningrad, further shaped the city's skyline. Throughout each evolution, however, the historic center of the city remained largely untouched.

Saint Petersburg's reputation as an historic and architectural hub continued to grow throughout the second half of the twentieth century. In 1990, the UNESCO World Heritage Centre named the city's historic center an official World Heritage Site for its "numerous canals and more than 400 bridges" and because "its architectural heritage reconciles the very different Baroque and pure neoclassical styles." (4) The controversy over the Okhta Center stems from this honor, or rather, the fear of losing it. Although more than 8000 architectural monuments remain in Saint Petersburg, the last two decades have seen many of the city's landmarks destroyed in order to make room for new buildings like the Okhta Center. Many observers view these projects as threats to the local historical and architectural environment. (5)

Discussions of the Okhta Tower between Gazprom and the Russian government have been ongoing since 2007, despite the World Heritage Committee's official request to both parties to halt the planned construction. At the time, the committee objected to the potential threat to "the outstanding universal value of this property," and asked that an alternative design "respecting the value and spirit of this historic city" be considered. (6) Since then, British architectural firm RMJM has released plans for a 'needle-like' multifaceted, twisting glass tower that will change color according to the light. (7) The building would sit on the banks of the Okhta River not far from the Smolny Cathedral.

Despite UNESCO's admonition, there is something to be gained from Gazprom's project: the Okhta Center could bring Saint Petersburg's economy a much-needed boost. Even before the economic crisis began last fall, the city consistently had lagged behind Moscow in terms of economic development. The new building will serve as Gazprom's world headquarters and bring thousands of workers to the city. To some, this is incentive enough to press on, despite protests from those who believe that the potential benefits do not outweigh the threat to the city aesthetic. Gazprom made over \$23.3 billion last year, which makes it not only one of Russia's most successful and powerful companies, but

the world's largest natural gas provider. (8) Another potential economic benefit of the Okhta Center is that the tower presumably would stimulate Saint Petersburg's tourist trade, especially if the controversy over the planned construction translates into increased publicity.

While popular response to the planned construction of the Okhta Center has been overwhelmingly negative, the public sector's reaction has been mixed. Saint Petersburg's longtime governor Valentina Matviyenko, who understandably appears eager to cement her city's ties with Gazprom, has championed the plan. Prime Minister Putin also has supported the project since its inception. Russia's Cultural Ministry, on the other hand, has objected both to the design and location and also has called on prosecutors to review the project's approval process for illegal activities. Culture Minister Alexander Avdeyev alleges that the approval process violated federal law, but has failed to provide specifics. (9) Members from Russia's opposition parties, notably the Communist and Yabloko parties, attended Saturday's massive demonstration and joined the public in waving signs that said "Gazprom go home" and "History is worth more than money." (10)

The protests on Saturday ended with attendees voting to approve a resolution to have President Dmitry Medvedev stop construction on the tower and also called for Matviyenko's resignation. (11) Despite the size and force of the demonstration and poll results from earlier in the week showing that more than three-fourths of the city's residents believe that the skyline should not change, (12) the Kremlin has declined to comment on the situation, and in fact the government's role in the project has been minimized. Unlike Medvedev's plan to modernize Moscow and make it a world financial center, which has all but stopped in the wake of the financial crisis, (13) the Okhta Center in St. Petersburg will be funded by a third party (even if said party is government-owned). Presumably, the only reason why Medvedev would interrupt the project now would be to heed the public's call to "leave to descendants 'the City of Peter' instead of [a] depersonalized modern



megacity.” (14) With little to lose and everything to gain, however, an injunction of this kind appears highly unlikely.

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## Russian Federation: Foreign and Security Issues

By Fabian Adami

### **Iran & START progress?**

On 29 September, Foreign Minister Sergei Lavrov met his Iranian counterpart, Manouchehr Mottaki in New York. The purpose of the meeting was to prepare for the so-called "Sextet" talks on the Iranian nuclear issue, due to begin in Geneva, Switzerland three days later. During the meeting, Lavrov apparently urged the Iranian government to show "maximum" cooperation to the International Atomic Energy Agency (IAEA), especially in regards to the new (formerly undeclared) facility, thereby allowing the international community to "move towards a solution" on the proliferation question. (1) Lavrov also advised Tehran that it "should show restraint" with its missile testing program ahead of the talks, since further launches would only increase international concern. (2)

Russia's warnings and pressure (however stringent they may have been) would appear to have had some effect, as Tehran agreed in principle to allow inspectors access to the aforementioned nuclear plant at Qom, (3) and also agreed to export low-grade uranium produced in Iran, to France, Russia and the United States, where it can be monitored and turned into fuel rods for a reactor. (4) Theoretically, this agreement would allow the aforementioned nuclear powers to ensure that the enriched element is used only for peaceful purposes, rather than to build nuclear weapons. Although a further round of international talks on Iran is to be held late in October, the issue has not been off the table since the end of the Geneva discussions.

On 12 October, Secretary of State Hillary Clinton arrived in Moscow for talks with Lavrov and President Medvedev. In a joint press conference with Lavrov, Clinton claimed that Russia had been “extremely cooperative” with the international community over Iran, (5) and stated that the question of sanctions had not been discussed because the timing was not “appropriate” given where the “process” currently stands. (6) It is important to note that neither Lavrov nor Clinton has dismissed sanctions out of hand, should the current inspections and talks fail to bear fruit. The former noted that such action would be counter-productive in the “current situation,” while the latter would seek to “rally” world opinion behind economic measures, if necessary. (7) (There is no deviation in the American and Russian views of Iran, according to the Russian Foreign Minister.)

The question of an extension, renewal or replacement of the Strategic Arms Reduction Treaty (START) also was on the agenda in Moscow. Lavrov claimed that “significant advancement” had been made in the attempt to reach agreement before START’s 5 December 2009 expiry date, with both sides apparently willing to reduce their stockpiles to between 1500 and 1675 warheads each. (8)

It seems evident that Russia’s apparent new cooperative attitude on arms reduction talks and Iran is due to President Barak Obama’s efforts to reset relations, as well as to the President’s decision to scrap the East European based Missile Defense system in favor of the naval based Aegis system.

Just how cooperative Moscow is, on the Iranian issue will become clear at the end of this month, after inspectors have visited Qom and after the next round of talks have taken place. Will the Kremlin push Iran for full disclosure? Will Moscow come on board if tough sanctions against Iran are deemed necessary by the Security Council, or will it exercise its Veto?

### **Countering NGOs & technology**

Late in September, the Heads of CIS Security Services met in Aktau, Kazakhstan. Although a number of vital issues, including terrorism, were discussed, one of the key points raised at the meeting according to FSB Chief Alexander Bortnikov, was the fear of “interference in the affairs of sovereign countries” by “Western NGOs,” and their ability to ferment “so-called color revolutions.”(9) Bortnikov claimed that many western NGOs, rather than being “private structures,” are shell organizations controlled and funded by their parent national governments. (10) The Security Services, according to Bortnikov, must develop effective countermeasures against such interference – what those might be is not yet clear. (11)

As well as developing countermeasures against foreign interference, the FSB is seeking to impose ever tighter domestic surveillance: According to an article in Novaya gazeta late in September, the Security Services increasingly are concerned by modern cell phones without keypads that can be used as internet devices, in addition to making phone calls. According to an “unnamed source” in the “Russian internet” business, the FSB believes that the sale of these devices must be monitored, and that buyers should be required to present their passports (rather than any other form of identification), when signing a contract. (12) It seems self-evident that the concerns about foreign NGOs fomenting unrest and the use of communication devices are linked: the Security Services clearly are aware that technology played a significant role in organizing and coordinating protests during the Orange and Rose Revolutions, and it appears that they are attempting to forestall any possibility, however remote, such mass protests might occur in Russia in the foreseeable future.

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## Russian Federation: Armed Forces

By Lt. Col. Andrew Wallace (USAF)

### **Russia’s military industrial complex struggles to modernize**

Russia’s military industrial complex is struggling to meet the demands of modernizing the military. On September 4, Russian Deputy Defense Minister

Popovkin, in a hearing at the Public Chamber stated, “Russia should buy arms abroad if its own industry cannot come up with the goods.” (1) Deputy Minister Popovkin’s unguarded comments during the hearing indicate the precarious position of the defense industry. Although Russia’s defense industry apparently has begun to recover from a low point in the late 1990s, significant technological, financial, and managerial challenges continue, placing it at a disadvantage at home and abroad.

Acquiring modern and innovative technology is a priority for Russian leadership. On October 6, Russian President Medvedev, in his opening address to the Moscow International Nanotechnology Forum stated, “...what we really need is the transfer of high technologies and their adaptation to Russian industries...this is the most difficult challenge, and so far in this regard we have had very little success.” (2) Russia’s current inability to develop innovative nanotechnology is endemic to its military development efforts in advanced technology, as well. According to one Russian defense analyst, the Russian defense industry has “lost...many of its most important technologies” and begun to “lag behind the west in communications, reconnaissance, navigation, observation, EW [Electronic Warfare] and control systems.” (3) Confirming these statements, Deputy Minister Popovkin recently admitted that the “Defense Ministry is forced to purchase technologies abroad because Russia’s electronics industry is incapable of manufacturing all necessary parts and microcircuits for weapon production.” (4)

This shortfall is substantiated by Russia’s acquisition of Israeli Unmanned Aerial Vehicles (UAVs) and recent negotiations with France to acquire the state of the art Mistral class helicopter carrier/command and control ship. (5) Russia decided to buy Israeli UAVs after the Defense Ministry invested nine billion rubles to develop the technology in Russia with no return. (6) Regarding the Israeli UAV purchase, Deputy Minister Popovkin stated, “...why should we not buy them so as at least [to] learn how to use them?” (7) In the case of the Mistral class

helicopter carrier, Russia not only plans to acquire the ship, but also to “study the methodology of building an aircraft carrier for the Russian Navy.”(8) In addition, Prime Minister Putin stated that Russia is “prepared to cooperate with the West in producing joint weapons systems based upon NATO standards. And if such cooperation takes place, Russia is prepared to purchase these weapons.” (9) Russia’s Defense Ministry is working to find partners who are willing to transfer or to develop jointly high technology systems to shore up its lagging high tech defense industry.

Further evidence of Russia’s disappointing high technology defense industry resides in Russia’s record of arms exports. According to Anatoliy Isaykin, General Director of Rosoboroneksport, Russia’s share of “science-intensive” products sold in the export market has dropped from 6% in 1990 to 0.2% in 2008. (10) Isaykin stated, “this has to do with the fact that Moscow spends one-fourth of what Japan, one-third of what Germany, and one-half of what the Czech Republic spends on scientific-research and experimental-design work.” (11) Moreover, short-term development of new high technology weapons does not look promising. Russia’s 2010 budget has slashed 25 billion rubles from its 163 billion ruble weapons development budget in 2009. (12)

Financial woes are another factor plaguing Russia’s military industrial complex. In the first quarter of 2009, the entire defense industry received only one-tenth of its expected operating budget. (13) Such funding shortfalls, along with substantial debt and payment arrears, significantly affect the industry’s ability to manage costs and produce quality products in a timely manner. Several examples of the industry’s stress include the declaration of bankruptcy by Russia-based Izhmash, manufacturer of the Avtomat Kalishnikova 47 (AK-47) assault rifle in September 2009. (14) Also, Avangard Shipyard has failed to pay 120 workers since May 2009 as the company attempts to settle old tax debts dating from the 1990s. (15) Finally, Russia’s aviation industry is 121 billion rubles in debt. (16) Prime Minister Putin voiced his concern saying, “...the state

does not intend to endlessly cover the losses of aircraft building industrial enterprises.” (17)

Amid shortfalls in high technology investment and serious financial strains, competition in the market is forcing Russia’s military industrial complex to re-engineer itself. Prime Minister Putin stated, “...budgeted funds must primarily aid in establishing truly competitive companies that are functioning in a market system.” (18) This is no small challenge for an industry emerging into a post-Cold War environment. The industry is just starting to address challenges such as corporate raiding, product diversification, and quality control. Reported quality control setbacks and woeful single source producers in the “Bulava” missile program are indicative of these issues. (19) Consequently, the Defense Ministry is pressuring its military industries to make vast improvements in “organizational structuring and technological retooling” to prevent Russia from becoming a “second-rate power.” (20)

Russia’s defense industry is under great pressure to undertake ambitious industry reform and to provide high technology weapons systems to the Russian military. The Defense Ministry already has warned Russia’s military industrial complex that defense contracts are not “social security” for the industry. (21) Notably, some of its international customers have given notice to Russia’s defense industry. Currently, India’s military uses about 70% Russian equipment, but is planning to spend \$100 billion over the next ten years to update and modernize its aging Soviet arsenal. (22) According to Indian military officials, the high costs of Russian military equipment along with quality control issues are leading India to court other suppliers. (23) Although India recognizes its long-standing relationship with Russia’s arms producers, Indian Defense Ministry spokesperson Sitanshu Kar acknowledged that the relationship is changing. (24) If Russia’s defense industry fails to reform and to address its weaknesses, it risks becoming an irrelevant industry at home and abroad.



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