
Russia : Economic News

- GAZPROM, AZERBAIJAN AGREE TO START TALKS ON AZERI GAS SALES

/JULY 3/RIA Novosti/

Gazprom and Azerbaijan have agreed to start talks on Azerbaijani natural gas sales to the Russian energy giant, the company's chief executive said Thursday.

"Azerbaijan could become one of the countries selling natural gas to Gazprom, even though the country bought gas until recently," Gazprom CEO Alexei Miller said, adding that the company was seeking to buy the largest possible volumes of gas at market prices.

Gazprom proposed buying gas from the ex-Soviet state in June. The company has forecasted that the average European price for gas could hit \$400 per 1,000 cubic meters by the end of 2008.

Miller said Thursday the forecast had been raised to \$500.

Rovnag Abdullayev, president of the State Oil Company of Azerbaijan, said earlier that the South Caucasus republic was studying Gazprom's offer to buy Azerbaijani gas at market prices along with proposals to supply natural gas for the Nabucco and Trans-Adriatic gas pipeline projects.

Azerbaijan is considered as a potential natural gas supplier for the Western-backed Nabucco project designed to bypass Russia and pump up to 30 billion cubic meters of natural gas annually from Central Asia to Europe via Azerbaijan, Turkey, Bulgaria, Romania, Hungary and Austria.

The Trans-Adriatic project is for a natural gas pipeline from the Caspian Sea to Italy through Greece and Albania and under the Adriatic Sea. The Swiss firm EGL-AXPO, the project's operator, plans to involve Azerbaijan as a natural gas supplier for the pipeline.

Azerbaijan's natural gas reserves are estimated at 1.5 trillion cubic meters. Azerbaijan is developing its giant Shah Deniz field, with gas reserves of over 1 trillion cubic meters, under a production-sharing agreement signed in 1996.

Seven companies, including BP, Norway's Statoil, France's Total and the State Oil Company of Azerbaijan are involved in the project.

The Shah Deniz field is expected to yield 8 billion cubic meters of natural gas this year.

In March, the gas companies of Kazakhstan, Uzbekistan and Turkmenistan said they will sell gas at European prices from 2009.

- MEDVEDEV EXPECTS NEW ANTI-CORRUPTION LAW TO BE PASSED THIS YEAR

/JULY 2/RIA Novosti/

Russian President Dmitry Medvedev said on Wednesday he expects a new Russian anti-corruption law to be adopted by the end of this year.

Kremlin administration chief, Sergei Naryshkin, who heads the anti-corruption council's board, presented on June 25 a draft national anti-corruption program.

The new federal law is set to be drafted by October 1.

"I expect that we will enter the New Year with the new anti-corruption legislation in force," Medvedev told a council of legislators.

The president said developing a comprehensive system of administrative regulations in the country was a priority, but warned against excessive campaigning.

"We are capable of and like running various campaigns, but this campaigning could tear business apart, the government and the entire country," he said. Medvedev urged "sensible, tough and consistent action" in the fight against corruption.

"I expect such action from legislators and law enforcement agencies," the president said.

Sergei Mironov, speaker of the upper house of parliament, pledged on behalf of all legislators to draft an entire package of anti-corruption laws by the start of 2009.

"We will carry out, within the deadline, the task set by the president - to see the New Year in with a whole package of anti-corruption laws both at the federal and regional levels," the senator said.

Medvedev, a former lawyer, has made the fight against corruption one of his main goals since taking office in early May.

- RUSSIA SET TO EXPORT 68BLN CU M OF GAS TO CHINA ANNUALLY BY 2020

/JULY 3/RIA Novosti/

Russia plans to export 68 billion cubic meters of natural gas to China annually by 2020, the president of the Russian Gas Union said on Thursday. Valery Yazev, who is also deputy chairman of the State Duma, the lower house of Russia's parliament, said that Russia planned to supply up to 30 million metric tons (220 million barrels) of crude oil to China via a branch line of the East Siberia - Pacific Ocean pipeline (ESPO).

The ESPO pipeline is slated to pump up to 1.6 million barrels of crude per day from Siberia to Russia's Far East and then onto China and the Asia-Pacific region.

Yazev said trade between Russia and China was expected to expand from \$48 billion in 2007 to around \$60 billion in 2008.

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- NEW ISLAND FOR RUSSIAN SUPER-RICH

/JULY 3/SKY News/

Russia's growing 'super rich' are to get their own luxury artificial island in the Black Sea.

An artist's impression of the island, from FederationIsland.com

Construction will begin next year on a vast artificial luxury island off the coast of Sochi in Southern Russia.

The miniature archipelago, dubbed 'Federation Island', will be built in the Black Sea in time for the 2014 Sochi Winter Olympics and will cost over £3bn. It will stretch across 350 hectares and will have several hotels, two marinas, an aqua park and grand luxury villas.

Artificial rivers will also wind through the complex, designed to represent the major waterways flowing through Russia.

The island has drawn parallels with similar projects in the United Arab Emirates - and for good reason.

The same Dutch architects that worked on Palm and World Islands in Dubai have been drafted in to design the enterprise.

"Although we haven't opened sales yet, we are seeing a great deal of interest in property on the island," said a spokesperson for the developers Alexei Butsailo.

"It is targeted mainly at Russians who are keen to live near the sea."

The development comes amid an economic boom in Russia, thanks to high energy prices.

The country now has the second largest number of billionaires in the world - behind only the US.

Sochi is a popular seaside resort and is being given a major facelift before the 2014 winter games, with building works that stretch along the coastline. Russian Prime Minister Vladimir Putin has his summer residence just outside the city.

- RUSSIA READY TO BUY TURKMEN GAS AT MARKET PRICES

/JULY 3/RIA Novosti/

Russia is prepared to buy Turkmen natural gas at market prices and there is no need for Turkmenistan to implement energy projects with other countries, a Russian presidential aide said Thursday.

Turkmenistan is considered a potential natural gas supplier for the Western-backed Nabucco pipeline project designed to bypass Russia and pump up to 30 billion cubic meters of natural gas annually from Central Asia to Europe via Azerbaijan, Turkey, Bulgaria, Romania, Hungary and Austria.

"After gradual transition to world prices, which are inevitable, the issue of orienting these [gas] flows to other countries will be taken off the agenda. If Turkmenistan raises the price, the profitability of gas supplies to Russia or through Russia increases," Sergei Prikhodko told a briefing on the eve of Russian President Dmitry Medvedev's visit to the energy-rich Central Asian state.

In November 2007, Russian energy giant Gazprom and Turkmenistan signed a supplement to their contract on natural gas supplies from the Central Asian state. Under the document, natural gas from Turkmenistan will be supplied at \$130 per 1,000 cu m in the first half of 2008 and at \$150 per 1,000 cu m in the second half.

Gazprom purchases 50 billion cubic meters of natural gas from Turkmenistan annually under an agreement that expires at the end of the year.

Starting from January 1, 2009, the price of natural gas from Turkmenistan will be determined by the market. The price formula from 2009 will be set by a long-term contract expected to expire in 2028.

- ABRAMOVICH BUYS UP RUSSIAN CEMENT INDUSTRY ASSETS - PAPER

/JULY 4/RIA Novosti/

Russian billionaire Roman Abramovich has bought a production license for a large cement rock deposit in the Urals and plans to build a \$500 million plant, a business daily said on Friday citing a local official.

Millhouse Capital, which runs the businessman's assets, will build a plant in the Perm Territory to produce 2 million metric tons of cement annually by 2011, Vedomosti said.

The holding's earlier acquisitions in the industry include a cement rock deposit in the southern Russian region of Rostov last year, where it could also build a plant, and a 44.6% stake in Eurocement, Russia's largest cement producer, in 2006.

Deputy head of the Perm Territory administration, Yury Utkin, confirmed the plans, but did not give further details. Millhouse spokesman John Mann has refused to comment, the paper said.

Experts quoted by the paper said the move was a logical one, as cement consumption in the Urals is set to exceed target levels this year. An Inteco Group executive, Mikhail Bogush, said cement could be conveniently shipped to northwestern regions and Tatarstan, with booming construction industries, Vedomosti said.

Others are more skeptical about the deal, saying the existing cement producing plants have met the Perm Territory's demand, and a new one is being built in the area, the daily said.

"Cement prices could plummet as new plants come into operation en masse," Yelena Myazina, an analyst with Unicredit Aton, told the paper.

Prices for cement in Russia hit \$203 per metric ton in April, but have since been falling. As of July, prices averaged \$181.

- Russia may stop oil exports through Baltic states by 2015

/JULY 5/RIA Novosti

Russia may completely stop by 2015 using ports in the Baltic states to transport energy supplies abroad via sea routes, the transportation minister said on Saturday.

Russia currently exports about 80% of its oil products through ports in the Baltic states.

"By 2015 we will have sufficient energy supplies transit capacity at our domestic ports," Igor Levitin told a government meeting in St. Petersburg. Russia is building a sea merchant port at Ust-Luga in the Gulf of Finland outside St. Petersburg to ensure steady transit of oil and gas from both Russia's oil-rich regions and Kazakhstan to Europe via the Baltic Pipeline System-2 (BPS-2), stretching from western Russia's Bryansk Region to the Leningrad Region.

The Ust-Luga port is expected to reach an annual transit capacity of 100-130 million tons of oil and oil derivatives by 2015.

BPS-2 is the second stage of the Baltic Pipeline System (BPS), which was commissioned in 2001 and has a current capacity of 75 mln tons. The cost of the construction of the pipeline stretch to Ust-Luga is estimated at 78 billion rubles (\$3.3 billion).

The BPS-2 project emerged during an oil conflict between Russia and Belarus in January 2007, when Russia did not supply oil to Europe for four days via the Druzhba pipeline after Belarus had refused to let Russian transit oil flows pass without Russia paying a transit duty.

- MEDVEDEV BELIEVES RUSSIA-ITALY RELATIONS DEVELOP SUCCESSFULLY

/JULY 8/Itar-Tass/

Russian President Dmitry Medvedev had a meeting with Italian Prime Minister Silvio Berlusconi during a G8 summit on Tuesday.

Medvedev and Berlusconi welcomed warmly each other. "I congratulate you on the election as Russian president," the Italian premier said.

The Russian president described Russian-Italian relations as "well and dynamically developing".

Meetings on the top level are expected to continue during a state visit to Russia of Italian President Giorgio Napolitano in the middle of July.

- RUSSIA WARNS OF RESPONSE TO U.S. RADAR IN CZECH REPUBLIC

/JULY 8/RIA Novosti/

Russia's Foreign Ministry said Tuesday that Moscow would be forced to respond to U.S. plans to place a missile defense radar in the Czech Republic, after the two sides signed an agreement earlier in the day.

U.S. Secretary of State Condoleezza Rice and Czech Foreign Minister Karel Schwarzenberg signed the deal covering the terms for the deployment of the radar, which still requires final approval from the Czech parliament.

"Given this situation, the Russian side will obviously have to take appropriate measures to compensate for the growing potential of threats to its national security. But this is not our choice," the Russian statement said.

As part of the missile defense system, the United States plans to place interceptor missiles in Poland, but talks with Warsaw have stalled.

Russia has offered the U.S. the use of its radar stations in Armavir in southern Russia and Gabala in Azerbaijan as alternatives, but Washington said they could only be used as "supplements," if at all.

The ministry said all Russia's proposals aimed at reducing its concerns have been rejected. "The measures to provide transparency and control were rejected by the American party," it said in the statement. "So, a corresponding agreement between the Russian and U.S. presidents consolidated

in a declaration in [Russia's resort of] Sochi on April 6, 2008, is undermined."

The statement said Moscow would be still open to constructive talks on the U.S.

missile defense plans, but only on equal terms and "based on the need to maintain the required security of our country."

- RUSSIAN NUCLEAR POWER MONOPOLY EYES PROJECTS IN CHILE, ECUADOR

/JULY 8/RIA Novosti/

Russia's nuclear power equipment and service export monopoly is looking at working in Chile and Ecuador, a high-ranking Atomstroyexport official said Tuesday.

"We are planning to expand our range of works, including on the South American market, particularly in Chile and Ecuador," said Alexander Glukhov, the first vice president of the monopoly.

Atomstroyexport is currently building five nuclear power plants in China, India and Iran, under contracts worth \$4.5 billion overall, and has also won a tender to build a plant in Belene, Bulgaria.

- Gazprom could obtain Ukrainian oil firm's licenses in Libya

/JULY 10/RIA Novosti/

Russian energy giant Gazprom [RTS: GAZP] could obtain licenses to oil and gas deposits in Libya previously offered to Ukraine's national company Naftogaz Ukrainy, a business paper said on Thursday.

According to Kommersant Ukraine, Naftogaz Ukrainy and Libya's National Oil Corporation signed a production sharing agreement in October 2004 on four deposits with estimated reserves of around 110 million metric tons (806 million barrels) of oil and 30 billion cubic meters of natural gas.

The deal specified that Naftogaz would invest a minimum of \$57.5 million in prospecting. However, the Ukrainian company has only invested a mere \$16 million to date and suspended the development of deposits from early 2008, the paper said.

Gazprom CEO Alexei Miller held a meeting with Libya's leader Muammar Qaddafi on July 9 to discuss the possibility of "developing a mutually advantageous long-term partnership between Gazprom and the energy-rich North African country," the paper said.

In particular, Miller offered to buy all of Libya's natural gas, oil and liquefied natural gas exports at competitive prices, the paper said.

A high-ranking source in the Ukrainian fuel and energy ministry told the paper that at yesterday's talks Libya offered Gazprom three of the four oil and gas fields previously offered to Naftogaz.

Naftogaz and Gazprom have declined to comment on this information, the paper said.

- Russia could develop AIDS vaccine within 10-15 years

/JULY 10/RIA Novosti

Russia could develop an AIDS vaccine within the next 10 to 15 years, the chief AIDS/HIV controller at Russia's consumer rights regulator said Thursday.

"The government has so far allocated over 1 billion rubles (\$42.7 million) for [vaccine development]," Rospotrebnadzor's Alexander Goliusov said during a RIA Novosti TV link between Moscow and New Delhi to discuss the fight against AIDS. "We have vaccine candidates, but there is still a lot of work to do. We could expect a vaccine within the next 10 to 15 years."

The expert said three research centers in St. Petersburg, Moscow and Novosibirsk had been incorporated into a vaccine development team, and a group of HIV-positive patients in St. Petersburg had already been selected for tests.

Marina Shevyreva, deputy head of the human wellbeing, science and research at Russia's Health and Social Development Ministry, said the timeframes forecast by the ministry coincided with the Rospotrebnadzor prediction.

Dr. B.S. Banerji from the Indian Health Ministry's department for the fight against AIDS said Indian scientists could also develop a vaccine within a similar span of 10 to 15 years.

Last November, the Joint United Nations Program on HIV/AIDS (UNAIDS) estimated there were 1 million HIV-positive people in Russia. The country's chief doctor, Gennady Onishchenko, said however that 403,000 HIV cases had been registered in Russia since 1987, when the first HIV case was reported in Russia.

By the end of 2005, 40.3 million people were HIV-positive worldwide, including 17.5 million women and 2.3 million children under the age of 15.

- PUTIN CALLS FOR OIL, GAS INDUSTRY OVERHAUL, MORE EXPLORATION

/JULY 11/RIA Novosti/

Russian Prime Minister Vladimir Putin called Friday for a major technological overhaul in the oil and gas sector, as well as more exploration to find new strategic deposits.

"It is obvious that Russia's oil industry and gas sector have reached a crucial juncture, where their growth potential with available sources of raw materials and outdated technology has been almost exhausted," Putin told a conference on oil and gas sector development.

Speaking about exploration, the prime minister said he in particular meant eastern Siberia, the Yamal Peninsula in northwest Siberia, and the continental shelf.

He said oil companies had committed themselves to eliminate a drop in oil production levels by the yearend, adding that the companies pledged to do so after the government adopted a decision to alleviate the tax burden on the sector.

"In response to such actions on the part of the government, oil companies... committed themselves to make up, in yearend results, for the current production drop," Putin said.

The Russian premier also said modern resource-saving technologies should be introduced in the oil and gas sector.

"We cannot do without the introduction of up-to-date resource-saving technologies, without increasing the efficiency of the use of raw materials," he said.

Putin said Russia was and would be able in the long term to provide for the demands of the domestic and foreign markets in energy resources.

- Over 60 Russian defense firms take part in Farnborough air show

/JULY 14/RIA Novosti/

More than 60 Russian defense-industry companies are taking part in the Farnborough air show that opened on Monday, southwest of the British capital. The Farnborough International Airshow 2008 will be the biggest event ever in its 60-year history in terms of exhibition space and exhibitor numbers, the organizers said on its website.

The total number of exhibitors is over 1,500, a 5% increase on last year; 39 countries will be represented, with 29 international and regional pavilions, while there are likely to be 140,000 business visitors attending the show on July 14-18.

Russia has been showcasing its civilian products at the show since 1984 and its military aircraft since 1988.

Sergei Chemezov, head of Russian Technologies Corporation will address a press conference on Tuesday.

- Russian president calls for competition in health service

/JULY 14/Itar-Tass/

Russian President Dmitry Medvedev has called to develop competition in health service and allow all organizations regardless of the form of proprietorship to take part in providing medical service on a competitive basis.

'The problem of competitiveness in the field of health service needs most serious attention. There is either no such competitiveness at present, or practically, it is barely noticed,' the Russian president said at a conference devoted to the development of health service on Monday.

The reasons are well known, he said. 'First, there are restrictions on participation of private medical establishments in the implementation of a program of state guarantees and an administrative mechanism of medical assistance provided to a state order,' Medvedev said.

'A competition should be open to organizations regardless of their legal status and forms of proprietorship,' Medvedev stressed. Such kinds of medical assistance have already been practiced in regions, and now we should ensure the spread of such practices, Medvedev said.

- RUSSIA'S IRKUT AIRCRAFT MAKER HAS 80 SOLID ORDERS

/JULY 14/RIA Novosti/

Russia's Irkut corporation, the manufacturer of the famed family of Su fighters has 80 solid orders for Yak-130 combat trainers, the company director said on Monday during the Farnborough air show near London.

The Irkut Corporation, part of Russia's United Aircraft Corporation (UAC), created in 2006, manufactures variations of the Su-30MK for India, Algeria, and Malaysia. The Yak-130 aircraft was launched into production last year and is designed for training pilots flying the Su-30 Flanker, MiG-29 Fulcrum, and F-16 Fighting Falcon fighters.

"We are now holding talks on contracts with Greece, Malaysia, and Algeria. A total of 24 fighters of this type will be delivered to Algeria by 2009," Oleg Demchenko said.

Some of the fighters may also go to Russia. "A contract to deliver eight [Yak-130] aircraft to the Russian Emergency Ministry is at the signing stage," he said.

The company said last year it planned to export 242 multi-role Su-30 Flanker fighters, worth around \$7 billion, by 2014.

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- RUSSIA, CHINA MAY CO-DESIGN NEW PASSENGER PLANE

/JULY 14/RIA Novosti/

Russia may launch a joint venture with China to continue the development of a new passenger airliner, MS-21, the head of a Russian state-run aviation corporation said on Monday.

"We will come to a decision with Chinese manufacturers next year on the possibility of setting up a joint venture to design a new mid-range passenger aircraft, MS-21," Alexei Fyodorov, the CEO of the United Aircraft Building Corporation, said at the Farnborough-2008 air show in Britain.

The MS-21 plane is being developed by Russia's major manufacturing companies - Ilyushin, Tupolev and Yakovlev - to replace the aging Tu-154, which currently services some 80% of Russia's passenger and freight traffic, and also the Airbus A-320 and Boeing 737 aircraft.

The new passenger jet, due to enter service in 2012, is expected to be 10-15% more efficient than its class's Boeing and Airbus. However, its target price will be just \$35 million, \$20 million below that of the similarly-sized Boeing 737-700.

Fyodorov said the financing of the project, expected to total about \$6.5 billion, would be evenly split between the state and private investors.

He said that China was already developing a program to build similar type of aircraft and that a meeting with a Chinese working group was expected in the near future to discuss prospects for cooperation.

Fyodorov also said Russia would soon announce international tenders for the production of MS-21 components.

"We will announce global tenders with the participation of leading foreign and domestic companies to manufacture components for the MS-21, the most ambitious Russian project in the sphere of civil aviation," Fyodorov said. The single-aisle MS-21 family of passenger aircraft is designed to seat between 150 and 220 passengers and to fly up to 5,000 kilometers (3,125 miles), or 6,350 kilometers (4,000 miles) in the case of the longer-range model.

Together with the Sukhoi Superjet 100 passenger plane, the MS-21 may potentially satisfy 80% of Russian air carriers' demand for new aircraft.

- BULGARIA APPROVES RUSSIAN NUCLEAR PLANT PROJECT

/JULY 15/RIA Novosti/

Russian nuclear power plant builder Atomstroyexport said on Tuesday it has received approval from Bulgarian authorities for the construction of a plant in the north of the Balkan country.

The state-controlled nuclear power equipment and service export monopoly, which won a tender for the 3.99 billion euro (\$6.3 billion) project in 2006, is to build two 1,000 MW reactors in Belene, with the first to be commissioned in late 2013 and the second in 2014.

The facility at Belene will be Bulgaria's second nuclear plant.

Atomstroyexport is currently building five nuclear power plants in China, India and Iran, under contracts worth a total of \$4.5 billion.

- IRAN TO BUILD 100 RUSSIAN AIRLINERS UNDER LICENSE

/JULY 15/RIA Novosti/

Russia is planning to agree on the licensed production of Tu-204SM medium-haul passenger airliners in Iran, the United Aircraft Building Corporation head said on Tuesday.

"In 2008, we intend to complete negotiations on manufacturing about 100 Tu-204 planes under license in the Islamic Republic," Alexei Fyodorov said at an international airshow.

Iran and Russia reached a preliminary agreement on the joint production of Russian Tu-204 and Tu-214 medium-haul passenger airliners in mid-June.

The two countries earlier said they are nearing the end of talks on the project to build 100 210-seat liners in the next 10 years for the Iranian fleet. They are also discussing the production of spare parts, flight tests, and the construction of a maintenance center in the country.

Russian and Iranian officials said previously the two countries planned to sign a \$2.5 billion contract in 2009 for the delivery of 100 Tu-204 and Tu-214.

Deliveries are to start in 2010.

The Islamic Republic currently uses Tu-204, Tu-154, An-72, Yak-42 and other Russian built airplanes.

- RUSSIA, ITALY TO SET UP JOINT VENTURE TO ASSEMBLE HELICOPTERS

/JULY 15/RIA Novosti/

Russia's helicopter manufacturer and Italy's AgustaWestland signed a basic agreement at the Farnborough air show in England on Tuesday to set up a joint venture to assemble AW139 helicopters in Russia.

AgustaWestland CEO Giuseppe Orsi said the joint venture with Oboronprom to assemble AW139s would meet the growing demand for the helicopter and strengthen the company's foothold on the CIS market.

"Under the contract, Russian helicopter manufacturers will get access to new production technology and high-quality standards for helicopter servicing," Oboronprom director Andrei Reus said.

The Russian businessman added that Oboronprom, a subsidiary of Rosoboronexport, would seek to localize the production of the AW139 production in Russia.

The AW139 is a medium two-engine helicopter with a takeoff weight of 6.4 metric tons. It can seat up to 15 passengers and be used as a corporate or VIP helicopter as well as in offshore, emergency, rescue and firefighting operations.

AgustaWestland is one of the world's largest helicopter manufacturers with production sites in Italy, Britain and the United States. It is incorporated into the Finmeccanica Group.

The Farnborough International Airshow 2008, which opened Monday, marks the 60th anniversary of the aviation show and, according to the organizers, this year's event is the biggest in terms of exhibition space and exhibitor numbers.

- MOSCOW: SAUDI DEAL NOT LINKED TO IRAN

/JULY 15/press tv/

Russian President Medvedev and Saudi Prince Bandar bin Sultan Moscow has rejected a report about Saudi Arabia offering Russia major arms contracts in exchange for straining its relations with Iran.

On Tuesday, the Russian daily Kommersant reported that the Secretary-General of the Saudi National Security Council, Prince Bandar bin Sultan bin Abdulaziz had repeated a former offer of military cooperation in his meetings with President Dmitry Medvedev and Prime Minister Vladimir Putin in Moscow. Kommersant said the offer of military contracts in exchange for strained ties with Tehran had previously been made by Saudi Foreign Minister Prince Saud al-Faisal during his February visit to Russia.

However, a Russian government spokesman rejected the report and said it was 'absolutely not right and not proper' to try to create a connection between Moscow's cooperation with Riyadh and other matters.

"Military-technical cooperation between Russia and Saudi Arabia has an independent dimension. It is founded on mutual interest," the anonymous Russian government spokesman told Reuters.

According to Kommersant, Saudi Arabia is interested in buying over \$2.2 billion worth of T-90 tanks, helicopters, and air-defense systems from Russia's state arms exporter.

- RUSSIAN-GERMAN TRADE COULD REACH RECORD \$63 BLN IN 2008

/JULY 15/RIA Novosti/

Russian-German trade could reach a record \$64 billion in 2008, the Russian economics ministry said Tuesday following a meeting between the Russian and German economics ministers in Moscow.

"In 2007, bilateral trade rose 23%, to \$53 billion," the ministry said in a statement. "By the end of this year [it] could rise to a new record level of \$63-64 billion."

Economic Development Minister Elvira Nabiullina and her German counterpart, Michael Glos, also discussed boosting German direct investment into Russia's real economic sector, which topped \$1 billion in 2007 and overall is estimated at \$23-25 billion.

At the meeting, the sides also discussed Russia's accession to the WTO.