
Russia : Economic News

- RUSSIAN ECONOMY SOLID ENOUGH TO RIDE OUT WORLD CRISIS - PM PUTIN

/SEPT 16/RIA Novosti/

The Russian economy is strong enough to see out the current global financial crisis, the Prime Minister Vladimir Putin said Tuesday.

Markets were unsettled by the fallout from the mortgage crisis in the United States and the collapse of investment bank Lehman Brothers, with Russian stocks plummeting.

"We have no doubt that the safety nets that have been put into place in the Russian economy over the past few years will work to good effect," Putin said during a meeting with the Azerbaijani president.

Earlier Tuesday, Russia's benchmark RTS and MICEX indexes plunged 11.47% and 17.45%, respectively, compounded by the withdrawal of capital from the country.

"We are studying the possibility of using long-term instruments by the Central Bank," Putin said. "We will act carefully and judiciously."

He added that the Finance Ministry had injected 150 billion rubles (\$6 billion) into the Russian financial market in liquidity provided to domestic lenders through repo auctions, while the Central Bank contributed 325 billion rubles (\$13 billion) to the repurchase auctions.

"Tomorrow the Finance Ministry plans to more than double the figure, offering 350 billion rubles (\$14 billion)," the prime minister said.

Putin said the worldwide crisis was certainly affecting the Russian economy because it was a part of the global economy, but stressed that it would have no problem riding out the bumpy patch.

President Dmitry Medvedev said Monday the Russian market was not in danger and ordered the government to boost liquidity.

A Russian Central Bank deputy chairman said Tuesday there was no need to boost lending to banks.

"There is no need to expand lending to banks, at least for the time being," Konstantin Korishchenko said.

He said the Central Bank's current priority was to sustain liquidity levels in the banking sector to enable its smooth operation.

The Russian Cabinet met late Tuesday to discuss Russia's financial markets and what measures should be taken to stabilize the situation. The meeting was chaired by First Deputy Prime Minister Igor Shuvalov, but no details of the discussions were announced.

- RUSSIAN GOVT ADDS RUB 475 BILLION TO MARKET FOR SUPPORTING LIQUIDITY

/SEPT 16/Itar-Tass/

Quotations of the majority of Russian blue chips dipped by 8% to 30.6% on Tuesday. The liquidity problem and a series of bankruptcies on the Western financial market triggered a Russian market meltdown unprecedented since the 1998 crisis.

The Russian Trading System (RTS) and the Moscow Interbank Currency Exchange (MICEX) had to suspend trading of certain stock several times during the day, Prime Tass said. The trading was suspended for one hour when indexes of Russia's leading stock trading floors dropped by over eight percent.

The RTS index was down by 11.47% to 1131.12 or the minimum since December 30, 2005.

Sberbank and VTB stock had the largest dip against the background of the banking crisis and liquidity deficit. The quotations reduced by 21.72% and 30.57% correspondingly. Stock of oil and gas companies was selling well against the backdrop of reducing crude prices. That stock became 8.2-22.4% cheaper.

Analysts believe that the trend may carry on until the RTS index is down to 950-1000. That was the index of the middle of 2005, when the arrival of large investors drawn by Gazprom liberalization started an active growth of the Russian stock market.

The Russian Finance Ministry and the Central Bank assigned 475 billion rubles on Tuesday in order to maintain liquidity on the Russian market, Prime Minister Vladimir Putin told Azerbaijani President Ilham Aliyev.

"The Finance Ministry, the Central bank and bankers are discussing their joint plans. Today alone the Finance Ministry placed 150 billion rubles on the market in order to maintain liquidity, while the Central Bank placed 325 billion rubles. Tomorrow the Finance Ministry will double the supply to 350 billion rubles," Putin said.

There is no doubt that Russia will survive the current unpleasant developments on the world economic scene, he said.

"We do not doubt that the precautions we have taken will prove operational," he said. "We are considering the possibility to apply long-term instruments of the Central Bank."

"Our steps will be accurate and well considered," he remarked.

- ARCTIC RESOURCES CENTRAL TO RUSSIA'S ENERGY SECURITY - MEDVEDEV

/SEPT 17/RIA Novosti/

The Russian president said Wednesday that the use of Arctic resources was a key to the country's energy security.

"According to estimates by experts, the Arctic shelf may have about one-fourth of the world's shelf hydrocarbon reserves, and the use of these reserves is a guarantee of Russia's overall energy security," Dmitry Medvedev said at a Russian Security Council session.

He also said Russia's competitiveness on global markets depended on Arctic resources, stressing the need to adopt a law establishing the frontiers of Russia's Arctic zone.

The Russian leader said about 20% of Russia's GDP and 22% of national exports were produced in the Arctic.

"Our first and main task is to turn Arctic into Russia's resource base of the 21st century," Medvedev said, adding that a whole number of problems, including reliable protection of Russia's national interests in the region, need to be solved.

- RUSSIA TO SHARE SPACE TECHNOLOGY WITH CUBA

/SEPT 17/RIA Novosti/

Russia intends to share its space technology with Cuba, and has begun discussions on building a space center in the country, the Russian space agency said on Wednesday.

Roscosmos chief Anatoly Perminov, on a tour of Latin America as part of a delegation led by Deputy Prime Minister Igor Sechin, said the two countries were working on a space cooperation agreement and had considered ways of jointly using earth remote sensing satellites and space-based telecommunication systems.

Discussions are also underway on Cuba's use of the Glonass satellite navigation system, and on the space center.

"We have tentatively discussed the possibility of assisting Cuba to build its own space center," the official said.

He said Cuban specialists would soon visit Russia to be shown state-of-the-art space technology and equipment.

- RUSSIAN OIL COMPANIES WANT CONSORTIUM IN LATIN AMERICA

/SEPT 17/RIA Novosti/

Five of the largest Russian oil companies want to set up a consortium to boost operations in Latin American countries, a deputy prime minister said Wednesday.

Rosneft, LUKoil, Gazprom Neft, Surgutneftegaz and TNK-BP came up with the proposal.

Igor Sechin, who chairs the board of state-controlled Rosneft, Russia's largest oil company, said: "It would be strange for Russia, which shares first place in global oil production with the Saudis, not to interact, say, with Venezuela, which holds fifth or sixth place."

"The idea of creating a consortium comprising almost all the large Russian oil companies came from the companies themselves, which would like to work in Venezuela, and not only here," he said at a briefing in Caracas summing up his working trip to Cuba and Venezuela.

Sechin said Russia is increasing its cooperation with Latin American countries in several areas.

He said a consortium would make it easier to build upgrading facilities to improve heavy Venezuelan oil. The construction of an upgrader would cost \$6-6.5 billion, which would be hard for one company to finance, but a consortium could share the expenditure, he said.

Venezuela has around 87 billion barrels of proven conventional oil reserves. In addition, it has vast non-conventional oil deposits (heavy oil). Most of these deposits are located in the Orinoco oil belt.

Venezuelan oil company PDVSA signed a deal with Russian energy giant Gazprom this year to evaluate and certify the Ayacucho-3 oil fields in the Orinoco belt. LUKoil signed a memorandum of understanding and an agreement with the company on joint exploration in the Junin-3 area, also in the Orinoco belt.

- Russia will not use funds to support stock market

/SEPT 18/RIA Novosti/

Russia's Finance Ministry does not deem it possible now to use the Reserve Fund or the National Prosperity Fund to support the stock market, Prime Minister Vladimir Putin said at a meeting Thursday.

"The Russian Finance Ministry does not consider it possible at this time to use the Reserve Fund or the National Prosperity Fund to these ends," Putin said.

Speaking at a meeting with foreign businessmen in the southern Russian resort of Sochi, he said Russia would not close its market for foreign business.

"Our policy remains unchanged," he said. "There will be no 'closing of the market,' no mobilization model of economic development."

He added that Russia would not take any "politically motivated decisions in economic relations."

Russia's main financial regulator announced Thursday that it would allow the country's two main stock exchanges to resume equity trading Friday.

The Federal Financial Markets Service halted trading on the RTS and MICEX on Wednesday after share prices plummeted to their lowest levels in nearly three years amid worsening global financial troubles.

In a move to shore up market liquidity, the Russian government said Wednesday it would lend up to 1.12 trillion (\$44 billion) to state-controlled Sberbank, VTB and Gazprombank, the main market-making banks, which would subsequently offer loans to small and medium-sized banks.

The Finance Ministry divided the former Stabilization Fund into the Reserve Fund, designed to cushion the federal budget in the event of an oil price plunge, and the National Prosperity Fund, designed to help Russia carry out pension reforms, on February 1 this year.

- UKRAINE, RUSSIA TO DISCUSS BLACK SEA FLEET BY END OF SEPTEMBER

/SEPT 18/RIA Novosti/

Moscow and Kiev will discuss the issue of Russia's Black Sea Fleet base in Ukraine by the end of September, a Russian Foreign Ministry spokesman said Thursday.

"Talks on the presence and function of Russia's Black Sea Fleet, as well as disputes over the Kerch Strait, will be held in Kiev in late September," Andrei Nesterenko said.

Russia is set to leave the Sevastopol base when the current lease agreement expires in 2017. The base has been a source of friction between Russia and Ukraine in recent years, as Ukraine's pro-Western president, Viktor Yushchenko, has sought NATO and EU membership for the country. Russia has accused Kiev of pursuing "unfriendly" policies over the Black Sea Fleet base.

Yushchenko has called for the Russian navy's early pullout, tougher deployment requirements and higher fees, demands that have not been backed by his former coalition ally, Prime Minister Yulia Tymoshenko.

Russia-Ukraine tensions heightened after several Black Sea Fleet warships dropped anchor off the Georgian coast during and after last month's armed conflict with Tbilisi over breakaway South Ossetia.

Russia's naval base in the Crimea currently has 50 warships and patrol boats, along with around 80 aircraft, and employs coastal defense troops.

The two countries are also in a dispute over a maritime boundary in the Sea of Azov. Ukraine insists that a state border be drawn in the Kerch Strait that completely coincides with the administrative border that existed in the former Soviet Union.

Russia maintains that inland water areas were not delimited between the former Soviet republics and therefore, this principle is not applicable.

- INTERNATIONAL INVESTMENT FORUM OPENS IN RUSSIA'S SOCHI

/SEPT 19/RIA Novosti/

The 7th International Investment Forum opens on Friday in the Russian Black Sea resort city of Sochi.

The investment forum will see discussions of Russia's investment opportunities and large-scale investment projects in the country, including the 2014 Sochi Winter Olympic Games. The issues of special economic zones, the setting up of gambling areas, and the possibilities of partnership between the government and private business will also be discussed.

The investment forum will be opened by Russian Prime Minister Vladimir Putin. The forum's roundtable discussions will focus on the development of Russia's transport infrastructure, low-rise construction, the modernization of the communal and utility sector, investments in agriculture, insurance, and tourism.

As part of the forum, the Russian-French commission for bilateral cooperation will hold its 13th session on September 20 with the participation of the Russian premier and his French counterpart, Francois Fillon, to discuss joint projects in aircraft-building, space, energy, transport infrastructure, agriculture, culture, and education.

Putin will also meet on Friday with his Belgian counterpart Yves Leterme to discuss the prospects of cooperation in nanotechnologies, space exploration, and the possibility of Belgian companies' participation in the construction of sports facilities for the 2014 Winter Olympic Games.

- RUSSIA'S PUTIN TALKS UP INTERDEPENDENT GLOBAL ECONOMY

/SEPT 19/RIA Novosti/

The Russian prime minister said Friday that the economic interdependence created by mutual investments could insure Russia and its partners against financial turmoil.

"Through mutual investments we are becoming more dependent on one another. This is a safeguard against all sorts of unpredictable developments,"

Vladimir Putin told an international investment forum in the Russian Black Sea resort city of Sochi.

He said Russia was on track to build a viable and self-sufficient financial system, by among other things developing the banking system and commodity exchanges, and streamlining investment tax laws.

The prime minister also urged foreign investors to shed outdated stereotypes with regard to the Russian economy, and embrace the new trends and changes that had occurred.

He said Russia's priorities included liberalization of economic institutions, promotion of competition and a business-friendly environment, achieving higher labor productivity, and cutting production costs, as well as the development of human resources and modernization of education and the public-health system.

Putin said the current focus was on attaining balanced regional development, creating new "centers of growth," and improving state administration.

He said Russia had sufficient resources to protect thenational currency and its financial system.

The prime minister said Thursday that there would be "no 'closing of the market,' no mobilization model of economic development" and that Russia would not take any "politically motivated decisions in economic relations."

The Federal Financial Markets Service halted trading on the RTS and MICEX on Wednesday after share prices plummeted to their lowest levels in nearly three years amid worsening global financial troubles. When the markets opened Friday, sharp rises in share values caused short-term breaks in the day's trading.

In a move to shore up market liquidity midweek, the Russian government said it would lend up to 1.12 trillion (\$44 billion) to state-controlled Sberbank, VTB and Gazprombank, the main market-making banks, which would subsequently offer loans to small and medium-sized banks.

- RUSSIA'S FESCO BIDS FOR EXXON'S \$300MLN ICEBREAKER PROJECT

/SEPT 19/RIA Novosti/

Russian transportation group Fesco is bidding in a tender announced by U.S. oil major Exxon to build icebreakers worth a total of \$300 million, Fesco's president said on Friday. (The icebreaker St. Petersburg hits the water - Image gallery)

Yevgeny Ambrosov said Fesco, the largest operator of icebreakers in the Russian Far East, has filed a preliminary bid for the tender and plans to use borrowed funds to finance the project.

"Considering that we have long been working with Exxon, we have good prospects in this tender," Ambrosov said.

Exxon Neftegas Limited, a subsidiary of U.S. oil major Exxon, is the operator of the Sakhalin I oil and gas project off Russia's Pacific Coast in the Far East with recoverable reserves estimated at 2.3 billion barrels of oil and 485 billion cubic meters of natural gas.

- RUSSIA TO ORBIT SIX GLONASS SATELLITES BY YEAR END

/SEPT 19/RIA Novosti/

Russia plans to launch six satellites in the next three months to increase the existing Glonass (INFOgraphics) grouping to 18-19 spacecraft, a leading satellite manufacturer said on Friday.

Glonass (Global Navigation Satellite System) is the Russian equivalent of the U.S. Global Positioning System (GPS), which is designed for both military and civilian use, and allows users to identify their positions in real time.

"We will launch three Glonass satellites on September 28 and another three satellites in December, so we could have 18-19 spacecraft in orbit, taking into account the possible retirement of outdated spacecraft," an official from the Reshetnev Information Satellite Systems told RIA Novosti.

According to the Central Research Institute for Machine Building, the Glonass system currently consists of 16 satellites, with 13 satellites operating in line with their designated function, two satellites undergoing maintenance, and one due to be withdrawn from the orbital grouping.

The head of the Russian Space Agency (Roscosmos), Anatoly Perminov, said on September 5 that the number of satellites in Russia's Glonass navigation system will be increased from the current 16 to 30 by 2011.

It was earlier reported that the Glonass system should include 18 satellites for continued navigation services covering the entire territory of the Russian Federation and 24 satellites to provide services worldwide. A total of 9.9 billion rubles (\$418.25 million) was allocated for Glonass from the federal budget in 2007, and 4.7 billion rubles (\$200 million) in 2006.

Russian Prime Minister Vladimir Putin signed a directive on September 12 on allocating an additional \$2.6 billion to develop the Glonass satellite system.

- RUSSIAN OIL FIRMS COULD DEVELOP DEPOSITS IN INDONESIA - ENVOY

/SEPT 19/RIA Novosti/

Russian oil companies could be involved in broad cooperation in Indonesia, the southeast Asian country's ambassador to Moscow said on Friday. Hamid Awaluddin said Russian companies were already participating in the development of oil fields in Indonesia, and that one had put in a bid for a new deposit.

"This indicates that Russian companies will be broadly involved in oil production in Indonesia," he told a RIA Novosti news conference.

- UKRAINE'S PM BLAMES PRESIDENT FOR POOR RELATIONS WITH RUSSIA

/SEPT 17/RIA Novosti/

Ukrainian Prime Minister Yulia Tymoshenko sharply criticized the pro-Western president on Wednesday for damaging the country's relations with Russia. The premier's scathing comments on her former ally, Viktor Yushchenko, came a day after the ruling coalition officially split amid political infighting and disagreements over Ukraine's stance on the recent Russia-Georgia conflict.

"Viktor Yushchenko is personally responsible for all negative trends in relations between Russia and Ukraine," Tymoshenko told a news conference in Kiev. Her statement effectively ended any hopes that the coalition will reunite.

The ongoing dispute has seen the presidential Our Ukraine party's popularity plummet, while the Tymoshenko bloc and the pro-Russian opposition Party of Regions have gained ground.

However, Tymoshenko spoke against the idea of early parliamentary elections, saying they would be devastating for the country in light of the ongoing global financial crisis.

Parliamentary Speaker Arseny Yatsenyuk announced collapse of the ruling pro-Western coalition on Tuesday, paving the way for possible early parliamentary polls.

Yushchenko and Tymoshenko were allies in the 2004 "Orange Revolution," but have since drifted apart on a host of issues, including over a recent parliamentary vote to slash the president's powers, and the premier's refusal to back the president's condemnation of the Russian military operation in Georgia.

The legislature now has 30 days to form a new coalition or face an early parliamentary election, the third since Yushchenko came to power. The president has already confirmed his determination to dissolve parliament if the current crisis is not resolved by the deadline.

Tymoshenko is widely expected to run against Yushchenko in presidential elections to be held in 2009 or 2010.

- RUSSIA SAYS TRADE WITH U.S. MUST NOT DEPEND ON POLITICS

/SEPT 20/RIA Novosti/

Political squabbles between Russia and the United States should not affect their trade, Russia's deputy foreign minister said on Saturday.

Speaking at a roundtable meeting with American businessmen on the sidelines of an investment forum in the Black Sea resort Sochi, Andrei Denisov said:

"We hope the pragmatism and common sense of the current and future U.S. administrations will prevail, and we will continue cooperation in all areas."

Relations between the two former Cold War foes strained over the Georgia conflict last month. Washington said it might scrap a civil nuclear deal with Russia as punishment for its invasion of Georgia and recognition of breakaway South Ossetia and Abkhazia.

Russia, which argued it responded to Georgian aggression to retake South Ossetia, accused the U.S. and other Western states of provoking the armed conflict by supporting the President Mikheil Saakashvili regime and supplying it with arms.

Russia banned poultry imports from 19 U.S. producers on September 1 citing their failure to meet sanitary standards. Prime Minister Vladimir Putin said the ban was not political.

Denisov said ties with the U.S. have been "among Russia's major priorities irrespective of the political weather."

- Russia, France sign contract to launch 10 rockets from Kourou

/SEPT 20/RIA Novosti/

Russia's space agency and French satellite launch firm Arianespace signed a contract on Saturday to launch 10 Russian Soyuz-ST carrier rockets from the Kourou space center in French Guiana.

The contract was signed by Russian Federal Space Agency head Anatoly Perminov and Arianespace Chairman and CEO Jean-Yves Le Gall after a session of a bilateral inter-governmental commission, which took place on the sidelines of the investment forum under way in Russia's Black Sea resort Sochi.

"The contract envisions the purchase of ten Soyuz carrier rockets to be launched from the space center in Guiana... The contract is estimated at a total of \$300-\$400 million," Le Gall said adding that the first launch is scheduled for late 2009.

The Kourou launch site is intended mainly for the launch of geostationary satellites. Its proximity to the equator will enable the Soyuz-ST to put into orbit heavier satellites than from Baikonur in Kazakhstan and Plesetsk in northern Russia.

Under a contract signed in June with Arianespace, the Soyuz will have a separate launch pad near Sinnamari, a village 10 kilometers (6 miles) north of the site used for the Ariane-5, the main European-made booster.

Launches of Soyuz spacecraft are the key part of the Russian-French program of cooperation in space exploration.

Le Gall said three or four Soyuz boosters are planned to be launched annually as of 2010.

- Russia still seeks WTO membership, broader ties with EU - Putin

/SEPT 20/RIA Novosti/

Russia's prime minister said on Saturday the country still wants to join the WTO and step up economic ties with the EU, backtracking on the statement made amid strains with the West over the Georgia conflict.

"Despite certain problems, we have not given up the idea of joining the WTO and are prepared to step up economic dialogue with the European Union as much as possible," Vladimir Putin said speaking at a meeting of Russian and French entrepreneurs in the Black Sea resort Sochi, which is hosting an international investment forum.

Some European Union members had pressed for sanctions against Russia for its "disproportionate" use of force against Georgia last month. Some considered withdrawing the alliance's support in its World Trade Organization accession talks in a bid to force Russia to pull out troops from Georgia.

Putin said in late August he saw no advantages to WTO membership and Russia should suspend some commitments made during the entry talks.

First Deputy Prime Minister Igor Shuvalov also said he saw no prospect of joining the global trade body within the next 12 months as initially expected. He said talks will continue but Russia will terminate some of the trade agreements it reached with the WTO.

Russia's top WTO negotiator announced the resumption of talks earlier this week after they collapsed in late July over several stumbling blocks. Russia said it had to respond to Georgian aggression and end massacre and destruction in South Ossetia as Tbilisi tried to bring the breakaway region under central control by force. Moscow later recognized two Georgian rebel regions as independent states.

Putin told entrepreneurs on Saturday that Russia has remained open to close international cooperation, which must be founded on "respect for a partner and mutual interests."

Russia is the only major world economy still outside the WTO although it began talks in 1995.

- EU could restart cooperation pact talks with Russia in Oct.

/SEPT 20/RIA Novosti/

The European Union could restart in October talks on a comprehensive cooperation treaty with Russia suspended over the country's conflict with Georgia, France's prime minister said on Saturday.

The EU, which condemned Russia's attack on Georgia, suspended talks on the treaty to replace the previous one that expired in 2007, demanding Moscow withdraw all troops from the Caucasus state.

Speaking after a meeting with his Russian counterpart in the Black Sea resort Sochi, Francois Fillon said: "There are no reasons not to resume talks early next month."

But he added that talks will be resumed after the Georgia peace deal brokered by French President Nicolas Sarkozy has been carried out in full. France is currently holding the EU presidency.

Vladimir Putin said Russia looks forward to cooperation with European partners.

Russia agreed to withdraw its troops from Georgia's heartland once the EU has deployed its observer mission in the buffer zone, but differences persist on its military presence in two Georgian separatist regions. Moscow earlier pledged to deploy a total of 7,600 troops in Abkhazia and South Ossetia, more than twice the size of its peacekeeping contingents before the armed conflict with Georgia. Russia recognized the regions' independence and signed formal cooperation treaties with them pledging military and economic aid.

- Putin calls for changing the architecture of the international financial system

/SEPT 20/Itar-Tass/

Prime Minister Vladimir Putin called for changing the architecture of the international financial system.

`We all need to think about changing the architecture of international finances and diversifying risks. The whole world economy cannot depend on one money-printing machine,' Putin said at the final press conference after a meeting of the Russian-French bilateral commission on cooperation in Sochi on Saturday.

`This is a very serious issue that should be addressed in a calm, attentive and working manner without haste together with our colleagues from Europe and America,' Putin said. `This issue should be considered not in a confrontation-like way but very benevolently in order to find the most acceptable ways for the development of the world economy and world finances.' French Prime Minister Francois Fillon said he would put forth several initiatives within days for dealing with the world financial crisis. He said it was not possible yet to say whether France or Europe has survived the financial crisis. He believes it necessary to strengthen control and bring more transparency into cooperation between fiscal authorities of different countries.

`We will be working on this together in the next couple of weeks,' he said.

- Russia's GDP grows 7.7% in January-August

/SEPT 21/RIA Novosti/

Russia's gross domestic product grew 7.7% year on year in January-August 2008, the economics minister said.

Speaking at the 7th international investment forum in the Russian Black Sea resort of Sochi on Saturday, Elvira Nabiullina said the economics ministry intended to stick to its 7.8% GDP growth forecast for 2008. Despite some slowdown in investment growth, the growth rates remain relative high to fuel economic development, the minister said.

The Russian market suffered a setback earlier this week as the Federal Financial Markets Service halted trading on the RTS and MICEX stock exchanges on Wednesday after share prices plummeted to their lowest levels in nearly three years amid worsening global financial troubles.

The Russian stock market rebounded on Friday after the government took urgent measures to pump billions of dollars into it to shore up liquidity.

Nabiullina also said that 114 contracts and memorandums worth a total of 14.42 billion euros (\$21 billion) were signed at the Sochi investment forum, including a third of this sum coming from foreign investors.

In particular, Russia's space agency and French satellite launch firm Ariespace signed a contract to launch 10 Russian Soyuz-ST carrier rockets from the Kourou space center in French Guiana.

The contract was signed by Russian Federal Space Agency head Anatoly Perminov and Ariespace Chairman and CEO Jean-Yves Le Gall.

"The contract envisions the purchase of ten Soyuz carrier rockets to be launched from the space center in Guiana... The contract is estimated at a total of \$300-\$400 million," Le Gall said adding that the first launch is scheduled for late 2009.

- BILLIONAIRE PROKHOROV BUYS 50% IN RUSSIA'S RENAISSANCE CAPITAL

/SEPT 22/RIA Novosti/

Russian billionaire Mikhail Prokhorov's investment vehicle Onexim Group has paid \$500 million for a 50% stake in leading Russian investment bank Renaissance Capital, Onexim said on Monday.

(Richest Russians - Image gallery)

Onexim General Director Dmitry Razumov said the group will buy the stake after the issuance of new shares by the investment bank.

Renaissance Group, which incorporates Renaissance Capital, will hold 50% plus one share in the investment bank. The deal is subject to regulatory approval, Renaissance Capital said in a statement.

"The partnership with Onexim creates a financial powerhouse with the resources, skills and ambition to be the clear leader in all its markets. At a time when many of our competitors are weakened, our unique franchise, solid capital platform and highly motivated staff will enable the firm to aggressively pursue growth opportunities," Renaissance Group CEO Stephen Jennings said.

- RUSSIAN ALUMINUM GIANT RUSAL TO BUILD METALS COMPLEX IN LIBYA

/SEPT 22/RIA Novosti/

RusAl, the world's largest aluminum producer, will team up with Libya's Economic and Social Development Fund (ESDF) to build an energy and metals complex in Libya, the sides said Monday.

Under a memorandum of understanding signed by the Russian firm and its Libyan partner, RusAl will hold 60% and ESDF 40% in the joint undertaking.

"The memorandum stipulates feasibility studies to comprehensively assess the complex's technical, economic and financial aspects. If the results are positive, the sides intend to sign a final deal on the joint venture in 2009 and start building a gas-fired electric power plant and an aluminum plant in 2010," a joint statement said.

The aluminum plant would produce up to 600,000 metric tons annually while the power plant would have an annual capacity of 1,500 Mw, the statement said.

"The memorandum that has been signed is yet another important step in implementing our strategy of increasing global presence and strengthening the company's competitiveness through the establishment of energy and metals complexes in strategically important regions," RusAl General Director Alexander Bulygin said.

He said the plant would be the first aluminum producer in Libya and would help develop the Libyan economy.

- KREMLIN APPOINTS CHUBAIS NANOTECHNOLOGY CORPORATION CHIEF

/SEPT 22/RIA Novosti/

Russia's president appointed Anatoly Chubais, former head of the now nonexistent electricity monopoly, as head of the State Nanotechnology Corporation, the Kremlin said Monday.

The press service said Dmitry Medvedev had signed an order dismissing Leonid Melamed, who was once Chubais's first deputy at Unified Energy Systems (UES), and giving the job to the former deputy prime minister.

Chubais, 53, had been widely expected to head the corporation - set up to promote nanotechnology research as part of the Kremlin's efforts to reduce the country's dependence on energy resources - since the breakup of UES, which he led for 10 years.

UES was broken up in July into a web of power generators as part of a large-scale reform to attract foreign investment to the decaying industry.

Chubais is a member of the corporation's supervisory board and of a government commission on high technology and innovation.

He is not, however, a popular figure in Russia, blamed first as a leading architect of the country's transition to capitalism that allowed a handful of oligarchs to earn fortunes in privatization deals in the 1990s, when millions were left in poverty amid persisting economic crisis, and latterly for raising electricity charges as UES sought to pass costs on to previously protected domestic consumers.

Chubais, an advocate of the free market, has been critical recently of the Russian government for increasing its role in the economy.

- RUSSIA'S RICHEST MAN TO BUILD MONTENEGRO RESORT - PAPER

/SEPT 22/RIA Novosti/

Russian billionaire Oleg Deripaska is part of an 8.3 billion-euro project to build a 2 million-square-meter beach resort in southern Montenegro, leading Russian business daily Kommersant reported Monday.

The owner of industrial holding Basic Element (BasEl), ranked the 62nd richest person in the world by Forbes magazine, is one of three major investors in the project.

He is joined by Peter Munk, founder and chairman of Barrick Gold Corporation, the world's leading gold producer, and Sandor Demjan, founder and major shareholder of TriGranit, the third largest European real estate investment, development and management company.

"The concept of the project is being developed now. Construction is scheduled to start in 2010," the daily said adding that the project would take around 10 years to complete.

Other participants in the project are the owners of the site as well as some of the Rothschilds.

The paper said the investment in the sea resort, set to feature yacht berths, hotels and villas, was several times larger than that in other construction projects involving Russian developers.

- RUSSIAN GOVERNMENT CUTS CRUDE EXPORT DUTY TO \$372.2 PER TON

/SEPT 22/RIA Novosti/

The Russian government has approved cutting its crude oil export duty from \$485.8 to \$372.2 per metric ton from October 1, the Cabinet said Monday.

Export duty for light oil products has been fixed at \$263.1 per ton, and at \$141.7 for heavy petroleum products.

The government adjusts export duty on crude and petroleum products every two months, depending on the price for the Russian benchmark Urals blend on world markets.

Alexander Sakovich, deputy head of the ministry's customs payment department, said last week the average crude price was \$97.297 per barrel for September 1-17 and export duty would therefore be \$372.2 per ton.

Finance Minister Alexei Kudrin estimated that the October 1 cut in the crude export duty would save Russian oil companies and refineries a total of \$5.5 billion.

- UKRAINE STARTS ELECTRICITY IMPORTS FROM RUSSIA OVER COAL PROBLEMS

/SEPT 23/RIA Novosti/

Ukraine has started electricity imports from Russia as domestic thermal power plants experience problems with coal supplies, the Ukrainian news agency UNIAN said on Tuesday, citing the country's fuel and energy ministry.

According to the ministry, it made the decision on electricity imports due to delays in coal supplies to thermal power plants, unplanned repairs on the second energy unit of the Khmel'nitskaya nuclear power plant, and a failure by the state coal company, Ugol Ukrainy, to carry out in full planned coal deliveries.

"The state foreign trade enterprise, Ukrinterenergo, started from September 15 the commercial imports of electricity from the Russian Federation. The amount of electricity supplies defined in a contract with the Russian counterparty, Inter RAO UES, totals 500 MW. The cost of electricity has not been disclosed," UNIAN said.

Ukraine's fuel and energy ministry said Russian electricity was being imported at prices 12% below prices on the Ukrainian wholesale electric power market, but declined to specify the length of the contract.

- - RUSSIAN ALUMINUM GIANT RUSAL TO BUILD METALS COMPLEX IN LIBYA

/SEPT 22/RIA Novosti/

RusAl, the world's largest aluminum producer, will team up with Libya's Economic and Social Development Fund (ESDF) to build an energy and metals complex in Libya, the sides said Monday.

Under a memorandum of understanding signed by the Russian firm and its Libyan partner, RusAl will hold 60% and ESDF 40% in the joint undertaking.

"The memorandum stipulates feasibility studies to comprehensively assess the complex's technical, economic and financial aspects. If the results are positive, the sides intend to sign a final deal on the joint venture in 2009 and start building a gas-fired electric power plant and an aluminum plant in 2010," a joint statement said.

The aluminum plant would produce up to 600,000 metric tons annually while the power plant would have an annual capacity of 1,500 Mw, the statement said.

"The memorandum that has been signed is yet another important step in implementing our strategy of increasing global presence and strengthening the company's competitiveness through the establishment of energy and metals complexes in strategically important regions," RusAl General Director Alexander Bulygin said.

He said the plant would be the first aluminum producer in Libya and would help develop the Libyan economy.

- RUSSIAN GOVERNMENT CUTS CRUDE EXPORT DUTY TO \$372.2 PER TON

/SEPT 22/RIA Novosti/

The Russian government has approved cutting its crude oil export duty from \$485.8 to \$372.2 per metric ton from October 1, the Cabinet said Monday.

Export duty for light oil products has been fixed at \$263.1 per ton, and at \$141.7 for heavy petroleum products.

The government adjusts export duty on crude and petroleum products every two months, depending on the price for the Russian benchmark Urals blend on world markets.

Alexander Sakovich, deputy head of the ministry's customs payment department, said last week the average crude price was \$97.297 per barrel for September 1-17 and export duty would therefore be \$372.2 per ton. Finance Minister Alexei Kudrin estimated that the October 1 cut in the crude export duty would save Russian oil companies and refineries a total of \$5.5 billion.

- RUSSIA PLANS TO USE OIL OUTPUT FORECAST TO INFLUENCE WORLD PRICE

/SEPT 25/RIA Novosti/

Russia plans to influence world oil prices, including by revising its output forecasts, the Russian energy minister said Thursday.

"Russia needs to take an active position on influencing the current market price of oil. There needs to be a Russian factor," Sergei Shmatko said. "We keep talking about OPEC ... but we believe that we occupy such a high place in the world's oil community that Russia should emerge as an active factor." When asked about whether oil forecast reviews would be up or down, Shmatko said "either way."

"We believe we should deal more actively with the markets. Technologically, we have no possibility of simply turning off the tap. We can't simply shut down oil fields and then open them up again at any time. To my mind, we can give our opinion from the viewpoint of forecasts, Shmatko said.

According to Shmatko, special attention should be given to the idea of reserving new oil fields to keep them untouched while retaining the option of opening them within a clearly defined time frame.

OPEC's 13 member states are Algeria, Angola, Venezuela, Indonesia, Iran, Iraq, Qatar, Kuwait, Libya, Nigeria, the UAE, Saudi Arabia and Ecuador. The countries account for around 67% of global proven oil reserves and 42% of global oil output.

Russia's daily oil output stands at around 10 million barrels, or about 12% of global production, close to the level of leading producer Saudi Arabia.

- RUSSIAN GOVERNMENT TO OFFER \$20 BLN LIQUIDITY TO BANKS

/SEPT 25/RIA Novosti/

Russia's Finance Ministry will hold auctions on September 30 and October 1 offering banks up to 500 billion rubles (\$20 billion) in temporarily available budget funds to boost liquidity, the ministry said on Thursday. At its September 30 auction, the ministry will offer 200 billion rubles (\$7.9 billion) for a term between October 1 and November 5 at a minimum rate of 8.25% per annum.

At its second auction, the Finance Ministry will offer up to 300 billion rubles (\$11.9 billion) from October 2-9 at a minimum rate of 8% per annum. The Russian stock market slumped on September 17 and trading was suspended for two days after share prices plummeted to their lowest levels in nearly three years on the RTS and MICEX stock exchanges amid worsening global financial troubles.

The market rebounded on September 19 after the government took urgent measures to pump billions of dollars into it to shore up liquidity.

Analysts say problems with liquidity experienced by the Russian banking sector might prompt a wave of bank consolidation, and reduce the number of credit institutions in Russia by a third.

- RUSSIAN LIQUIDITY SITUATION STABILIZING - FINANCE MINISTRY

/SEPT 25/RIA Novosti/

Russia's Finance Ministry said Thursday that the liquidity situation was stabilizing and would improve, and that more banks could bid for budget funds the government has made temporarily available to further boost liquidity.

"I should say things are improving with regards to liquidity on the Russian market," said Pyotr Kazakevich, deputy head of the ministry's department for international finance, state debt and assets.

The Finance Ministry announced Thursday it would hold auctions on September 30 and October 1, offering banks up to 500 billion rubles (\$20 billion) in temporarily available budget funds.

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- RUSSIA MADE PROFIT ON U.S. MORTGAGE BONDS - KREMLIN AIDE

/SEPT 25/RIA Novosti/

Russia's Central Bank made a profit from investing a part of the country's international reserves in U.S. mortgage bonds, despite the subprime mortgage crisis, the president's economic adviser said on Thursday.

"The Central Bank has not sustained any losses. In fact, if you look at the price of mortgage bonds issued by Fannie Mae and Freddie Mac, their value has risen," Arkady Dvorkovich said.

Finance Minister Alexei Kudrin earlier said bonds held by the Central Bank in the two U.S. mortgage giants yielded over \$1 billion in the first half of 2008.

The U.S. government-sponsored firms, which together own or guarantee \$5 trillion in U.S. mortgage debt, or almost 50% of the market, were taken over by a federal regulator early in September to prevent their possible collapse amid a growing credit crunch.

Russia's Central Bank earlier said it held around \$100 billion worth of bonds in Fannie Mae, Freddie Mac, and another mortgage firm, FHLB, which are guaranteed by the U.S. government, but has cut the figure by more than half since the firms' troubles became public.

Dvorkovich said the Central Bank's investment in U.S. mortgage bonds has dropped from \$100 billion to \$30 billion, and that the bank is now focusing on investment in euro-denominated government and quasi-government assets.

- RUSSIA TO LEND VENEZUELA \$1 BLN TO BUY RUSSIAN ARMS - SOURCE

/SEPT 25/RIA Novosti/

Russia will provide Venezuela with a \$1 billion loan to buy Russian weapons, a Kremlin source said Thursday.

"The Russian side has made the decision to extend to Venezuela a \$1 billion loan for a military cooperation program," the source said ahead of a meeting between Russian President Dmitry Medvedev and his Venezuelan counterpart, Hugo Chavez, who starts a two-day visit to Russia on Thursday.

Between 2005 and 2007 Russia signed 12 contracts worth more than \$4.4 billion to supply arms including fighter jets, helicopters and Kalashnikov assault rifles to Venezuela.

Medvedev will meet with Chavez on Friday in the southern Urals city of Orenburg, the Kremlin said. This will be the presidents' second meeting after their talks in July in Moscow.

Chavez's visit to Russia comes as a Russian naval task force sails to Venezuela for joint exercises, and after two Russian strategic bombers returned from the country last week following a patrol mission along the South American coast.

The show of force by Russia, unprecedented since the Cold War, was condemned by the U.S. administration, with Secretary of State Condoleezza Rice calling it "a dangerous game."

Chavez said earlier Thursday that he and Medvedev would observe a military exercise in the Urals.

Chavez travels to Russia after visiting China, where he sought to boost oil supplies and secure arms deals.

A vocal critic of the United States, Chavez has sought to cultivate allies among countries also unhappy with Washington's foreign policy.

Russia's relations with the United States plunged to a new low after its armed conflict last month with Georgia, which has strong U.S. backing.

- RUSSIA MAY RESUME CIVIL NUCLEAR COOPERATION WITH U.S. NEXT YEAR

/SEPT 26/RIA Novosti/

Rosatom is expecting civilian nuclear cooperation with the United States to resume in spring 2009, a source in the Russian state nuclear power corporation said Friday.

"The main thing now is not to get in a flap. Optimistically, everything will resume in the spring, pessimistically - in two or three years," the source said.

Rosatom chief Sergei Kiriyyenko earlier said the Bush administration's decision on September 8 to withdraw a Russian-U.S. nuclear cooperation treaty from Congress was "absolutely right."

Kiriyyenko said the adoption of the agreement would be impossible before U.S. presidential elections and the arrival of a new administration.

Kiriyyenko and William Burns, then U.S. ambassador in Russia, signed the agreement, known as the 123 Agreement because it falls under section 123 of the U.S. Atomic Energy Act, on May 6.

- KAMCHATKA HAS 1,200 TONS OF GOLD, 8,000 TONS OF SILVER - EXPERT

/SEPT 26/RIA Novosti/

Russia's Kamchatka Peninsula contains at least 1,200 metric tons of gold and 8,000 tons of silver, a geological expert said Friday. (Gold for Russia - Image gallery)

Speaking at a scientific conference in Petropavlovsk-Kamchatsky, Viktor Okrugin of the Institute of Volcanology and Seismology, the Russian Academy of Sciences, said Kamchatka is one of the most promising gold regions in northeast Russia.

"Simply comparing Kamchatka and Japan makes it clear that the region holds no less than 1,200 tons of gold and more than 8,000 tons of silver," the expert said.

"A considerable part of Kamchatka is included in the system of Pacific island arcs holding the largest deposits of Japan and Indonesia. Another part - the Koryak Autonomous Area - is comparable to the geologic structure of Alaska, well-known for its gold deposits," Okrugin said.

Throughout its mining history Japan has produced some 1,000 tons of gold and over 5,000 tons of silver, whereas less than 20 tons of gold has been mined in Kamchatka.

- VENEZUELA TO SPEND \$1 BLN RUSSIAN LOAN ON AIR-DEFENSE SYSTEMS

/SEPT 26/RIA Novosti/

Venezuela plans to use most of the \$1 bln loan granted by Russia to buy air-defense systems, a Russian military analyst said on Friday.

Russia announced the loan offer earlier on Friday, during a visit by Venezuelan President Hugo Chavez.

"Venezuela needs primarily Tor-M1 surface to air systems to protect the airfields where the 24 Su-30 MK2 jet fighters it bought from Russia are based," said Konstantin Makiyyenko, deputy director of the Center for Strategic Analysis, a Moscow based think tank.

"Twenty Tor-M1 complexes will cost \$600 mln, and the portable SAM systems approximately \$70-80 mln," he said.

Caracas is likely to buy Igla-S portable SAM systems, and will also want Il-78 aerial tankers and Il-76 military freight aircraft. The tankers and freight planes for the Venezuelan Air Force will cost around \$300 mln, Makiyenko said.

Between 2005 and 2007 Russia signed 12 contracts worth more than \$4.4 billion to supply arms to Venezuela, including fighter jets, helicopters and Kalashnikov assault rifles.

Russian aircraft leasing company Ilyushin Finance said on Friday it would deliver several passenger planes to Venezuela. The deal was reached earlier this month during a visit to Venezuela by a Russian delegation led by Deputy Prime Minister Igor Sechin, the company said in a press release. The contracts could be signed before the end of this year.