
Russia : Economic News

Medvedev backs \$1 trln plan to boost global finance institutions

/APRIL 2/RIA Novosti/

Russian President Dmitry Medvedev is in favor of proposals to increase the resources of international financial institutions by \$1 trillion to help overcome the global crisis, a Kremlin aide said on Thursday.

"Medvedev said that we support the idea of raising considerable resources worth \$1 trillion through international financial institutions," Arkady Dvorkovich said.

Medvedev is taking part in the G20 summit in London at which international leaders are discussing how to overcome the global economic crisis.

Dvorkovich added that Medvedev spoke of the need to make the allocation of these resources contingent on reforms to the International Monetary Fund and other international financial institutions, which had broad support at the summit.

"Reform of the IMF has been backed by practically all partners," Dvorkovich said.

At the same time, the Kremlin aide said that the possibility of introducing a new global reserve currency had not been discussed.

"The leaders have not held such a discussion at the summit. We believe subsequent work should take place in the next few months. I think discussions should be held within the framework of the International Monetary Fund," Dvorkovich said.

Russia's joining WTO should not be endless story - Medvedev

/APRIL 4/RIA Novosti/

President Dmitry Medvedev said Saturday that Russia would like to join the World Trade Organization but added that the process of joining it should not be endless.

Russia has been negotiating its entry into the global trade body for more than 15 years.

"Our position on joining the WTO is the same, it has not changed and it is the following: the Russian Federation is ready to join on normal, nondiscriminatory conditions. We have done all that is necessary. This process has been drawn out, and this irritates us," Medvedev told journalists.

"The key thing is that this [process] does not turn into an endless story," he said after talks in Moscow with Chilean President Michelle Bachelet, who reaffirmed Chile's support for Russia's membership of the WTO.

In a joint statement released after their talks, the Russian and Chilean leaders reiterated Chile's support for Russia's inclusion in the organization.

"Chile has once again confirmed its support of Russia's future membership in the WTO," the document said. "Its participation in this organization will promote the strengthening of the multilateral system of world trade, and the development of bilateral trade and economic cooperation."

Russia has finished the necessary bilateral negotiations with 60 interested countries, but has not coordinated a number of positions of principle, including on agriculture, on export duties for timber, and on regulation of the activities of some state companies.

Turkey wants extra Russian gas supplies from 2015 - Gazprom

/APRIL 3/RIA Novosti/

Turkey has asked for additional natural gas supplies from Russia from 2015, including via the Blue Stream-2 pipeline, the CEO of Russia's state-controlled energy giant Gazprom said on Friday.

The planned Blue Stream-2 pipeline, part of the existing Blue Stream system linking Russia to Turkey via the Black Sea, would extend the system to

Israel. The throughput capacity of the project, being carried out by Gazprom and Italy's ENI, is planned at 8 billion cubic meters. "From 2015, Turkey wants to receive additional volumes of Russian gas, including via the Blue Stream-2 pipeline" for its domestic market, Alexei Miller told Russian Prime Minister Vladimir Putin.

Moscow and Ankara agreed in late March to set up a working group for the Blue Stream-2 project.

The Russian premier also said he was counting on the support of Israel in the construction of a new oil pipeline via Turkey and Israel.

"I recently spoke with the Israeli prime minister-elect, and I reminded him of the creation of a new pipeline via Turkey and Israel. I believe there will be support from the Israeli government," Putin told Miller.

The mooted new pipeline would link to the Samsun-Ceyhan oil pipeline, due to be constructed across the beds of the Red and Mediterranean seas.

Russian, Chilean presidents sign joint statement in Kremlin

/APRIL 4/Itar-Tass/

Russian and Chilean Presidents Dmitry Medvedev and Michelle Bachelet signed a joint statement at the conclusion of their talks in the Kremlin on Saturday.

Assessments of the present state of bilateral relations and the two sides' readiness to promote dynamic and forward development of the relations are set down in the statement. It also reflects the coinciding approaches on international agenda issues, a Kremlin administration source told Itar-Tass.

An agreement on cooperation in the military area between the Russian and Chilean defence ministries was signed in the two leaders' presence.

A framework agreement was also concluded on cooperation between the Russian Culture Ministry and the Chilean National Council for Culture and Art for the 2009-2011 period.

Russia to deliver attack helicopters to Brazil this year

/APRIL 6/RIA Novosti/

Russia will start deliveries of Mi-35 Hind attack helicopters to Brazil by the end of 2009, a senior government official said on Monday.

The Russian helicopter beat off fierce competition from the Augusta A-129 Mangusta and the Eurocopter AS-665 Tiger to win a Brazilian tender last fall.

"We have recently signed a contract to deliver 12 Mi-35 helicopters to Brazil. The first deliveries will start by the end of this year or the beginning of 2010," said Alexander Fomin, deputy director of the Federal Service on Military-Technical Cooperation.

The official said the contract was worth about \$150 million.

The Mi-35 Hind E is an improved export version of the famed Mi-24 attack helicopter, which combines high fire power with a troop transport capability.

Fomin also said Russia's Su-35 fighter had a good chance of winning an ongoing tender for the delivery of over 100 fighters to the Brazilian Air Force.

Brazil wants a multirole fighter to protect its national airspace as well as to monitor smugglers in the Amazon basin and guard the country's offshore oil rigs. However, Brasilia also wants the multi-billion dollar contract to reenergize the domestic defense industry through home-grown production and as much technology transfer as can be afforded.

"We are actively participating in the Brazilian tender, which has been reopened. It involves over 100 fighter planes. Russia has made a bid in the tender with its Su-35 multirole fighter. The tender has stiff requirements involving not only the sale, but also the transfer of technology. It is a key condition of the deal and Russia is ready to satisfy it," the official said.

Russia to spend \$90 bln on anti-crisis measures in 2009 - Putin

/APRIL 6/RIA Novosti/

Russia will spend 3 trillion rubles (\$90 billion) on measures to fight the economic crisis, including 1.4 trillion rubles (\$42 billion) from the federal budget, the prime minister said on Monday.

"Anti-crisis measures stipulate 1.4 trillion rubles in funds. On the whole, taking into account the effects of tax cuts, Central Bank funds, the National Welfare Fund and other sources to fight the consequences of the crisis and help the economy rebound, a total of 3 trillion rubles has been allocated," Vladimir Putin said in his first annual report to the lower house of parliament, required under a change to the constitution adopted this year.

Finance Minister Alexei Kudrin earlier assessed the government's anti-crisis spending at 3.7 trillion rubles (\$110.75 billion), including 1.6 trillion rubles (\$47.9 billion) in budget funds.

Putin said federal budget spending on the national economy would grow 70% this year to a record 1.7 trillion rubles (\$52 billion) against last year's 1 trillion rubles (\$29.9 billion).

The premier also pledged large-scale government financial assistance to key defense companies, apart from the MiG aircraft building corporation, which has already received 15 billion rubles (\$449 million), and the Khrunichev research and production space center, which has been given 8 billion rubles (\$239.5 million).

"To protect the most important industries the government is ready to directly buy into companies' capital," Putin said in his landmark address to the State Duma.

He said a total of 70 billion rubles (\$2 billion), or 170 billion rubles (\$5 billion), taking into account loan guarantees, would be channeled into the defense sector this year.

Putin warns against excluding Russia from energy decisions

/APRIL 6/RIA Novosti/

Attempts to exclude Russia from global energy decision making are counterproductive, Prime Minister Vladimir Putin said on Monday in a landmark address to the lower house of parliament.

The European Union signed an agreement with Ukraine in late March on modernizing the country's Soviet-era pipelines, triggering an angry reaction from Russia, which exports most of its Europe-bound gas via Ukraine. Moscow said the deal failed to take its interests into account.

"Attempts to exclude Russia from the process of decision making in the energy sphere, ignoring its legitimate interests, are counterproductive," Putin said in his first report to the State Duma, required under a change to the constitution passed earlier this year.

He defended the Nord and South Stream pipeline projects, the Caspian gas pipeline and the Burgas-Alexandroupolis oil pipeline Russia is building jointly with Bulgaria and Greece as "meeting strict environmental standards and serving global energy security" despite a lack of support for them on the part of some countries.

Putin said the East Siberia-Pacific Ocean (ESPO) oil pipeline would reach the Chinese border in the next few weeks.

Moscow and Beijing signed an intergovernmental agreement on the construction of an ESPO branch toward China and long-term Russian oil supplies in February.

"The first leg of the East Siberia-Pacific Ocean pipeline has been brought into operation," the prime minister said. "The stage that reaches the Chinese border will be completed literally in the next few weeks."

He also said the Russian economy, which cut energy consumption by 5% in 2008, was becoming "more competitive."

Russia to buy spy drones from Israel

/APRIL 7/RIA Novosti/

Russia's Defense Ministry has decided to buy three types of unmanned aerial vehicles (UAV) from Israel for \$50 million, a respected Russian business paper said on Tuesday. A contract signed with Israel Aerospace Industries (IAI) envisions the purchase of the Bird-Eye 400 mini-UAV (weight - 5kg, range - 10 km), I-view MK150 tactical UAV (160 kg, 100 km), and Searcher Mk II medium-range UAV (426 kg, 250 km).

Citing Russian military sources, the Kommersant daily said Moscow had already paid half of the contract sum to cover technical assistance and the training of personnel for the operation of UAVs.

The Russian military stressed the need to provide its Armed Forces with advanced means of battlefield reconnaissance in the wake of a brief military conflict with Georgia last August, when the effectiveness of Russian military operations was severely hampered by the lack of reliable intelligence.

The Russian Air Force has launched a number of UAV development programs for various purposes. Air Force Commander, Col. Gen. Alexander Zelin said last year that Russia would deploy advanced unmanned aerial vehicles (UAV) with a flight range of up to 400 kilometers (250 miles) and a flight duration capability of up to 12 hours by 2011.

However, Russian defense companies, including the MiG corporation, the Russian Helicopters and the Vega Radio Engineering Corp., have failed so far to provide the military with effective spy drones.

A source in the Russian Federal Service for Military-Technical Cooperation said in January that the Defense Ministry was considering buying UAVs abroad, but the decision had been delayed by lobbyists from the Russian defense industry.

According to various estimates, the Russian military needs up to 100 UAVs and at least 10 guidance systems to ensure effective battlefield reconnaissance in case of any military conflict.

Iraqi premier to discuss oil projects in Russia

/APRIL 8/RIA Novosti/

Iraq's prime minister will visit Russia on April 9-11 to discuss oil and other projects with Russian companies in Iraq, the Russian government said on Wednesday. The war-torn country, which has an estimated 115 billion barrels of oil reserves, is seeking foreign funds to rebuild its ageing oil infrastructure and increase production from the current 2.4 million barrels a day to 4.5 million by 2012.

Iraqi government spokesman Ali al-Dabbagh, speaking on Iraqi television, said that while in Russia, premier Nouri al-Maliki would discuss the possibility of reactivating contracts signed with Russian companies under the Saddam Hussein regime, and "will invite Russia to invest in Iraq's oil industry and electric power sector."

Russia wrote off \$12 billion, or 93%, of Iraq's debt to Russia in 2007, a move widely believed to be aimed at securing lucrative oil contracts.

Earlier reports said Iraq and Russia had set up a working group to address Saddam-era oil contracts, but that was still to hold its first session. Al-Maliki's visit is expected to speed up the process.

Russian oil firms, including LUKoil, which had a license to develop the giant West Qurna-2 oil field, have so far been invited take part in tenders for new oil fields.

Ali Dabbag said the premier would be accompanied by the foreign minister, defense minister, and electric power minister as well as an Oil Ministry delegation.

Al-Maliki will meet with his Russian counterpart, Vladimir Putin, and will be received by President Dmitry Medvedev on Friday.

The agenda of the Iraqi premier's visit also includes Iraq's domestic situation, and cooperation in addressing Persian Gulf and Middle East conflicts.

Nord Stream partners start talks on Gaz de France invitation

/APRIL 10/RIA Novosti/

Nord Stream partners have started talks on inviting the Gaz de France company to join the gas pipeline project, a senior Gazprom official said on Friday.

"On the whole, I think we have moved from verbal interest to the phase of wide-ranging talks with our partners," said Stanislav Tsygankov, the foreign economic contacts chief at Gazprom.

The 1,220 km pipeline to pump 27.5 billion cubic meters of natural gas annually is due to go on stream in 2010. It is currently being laid under the Baltic Sea to export Russian natural gas to Germany, Britain, the Netherlands, France and Denmark.

Gazprom earlier said Gaz de France (GDF) was seeking to enter the project as a minority shareholder. Gazprom Spokesman Sergei Kupriyanov said the issue should be considered by a Nord Stream shareholder committee.

Gazprom holds a 51% stake in Nord Stream AG, the project operator. Germany's Wintershall Holding and E.ON Ruhrgas control 20% each, and the remaining 9% belongs to Dutch Gasunie.

Gazprom Neft wants to develop 8 oil, gas deposits in Iraq

/APRIL 11/RIA Novosti/

Russian energy giant Gazprom's oil arm Gazprom Neft is interested in developing six oil and two gas deposits in Iraq, the head of the company's Middle East projects said Saturday.

"We are participating in a tender with partners, there are six oil and two gas fields there," Alexander Kolomatsky told journalists. Kolomatsky declined to name the partners citing commercial confidentiality. The tender's results are to be made public in the third quarter of 2009.

The announcement came after Iraqi Prime Minister Nouri al-Maliki met with Russian business heads to try and attract Russian investment in the oil-rich country.

Kolomatsky said that the world's largest oil and gas companies are also participating in tenders to develop these deposits.

Gazprom Neft is Russia's fifth-largest oil company with 77.66% of its stock held by Gazprom and 20% by Italy's Eni. Gazprom Neft posted a net profit of \$5.2 billion in the first nine months of 2008.

The Eni head said Tuesday that Gazprom had agreed to pay the company \$4.2 billion for a 20% stake in Gazprom Neft.

Gazprom's head Alexei Miller and Eni CEO Paolo Scaroni signed the agreement on the 20% stake in Moscow on Tuesday.