
Russia : Economic News

Russia extends citizenship deadline for ex-Soviet nationals

/JAN 5/RIA Novosti/

Russian President Dmitry Medvedev signed into law on Monday an extension to the deadline for Soviet citizens living legally in Russia to apply for fast-tracked citizenship, the Kremlin press service said.

Under Clause 14 of the Federal Law on Citizenship of the Russian Federation, foreign citizens and stateless persons who were previously citizens of the Soviet Union and were legally registered in Russia before July 1, 2002, can receive preferential treatment when applying for Russian citizenship.

The deadline for applications is now July 1, 2009.

Federation Council Speaker Sergei Mironov said on Monday that Russia could expect a surge in citizenship applications from former Soviet nationals following the global financial crisis.

"It is obvious that Russia, with its economic potential, will be a safer bet than many of its neighbors," he told journalists, adding that Russia was interested in former Soviet citizens becoming naturalized Russians.

"I hope that officials at all levels will give comprehensive assistance and support to those wishing to receive Russian citizenship under the simplified rules," Mironov said.

The Federal Migration Service said in November that up to 400,000 people receive Russian citizenship a year.

Gazprom says will cut gas deliveries to Ukraine by amount stolen

/JAN 5/RIA Novosti/

Gazprom will reduce its delivery of gas to Ukraine by 65.3 million cubic meters - the volume that has been stolen, the Russian energy giant's CEO said on Monday.

"There is a proposal to reduce deliveries across the Russian-Ukrainian border by the same volume that has been stolen from Russia - 65.3 million cubic meters, and in the future to cut volumes by the amount of gas stolen each day," Alexei Miller said at a meeting with Russian Prime Minister Vladimir Putin, who agreed with the suggestion.

Miller also said that Gazprom was ready to guarantee deliveries to Europe by buying gas on the spot market, and that as well as increasing transit volumes through Belarus, Poland and Turkey, Gazprom would increase volumes of gas taken from underground reservoirs in European countries.

Putin asked who would ultimately pay for the gas. "Naftogaz of Ukraine," Miller replied.

Gazprom cut off gas supplies to Ukraine on Thursday after last-ditch talks with Kiev on a new deal for 2009 and debt repayments failed late on New Year's Eve.

Around 80% of Russia's gas exports to Europe pass through Ukraine, and some European countries, including Poland, Hungary, Bulgaria, and Romania, have reported drops in Russian gas supplied through Ukraine's pipeline network. Miller has accused Ukraine's state-run Naftogaz of tapping Russian gas, which Ukraine denied, blaming Russia for creating the shortfall by deliberately cutting deliveries to Europe.

The Czech Republic said on Monday that Russian gas supplies had returned to normal after a drop of 5%. Local analysts have hinted that Kiev decided to restore Czech supplies in full to avoid antagonizing the country, which took over the EU presidency on January 1.

With Ukraine's gas debt to Russia from 2008 unresolved and no contract agreed for 2009 deliveries, the issue of Russian gas flowing through Ukrainian pipes to European consumers further west has become contentious.

In response to a claim by Ukraine's energy ministry, the Kiev economic court ruled on Monday that Naftogaz could not pump Russian gas westwards at a price of \$1.6 for 1,000 cubic meters per 100 kilometers.

"It means that the contracts to which Gazprom are referring are void," Naftogaz spokesman Valentin Zemlyansky told RIA Novosti.

The ruling was rejected by official Gazprom spokesman Sergei Kupriyanov.

"The resolution of the Kiev economic court is absolutely illegitimate," he said. "Our disputes can only be resolved in Sweden."

Both Gazprom and Ukraine's state-run Naftogaz have said that they will file lawsuits with the Stockholm Arbitration Court, which deals with international commercial legal disputes. The court on Monday said it could not comment on whether it was considering lawsuits from either party in the gas dispute.

UKRAINE HAS STOLEN 86 MLN CU M OF GAS IN 2009 - GAZPROM

/JAN 7/RIA Novosti/

Ukraine has stolen more than 86 million cubic meters of gas from Gazprom since the start of the year, the Russian energy giant said on Wednesday, adding that it had not shut off supplies to Europe via Ukraine.

"In the last 24 hours, Ukraine has illegally taken another 21 million cubic meters of Russian gas intended for delivery to Europe. As a result, since the beginning of year, just from Gazprom Ukraine has stolen more than 86 million cubic meters of gas," the company said in a statement.

"In addition, each day RosUkrEnergo does not receive 25 million cubic meters from the underground gas reserves of Ukraine," it added, calling on Ukraine to make up the missing volumes.

Gazprom also denied Ukraine's claim that no gas was flowing to Europe through its pipelines because the company was not pumping gas into them.

"Gazprom did not stop deliveries of gas to European consumers via Ukraine," the statement said.

Russian President Dmitry Medvedev joined the dispute via his spokeswoman on Wednesday.

"First of all it is necessary for Ukrainian side to stop illegally taking Russian gas intended for European consumers and passing through territory of Ukraine," Natalya Timakova said, adding that Ukraine had to "immediately open transit" to consumers in Europe.

Talks between Russia and Ukraine ended on New Year's Eve with no agreement on how to settle Kiev's gas debts or on a contract for 2009 deliveries.

Ukrainian President Viktor Yushchenko said on Wednesday in a letter to Medvedev and European Commission head Jose Manuel Barroso that Kiev was ready to restart negotiations any time. Oleh Dubyna, CEO of Ukraine's national energy company Naftogaz, is due in Moscow on Thursday for talks with Gazprom chief Alexei Miller.

The Russian president's spokeswoman reminded journalists on Wednesday that it was Ukraine who broke off talks a week ago.

"Discussions between Moscow and Kiev - Gazprom and Naftogaz - were interrupted on December 31 last year by the Ukrainian side," Natalya Timakova said. "Since then, representatives of Gazprom have repeatedly confirmed their readiness to continue negotiations without any preconditions."

RUSSIA FORCED TO END GAS SUPPLIES TO UKRAINE

/JAN 7/RIA Novosti/

Russian energy giant Gazprom halted on Wednesday gas supplies to Ukraine for transit to Europe.

A final check established that Ukraine was not carrying any gas to Europe despite Russia's move to continue gas supplies to Ukraine through the Sudzha station.

Earlier in the day, Russian Prime Minister Vladimir Putin warned his Czech counterpart that Gazprom would be forced to cut gas supplies to Ukraine

unless Kiev cancels its decision to close all four pipelines carrying Russian gas to the EU.

"Unless the Ukrainian authorities reconsider their decision soon, Gazprom will be forced to stop deliveries of gas via Ukraine, which become senseless with European consumers not receiving it anyway," Putin told Mirek Topolaneck.

The proposal to stop gas supplies to Ukraine was made by the head of Russian energy giant Gazprom earlier on Wednesday.

"I approve your proposal [to stop gas supplies to Ukraine], but it should be done as openly as we can, and in the presence of international monitors," Putin told Alexei Miller at a meeting in St. Petersburg to discuss Russia's gas dispute with Ukraine.

Kiev closed on Wednesday the fourth, final gas pipeline pumping Russian gas to Europe. The latest closure added Austria, the Czech Republic, Romania and Slovakia to the growing list of countries receiving no Russian gas. The three other pipelines were closed on Tuesday, ending deliveries via Ukraine to Hungary, Serbia, Macedonia, Croatia, Bulgaria, Turkey, Greece, and Bosnia.

Supplies to Italy, Poland, France and Slovenia are seriously disrupted.

Miller reported the conclusion of an independent international company and Gazprom monitors confirming that Kiev had stopped Russian gas supplies reaching European consumers via Ukraine.

German Chancellor Angela Merkel, who held a telephone conversation with Putin earlier on Wednesday, proposed sending international gas monitors to both Ukraine and Russia.

"We know that the European gas market is facing a tough situation. We discussed the problem with German Federal Chancellor Angela Merkel," Putin told Gerhard Schroeder, Germany's ex-chancellor, who now chairs the Nord Stream board.

"She [Merkel] is also concerned over the situation, and voiced a good proposal to use international monitors, European monitors, in Russia and Ukraine," Putin said.

In a telephone conversation with the president of the European Commission, Ukrainian Prime Minister Yulia Tymoshenko pledged on Wednesday immediate access to the country for EU gas monitors.

Ukraine has allowed no access for independent monitors to its gas metering stations since January 1.

"Tymoshenko and Jose Manuel Barroso agreed to provide immediate access to EU technical experts for permanent monitoring of natural gas supplied by Russia to meet the European Union's demand," the Ukrainian government's press service said in a statement.

Gazprom accused Ukraine of stealing more than 86 million cubic meters of gas since the start of the year.

Ukraine's national energy company Naftogaz said it had transited to Europe over 1.43 billion cubic meters of gas out of some 1.49 bcm supplied by Russia in the first six days of January.

RUSSIA, US 'TO WAGE WAR OVER ENERGY'

/JAN 8/press tv/

Russia and the United States are inching toward a major military conflict over energy resources around the world, a report says.

The two superpowers will engage one another over fuel reserves in "the Middle East, Barents Sea, the Arctic Region, Caspian Sea and Central Asia", The Guardian claims.

"The struggle for the hydrocarbon resources can be developed to the military confrontation as well, which can result with violation of balance on the Russia's borders with the allies and increasing of the nuclear countries," reads a document ordered by Russian President Dmitry Medvedev. The 'strategy of national security of the Russian Federation until the year 2020' was ordered last June and prepared under the supervision of the secretary of the security council Nikolay Patrushev.

Based on the assessment, The Guardian claims future Russia will see consider the US as its "main rival".
Moscow also considers US plans for installing elements of a global missile shield near Russia in association with NATO's eastward expansion.

Russia wants written deal on Ukraine gas transit monitors

/JAN 10/RIA Novosti/

The Czech prime minister said on Saturday that the EU has reached an oral agreement with Ukraine for Gazprom officials to join an international body to monitor gas transit through Ukraine, but Russia wants the deal to be signed.

Mirek Topolánek, who has arrived in Russia after a visit to Ukraine, said an agreement had been reached with Kiev, under which representatives of Russian energy giant Gazprom will monitor transit operations on Ukrainian territory, while Ukraine's Naftogaz will assign its experts to Russia. Topolánek said they had managed to overcome certain disagreements between Ukrainian President Viktor Yushchenko and Prime Minister Yulia Tymoshenko. "I hope you will manage to persuade our Ukrainian partners to sign the documents to create mechanisms of control," Russian Prime Minister Vladimir Putin told Topolánek.

The first group of international observers who will monitor Russian gas transit arrived in Kiev Friday. Russia earlier said it will not resume gas supplies to the European Union until an international mission starts monitoring gas transit through Ukraine.

Russia and Ukraine failed to agree on New Year's Eve on how to settle Kiev's gas debts or on a contract for 2009 deliveries. As a result, gas supplies from Russia to European consumers through Ukraine were reduced and then halted.

Hungary, Serbia, Macedonia, Croatia, Bulgaria, Turkey, Greece, Bosnia, Italy, Poland, France, Slovenia, Austria, the Czech Republic, Romania and Slovakia were affected by the gas dispute.

Gazprom accused Ukraine, which accounts for some 80% of Russia's gas exports, of stealing more than 86 million cubic meters of gas since the start of the year, but Kiev denied the accusations saying that Russia was trying to discredit Ukraine as a reliable gas transit partner.

Russian government must move faster to fight crisis - Medvedev

/JAN 11/RIA Novosti/

Implementation of an anti-crisis program in Russia is proceeding more slowly than planned, and work should be sped up, the Russian president said Sunday.

Dmitry Medvedev recalled that in October last year he gave the government a number of instructions.

"About 30% have been implemented," the president said. "Necessary efforts should be made to speed up the work and get all this cleared up."

Medvedev described the situation in the real sector as far from ideal. He said industrial production volumes declined by more than 6% per month in October-December 2008 compared with the same period in 2007.

"This was caused not only by a reduction of internal demand but also by a rather significant drop in the prices of exports," he said.

KIEV SIGNS NEW VERSION OF GAS TRANSIT CONTROL PROTOCOL

/JAN 12/Itar-Tass/

Kiev has signed a new version of the protocol on control over gas transit, Russian Prime Minister Vladimir Putin said at a session of the government presidium on Monday.

"This was done earlier today. The deputy chairman of Gazprom's board flew to Kiev and coordinated this document with Ukrainian partners, and they signed it," Putin said.

"Now this document is on its way to Brussels, where representatives of the European Commission must sign it," Putin added. According to the prime

minister, "after that, independent observers must go to the sites specified in the document. After they arrive at the control sites and we make sure that they can monitor the transit of natural gas, Gazprom will feed gas to the Ukrainian gas-transmission system for its transit to Europe."

SAKHALIN ENERGY LAUNCHES GAS PRODUCTION ON FAR EAST PLATFORM

/JAN 15/RIA Novosti/

Sakhalin Energy has launched gas production for the first time from the Lunskeye-A (LUN-A) platform 15 km (9 miles) northeast off Sakhalin, in Russia's Far East, the company said in a statement on Thursday.

With the first two gas wells built in late December 2008, the company has now started gradually increasing gas output.

Gas from the LUN-A platform will be delivered to the Onshore Processing Facility from where it is being transited to a LNG plant in southern Sakhalin along the TransSakhalin pipeline, Sakhalin Energy said in a press release.

"This important step brings us very close to making this ambitious project a reality. With the start of LNG production in the next few weeks Sakhalin will truly become the new Russian energy source for Asia Pacific," Sakhalin Energy's Production Director Tim Hake was quoted as saying.

Sakhalin Energy is the operator and investor for the \$20 billion Sakhalin II project which includes the Piltun-Astokhskeye and Lunskeye oil and gas fields on Sakhalin Island's northeastern shelf, with recoverable reserves estimated at 150 million tons (1.1 billion bbl) of oil and 500 billion cubic meters of natural gas.

The minority partners in the project, Royal Dutch Shell, Mitsui and Mitsubishi, currently hold 27.5%, 12.5% and 10% stakes in the project respectively. Gazprom acquired a controlling stake (50% plus one share) in December 2006.

Gazprom said last November that the first stage of the liquefied natural gas (LNG) plant in Sakhalin would be launched in 2009 and the second stage in 2010.

NAFTOGAZ AGAIN REFUSES TO TRANSIT RUSSIAN GAS TO EU- GAZPROM

/JAN 15/RIA Novosti/

Ukraine's national energy company Naftogaz has for a third time refused to transit Russian gas to European consumers, Russian gas monopoly Gazprom said on Thursday.

Last night Gazprom sent Naftogaz another application for the transit of 99.2 million cubic meters of gas through the Sudzha entry point on Thursday. The volume included 13.9 million cu m of gas for Moldova, 63.1 million cu m for the Balkans and 22.2 million cu m for Slovakia.

"The response contained a refusal to transit gas over the absence of a technical gas transfer agreement for 2009," Gazprom said, urging Naftogaz to honor its gas transit commitments.

Some 18 EU countries have been affected by the stoppage of Russian gas supplies through Ukraine, which transits some 80% of Russia's exports to Europe. An EU-brokered deal to resume supplies on Tuesday also resulted in failure after Russia's attempts to pump gas through the Ukrainian network were unsuccessful.

The prime ministers of Russia, Moldova, Slovakia and Bulgaria held talks in Moscow to try and find a resolution to the gas dispute and Ukraine's refusal to transit Russian gas to Europe, which Russian Deputy Prime Minister Igor Sechin said had cost Gazprom \$1.2 billion in lost revenue. Robert Fico, the Slovakian premier, whose country has been severely affected by the gas dispute, told a press conference that he saw no quick end to the crisis which he described as a "deep political row."

The Russian and Ukrainian premiers will meet in Moscow on Saturday to discuss gas transit to Europe, the Russian premier's spokesman said on Thursday.

"A phone conversation between Russian Prime Minister Vladimir Putin and his Ukrainian counterpart, Yulia Tymoshenko, took place today on Ukraine's initiative," Press Secretary Dmitry Peskov said. "The prime ministers agreed to hold a working meeting in Moscow on January 17 to discuss steps to take."

Russia insists its gas exit points have been opened for three days now with gas pressure along the export pipeline sufficient to allow for the immediate resumption of gas transits to Europe.

What will be the result of the current Russian-Ukrainian 'gas war'? (Poll)

RUSSIA'S EXPEDITION TO ARRIVE IN ANTARCTICA ON SATURDAY

/JAN 15/RIA Novosti/

A Russian expedition led by a polar explorer and MP plans to arrive in the Antarctic on Saturday to inspect Russia's polar stations.

Arthur Chilingarov, the Russian president's special representative for international cooperation in the Arctic and Antarctic, will be joined by lawmakers from the Russian State Duma, the lower house of parliament.

The group will also examine the living and working conditions of Russian polar explorers in Antarctica. The Antarctica-2009 expedition, launched on January 12, will last until January 24.

The Russian polar explorers are working together with an expedition led by Monaco's Prince Albert II. The prince asked Russian President Dmitry Medvedev in late December to provide technical assistance for his month-long polar trip.

"We are definitely showing the whole world that we have serious plans to continue polar research," Chilingarov said.

Russia has also recently been active in the Arctic, where in 2007 two mini-submersibles made a symbolic eight-hour dive beneath the North Pole to bolster the country's claim to a large swathe of seabed believed to be rich in oil and gas.

RUSSIAN MILITARY SPENDING TO REACH \$125 BLN BY 2011

/JAN 15/RIA Novosti/

The state will earmark 4 trillion rubles (\$125 billion) for arms procurements by 2011, including 1 trillion rubles (\$31 billion) in 2009, the Russian prime minister said on Thursday.

Vladimir Putin said the modernization of defense related enterprises would continue despite the global financial crisis.

"The modernization of defense industry enterprises as well as the development of modern weapons should continue," he said.

He added that federal defense programs need to be reviewed and "streamlined," in particular with regard to production volumes.

Russian Finance Minister Alexei Kudrin said earlier on Thursday the state had earmarked \$10 billion for 'core enterprises' and defense-related sectors of industry.

Russian tycoon Deripaska elected as aluminum giant RusAl CEO

/JAN 18/RIA Novosti/

Oleg Deripaska, the owner of United Company RusAl, the world's largest aluminum producer, was elected as the company's chief executive, RusAl said on Sunday.

Deripaska's candidacy was proposed by En+, RusAl's principal shareholder, and supported by other shareholders, the aluminum producer said.

UC RusAl was established in March 2007 through a merger of Russian aluminum giants RusAl and SUAL and Swiss Glencore's alumina assets.

Deripaska was already the CEO of RusAl for three years after the company was established in 2000. In subsequent years, he actively participated in the company's development as a member of the Board of Directors, RusAl said in a statement.

"Now his role as CEO will be focused on providing for the sustainable

development of the company in the conditions of the global financial crisis and implementing a series of crisis management measures," the statement said.

UC RusAl accounts for approximately 12% and 15% of global production of aluminum and alumina respectively. The company sells its products in 70 countries worldwide and employs 100,000 people in 19 countries.