
Russia : Economic News

- SUPERJET INTERNATIONAL SIGNS \$750 MLN DEAL FOR 25 AIRCRAFT

/JULY 16/RIA Novosti/

Superjet International said on Wednesday it had secured orders for the sale of 25 Superjet 100 medium-haul passenger airliners with the Swiss leasing company AMO and an undisclosed European client worth \$750 million.

Superjet International, a joint venture between Russia's Sukhoi Company and Italy's Alenia Aeronautica set up to focus on marketing and sales on western markets, announced that a deal for the sale of five Superjet 100s had been signed with AMO on Wednesday, with deliveries scheduled to start in 2011. The company said that they had secured 20 solid orders with an unnamed European customer, adding that more contracts were pending with announcements to follow in the near future.

The Superjet 100 project is a family of medium-range passenger aircraft developed by the Sukhoi Design Bureau in cooperation with major American and European aviation corporations, including Boeing, Snecma, Thales, Messier Dowty, Liebherr Aerospace, and Honeywell.

Sukhoi plans to manufacture at least 700 Superjet 100s, and intends to sell 35% of them to North America, 25% to Europe, 10% to Latin America, and 7% to Russia and China.

The airliner made its first test flights in May and Sukhoi is planning to start Superjet 100 deliveries to clients in the second half of 2009.

However, Russian flagship carrier Aeroflot said last Thursday it had received notice from the Sukhoi holding that deliveries originally scheduled for 2008 would be postponed until the third quarter of 2009.

Sukhoi, which is part of Russia's United Aircraft Corporation, currently sells only military aircraft. It is well-known for its Su-family of fighters, including the new Su-35 Flanker-E multirole fighter, which successfully completed its first demonstration flight on July 7.

The company has said it plans to have an equal share of civilian and military aircraft in its production portfolio by 2015.

- RUSSIA'S RICHEST WOMAN BUYS \$100 MLN MANSION IN LONDON

/JULY 16/RIA Novosti/

Russia's richest woman, the wife of the Moscow mayor, has bought the second largest house in London after Buckingham Palace for \$100 million, British media reported on Wednesday.

Yelena Baturina bought Witanhurst, a Grade-II listed 18th century mansion with 90 rooms, just one year after it was sold to a property developer for \$64 million, the Daily Mail said.

The property covers five and a half acres in Highgate West Hill, and is known in Britain as the setting of the BBC TV show Fame Academy, as well as several period dramas.

Baturina, the 45-year-old second wife of Moscow Mayor Yury Luzhkov, has amassed billions of dollars through her construction company Inteko, formed in 1991.

Forbes magazine estimates her wealth at \$4.2 billion.

She has repeatedly faced accusations of using her husband's position to secure lucrative construction contracts, and has taken several newspapers and journalists to court over corruption allegations, winning every case so far.

Witanhurst, which has a 21-meter (70-foot) ballroom, 25 bedrooms, lavish wooden paneling, and oak floors, is likely to require vast outlays on repairs. The building reportedly has holes in the ceilings and crumbling plaster work.

The high price paid by Baturina for the property, which has had no renovation work since being bought by developer Marcus Cooper last July, comes despite a 9% decline in average U.K. house prices over the past year, and expectations that prices will continue to fall.

- RUSSIA'S CASPIAN SEA OIL OUTPUT COULD HIT 271 MLN BBLs BY 2023

/JULY 16/RIA Novosti/

Annual output in Russia's sector of the Caspian Sea could reach 37 million metric tons (271 million barrels) of oil and 18 billion cubic meters of gas by 2023, a government official said on Wednesday.

Oil and natural gas output in the region has been restricted by the unclear status of the Caspian Sea - a source of long-running disagreements between the five littoral states - Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan - since the collapse of the Soviet Union in 1991.

Alexei Yanovsky, deputy energy minister, told the Caspian energy forum in Moscow that annual output in the entire Caspian Sea region was expected to hit around 180-240 million metric tons (1.3-1.8 billion barrels) of oil and 200-250 billion cubic meters of natural gas in five to seven years.

Last year, production in the Caspian Sea region, excluding Russia, reached 120 million metric tons (880 million barrels) of oil and around 120 billion cubic meters of natural gas.

Yanovsky said difficulties in the development of the Caspian Sea region were related to the need to preserve the eco-system and divide the seabed among the littoral states.

- RUSSIA'S STROYTRANSNGAZ COMPLETES GAS PIPELINE SECTION IN INDIA

/JULY 17/RIA Novosti/

Stroytransgaz, one of Russia's largest engineering and construction companies, said on Thursday it had completed the construction of the first and second sections of a gas pipeline in India.

Stroytransgaz, which is partly owned by energy giant Gazprom, signed a contract for a project to build an East-West gas pipeline 1,386 km (861 miles) long with India's Reliance Gas Transportation Infrastructure Ltd., the project's customer, in August 2006.

Reliance Gas divided the project into eight sections. Under the contract, Stroytransgaz built the first and second sections of the pipeline with a length of 147 km (91 miles) and 102 km (63 miles), respectively.

Stroytransgaz also built six valve stations, a scraper receiver and launching station and over 300 pipeline crossings over natural and man-made obstacles, the Russian contractor said.

The East-West pipeline is designed to cater for the growing natural gas requirements of central, western and northern states of India. Its route starts from an onshore gas processing terminal near the city of Kakinada, passes across the states of Andhra Pradesh, Karnataka, Maharashtra, Gujarat and ends near the city of Bharuch.

Stroytransgaz builds oil and gas facilities in 17 countries.

- RUSSIA'S TATNEFT TO DRILL EXPLORATORY OIL WELLS IN LIBYA, SYRIA

/JULY 17/RIA Novosti/

Tatneft, one of Russia's top 10 oil producers, announced Wednesday plans to drill exploratory oil wells in Libya and Syria.

Tatneft, which is based in Tatarstan in the Volga River area and accounts for more than 80% of the republic's oil output, plans to boost its crude production outside the republic by 60% to 315,000 metric tons (2.3 million barrels).

It is carrying out geological prospecting at four blocks in Libya and one block in Syria.

"In Syria, six exploratory wells are planned, two of which have already been drilled. In Libya, the plan is to drill four oil wells this year," Tatneft said in a statement.

Tatneft received the right to develop three oil fields in Libya with reserves of over 1 billion metric tons (7 billion barrels) of oil in December 2006. Prior to that, the company had signed a contract with Libya for one oil field.

In March 2005, Tatneft signed a contract to explore and develop a new oil and gas field in eastern Syria.

Tatneft produced 13 million tons (95.6 million barrels) in the first half of 2008, up 0.7% against the same period last year, the company earlier said in a statement.

- MEDVEDEV CALLS FOR GREATER IT SECURITY

/JULY 17/RIA Novosti/

Russian President Dmitry Medvedev called on Thursday for the country's law enforcement agencies to step up their work in the sphere of IT security. Medvedev chaired a meeting of the State Council to tackle the implementation of a strategy for IT development in Russia.

"Every user without exception should be allowed to work in safety. State, commercial and private secrets must be able to be maintained. Law enforcement agencies should step up their work in this sphere," the president said. Medvedev added it would be necessary to improve telecom infrastructure, including efforts to develop civilian telecom and broadcasting satellites and to convert radio frequency spectrums.

The president also proposed introducing national standards for the IT sphere.

"We should draw up and adopt such standards for all key spheres, including for the package of TV and radio broadcasting services, and IT equipment for healthcare, education and communal spheres," he said.

Urgent efforts should also be made to save and protect state archives, Medvedev said.

- RUSSIAN ENERGY FIRMS, VENEZUELAN COMPANY SIGN COOPERATION DEALS

/JULY 22/RIA Novosti/

Russian energy companies have signed cooperation agreements with Venezuela's state oil and gas company as part of an official visit by the South American country's president to Russia.

Anglo-Russian oil venture TNK-BP and Venezuela's PDVSA agreed on the joint exploration of the Ayacucho-2 area in the Orinoco oil belt in Venezuela.

Russian state-run energy giant Gazprom signed a deal with the Venezuelan company on the appraisal and certification of the Ayacucho-3 oil fields.

LUKoil and PDVSA signed a memorandum of understanding and an agreement on joint exploration in the Junin-3 area, also in the Orinoco belt.

The documents were signed in the presence of Russian President Dmitry Medvedev and Venezuelan leader, Hugo Chavez.

Chavez told the Russian leader: "We are happy to be here, and this is an excellent opportunity to promote and improve our relations and open up new horizons."

Medvedev said the Russian-Venezuelan talks would give "another powerful impetus" to bilateral relations.

- RUSSIAN POLAR STATION SP-36 TO START WORK IN SEPTEMBER

/JULY 22/RIA Novosti/

Russian drifting station North Pole-36 (SP-36) will start operating in early September, the hydrometeorology service's Arctic and Antarctic research institute said Tuesday.

"Monitoring of the ice situation for an assessment of area where the SP-36 is located has been ongoing since June. Analysis of satellite data during this period has made it possible to preliminarily define the possible location of

many-year ice masses to the north of the Vrangal island," press secretary Sergei Balyasnikov said.

While in its current location, in the central part of the Arctic basin near the Mendelejev underwater chain, the station will be searching for the ice masses.

The last drifting station SP-35, which opened in September 2007, ended its operation in July. It covered over 2,500 kilometers.

The work of Russian drifting stations is aimed at conducting year-round meteorological, ice and oceanographic observations, and monitoring of environmental conditions.

Stations also research the effects of climatic change in the Central Arctic and the impact on the region's ecosystems.

- MOSCOW MAYOR'S BILLIONAIRE WIFE EYES BUSINESS PROJECT IN MOROCCO

/JULY 22/RIA Novosti/

The Russian construction company Inteko, which is owned by the mayor of Moscow's wife, Elena Baturina, is planning to invest about 500 million euros (\$794 mln) in construction projects in Moroccan holiday resorts, a Russian business daily said on Tuesday.

Baturina, 45, is the second wife of Moscow Mayor Yury Luzhkov, and has amassed billions of dollars through Inteko, formed in 1991. Forbes magazine estimates her wealth at \$4.2 billion.

The Vedomosti newspaper cited an Inteko official as saying that the company's subsidiary, the Kudla Group, had acquired 46 hectares of land in the north of Morocco to build an apartment complex, a hotel, a sports and entertainment center, and a golf course.

"The development project is called Golf Paradise Resort and envisions the construction of more than 1,000 apartments, 22 villas, a 160-room hotel and a golf club," Gennady Terebkov, director of Inteko's foreign PR department told Vedomosti.

The cost of the construction is estimated at 230 million euros (\$365 mln). Terebkov said that Inteko owns 1,500 hectares of land in Morocco, and is planning to invest a total of 500 million euro in five resort construction projects.

"The company has already invested about 120 million euros (\$190.2 mln)," he said, adding that the construction could take 4-7 years to complete.

Inteko is currently developing a similar project in Russia. The company is planning to build about 134,000 sq. meters of apartments, a hotel, and a sports and entertainment facility at the Olympus 2014 center in the Russian Black Sea resort of Sochi, which will host the 2014 Winter Olympics.

"The return on investment in Morocco is the same as in Russia," Terebkov said.

- SIBERIA COURT RULES BP FOREIGN SECONDEES IN TNK-BP ILLEGAL

/JULY 23/RIA Novosti/

An arbitration court in West Siberia's Tyumen Region said on Wednesday that the secondment of foreign technical staff to the oil company TNK-BP by British major BP was illegal.

The ruling came after BP announced the withdrawal from Russia of all 148 of the company's foreign technical staff working for the joint venture, citing little progress in litigation in the Tyumen court. The move is the latest development in the long-running shareholder conflict in TNK-BP, Russia's third largest crude producer.

The lawsuit was filed in May by Russian financial company Tetlis, a TNK-BP shareholder, which complained of high outlays on the foreign experts.

Kommersant daily said on Wednesday, citing Russian shareholders, that they cost the company \$1 million per year each.

Tetlis managers earlier worked at Alfa Group, part of the AAR consortium of Russian billionaire shareholders with 50% in TNK-BP, according to Kommersant.

Alfa Group denied its role in the lawsuit, the paper said. The Russian partners have accused BP of limiting TNK-BP's international expansion and employing too many foreign staffers from BP. A higher court in Omsk lifted in mid-July the Tyumen court's injunction banning the firm from using 148 foreign specialists from BP. BP said in a statement explaining its decision to recall foreign staff on Tuesday: "Even though the Omsk court recently lifted the injunction ... the litigation in the Tyumen court continues and has made little progress, with no indication that this or other attempts to interfere with BP's ability to deliver technical support will be resolved in the immediate future." On Monday, Russia's migration service granted a work permit to TNK-BP's American CEO Robert Dudley, whose dismissal has been sought by the four Russian shareholders. However, the executive still needs to have his visa renewed to be able to work in Russia.

- RUSSIA SENDS AID, SAPPERS TO SERBIA

/JULY 23/RIA Novosti/

Russia will deliver some \$1 million worth of medical equipment and a team of sappers to Belgrade on Wednesday, a spokesperson for the Russian Embassy in Serbia said.

The delivery by an emergencies ministry aircraft will be the fifth shipment of humanitarian aid to Serb-dominated enclaves of Kosovo, since the province declared its independence from Serbia on February 17.

Russian mine clearing specialists will also fly to Serbia on Wednesday to clear unexploded bombs dropped by NATO warplanes in 1999.

During the Western military alliance's bombing of the former Yugoslavia, which forced Serbia to withdraw its troops from Kosovo, cluster bombs were frequently used on the south Serbian city of Nis. Unexploded bombs from the war have yet to be disabled in several areas of Serbia. The work will begin on August 1.

The Russian aid, worth around 40 million rubles (\$1.7 million), was flown to Belgrade in four deliveries in early April. The supplies consisted of 140 metric tons of food, including canned meat and fish, baby food, rice, and sugar, along with 20 metric tons of medical equipment, medicines, disinfectants, and other healthcare products.

Kosovo, with a 90% ethnic-Albanian majority, has been formally recognized as a sovereign state by 43 countries including the United States and most European Union members. Russia and China continue to back Belgrade's position that Kosovo will always remain a part of Serbia.

- RUSSIAN MINE CLEARERS TO DISABLE NATO BOMBS IN SERBIA

/JULY 23/RIA Novosti/

Russian mine clearing specialists will fly to Serbia on Wednesday to clear unexploded bombs dropped by NATO warplanes in 1999, the Russian Emergencies Ministry said on Wednesday.

During the Western military alliance's bombing of the former Yugoslavia, which forced Serbia to withdraw its troops from Kosovo, cluster bombs were frequently used on the south Serbian city of Nis. Unexploded bombs from the war have yet to be disabled in several areas of Serbia.

"In line with the government's instruction, the Russian Emergencies Ministry is sending 60 specialists to Serbia to provide assistance in demining.

Russian specialists will be engaged in work to clear the territory of an airfield near the city of Nis and the adjacent area," the ministry said in a statement.

The work will begin on August 1, after a camp is set up and reconnaissance is carried out, the ministry said.

"This is the first part of a humanitarian project to render Serbia assistance in demining its territory. This work is expected to be continued in other areas next year," the ministry said.

- UKRAINE, RUSSIA REACH 2009 GAS PRICE AGREEMENT

/JULY 23/RIA Novosti/

Kiev and Russia's state-run energy giant Gazprom have reached an agreement on natural gas prices for Ukraine in 2009, Ukrainian Prime Minister Yulia Tymoshenko told a Cabinet meeting on Wednesday.

After a meeting in Kiev on Tuesday with Gazprom CEO Alexei Miller, Tymoshenko said: "We have found a way to set [natural gas] prices for next year."

She said the final gas price for 2009 would be announced after Gazprom has held talks with Turkmenistan and Kazakhstan.

Ukraine's gas balance amounts to 75 billion cubic meters in 2008, including 55 billion cubic meters of gas imported from Central Asia. The 2008 gas price for Ukraine is \$179.5 per 1,000 cubic meters.

Tymoshenko also said that a market gas price would be introduced for Ukraine gradually over the next few years.

"It will be no shock," she said.

Miller said late in June that the natural gas price for Ukraine could exceed \$400 per 1,000 cubic meters if Central Asian gas producers agree to switch to average European prices. Gazprom and Ukraine plan to establish a working group that will draw up the necessary contracts.

Tymoshenko also pledged Ukraine would have enough gas in its underground storage systems for next fall and winter.

"We have so far pumped 8 billion cubic meters. If all the agreements available come into effect, we could finally pump 14.5-15 billion cubic meters, to be owned by [Ukraine's national energy company] Naftogaz," the Ukrainian premier said.

Ukrainian underground gas storage systems have a capacity of 32.5 billion cubic meters. Naftogaz held small quantities of gas when supplies were handled by Swiss trader RosUkrEnergO and its subsidiary, UkrGazEnergO. Now that Ukraine and Russia have switched to direct natural gas supplies, Naftogaz is entitled to a significantly larger portion of underground gas storage.

Gazprom's Kiev-based subsidiary, Gazprom Sbyt Ukraine, has supplied natural gas to Ukrainian companies controlled by Dmitry Firtash, a co-owner of RosUkrEnergO.

Ukraine uses gas from its underground storage facilities for transit to Europe and for domestic consumption.

- RUSSIA, ASEAN APPROVE COOPERATION PLAN

/JULY 23/RIA Novosti/

The foreign ministers of Russia and the Association of Southeast Asian Nations approved a roadmap of cooperation until 2015 in Singapore on Wednesday, the Russian Foreign Ministry said.

The document defined specific measures aimed at strengthening ties, including in energy and energy security, science and technology, dealing with consequences of natural calamities, and tourism.

The annual conference of the Russian and ASEAN foreign ministers was devoted to issues of developing partnership.

Russian Foreign Minister Sergei Lavrov said Moscow was ready to consider establishing a full-fledged ASEAN representation in Russia **if the association finances this**

- PRESENCE OF RUSSIAN MILITARY BASES IN VENEZUELA UNLIKELY - ANALYST

/JULY 23/RIA Novosti/

The likelihood of Russian military bases in Venezuela is highly improbable due to the absence of the resources necessary to maintain them, a Russian political analyst said on Wednesday.

During his visit to Russia on Tuesday, Venezuelan President Hugo Chavez said the Russian military "would receive a warm welcome" if Moscow decided to establish a presence in the South American country.

"At present, Russia does not have sufficient resources, either material or human, to deploy its military bases in this country [Venezuela]," Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies, told RIA Novosti.

Russia currently maintains at least 23 foreign military bases, mainly in former Soviet republics in Central Asia.

Pukhov said a Russian airbase at Kant in Kyrgyzstan was in poor shape both in terms of military equipment and maintenance.

The Russian base in Kant, about 20 miles west of the Kyrgyz capital, Bishkek, was established in October 2003, and currently deploys about 400 troops, including 250 officers and NCOs and 150 conscripts, as well as several Su-25 Frogfoot attack aircraft and Su-27 Flanker fighters, two Mi-8 combat transport helicopters, and four L-39 combat trainers.

"The situation concerning a naval maintenance base in the Syrian port of Tartus is not any better," the expert said.

Russian warships in the Mediterranean refuel and receive drinking water in Tartus. A Russian repair ship that maintains vessels from the Black Sea fleet is also stationed there.

Russia closed a naval base in Cam Ranh Bay, Vietnam, and an electronic listening post in Lourdes, Cuba, in 2002 due to insufficient financing. The annual rent for each base totaled \$200 million.

- RUSSIA'S STROYTRANSOAZ TO BUILD \$400MLN GAS PIPELINE IN UAE

/JULY 24/RIA Novosti/

Stroytransgaz, one of Russia's largest engineering and construction companies, announced Thursday it had signed a \$400 million contract to build a gas pipeline in the United Arab Emirates.

"Representatives of Stroytransgaz and Dolphin Energy Ltd. have signed a contract for the construction of the Taweelah-Fujairah gas pipeline in the United Arab Emirates," Stroytransgaz said in a statement.

The 240-km (150-mile) gas pipeline will run right across the UAE to link gas receiving facilities at Taweelah on the Persian Gulf with a water treatment plant in Fujairah on the Gulf of Oman.

Stroytransgaz, which is partly owned by Russian energy giant Gazprom, is involved in oil and gas construction projects in 15 countries.

- VENEZUELA TO BUY MORE WEAPONRY FROM RUSSIA

/JULY 24/RIA Novosti/

Venezuela may purchase man-portable air defense systems, Il-76 transport planes and T-90 tanks from Russian in the near future, a Russian political analyst said Thursday.

According to unofficial reports, Russia and Venezuela signed a new framework agreement Wednesday on delivery of Russian air defense systems, tanks and military transport planes to the Latin American country.

"The new agreement, most likely, involves purchases of Igla man-portable air defense systems, Il-76MD military transport planes and T-90 main battle tanks," said Ruslan Pukhov, director of the Center for Analysis of Strategies and Technologies.

Pukhov has estimated that Venezuela could spend \$5 billion or more over the next 10 years on Russian military equipment.

He said that after the Swedish Saab announced in 2006 it could not continue sales of portable anti-aircraft systems to Venezuela because of a U.S. arms embargo against President Hugo Chavez's government, Russian Igla missiles became the obvious choice for the Venezuelan army.

The embargo also means Caracas experiences difficulties in maintaining a fleet of U.S.-made C-130 Hercules military transport planes. At present, Russia has several Il-76 transport planes available for sale after a deal with China fell through due to technical problems.

According to Pukhov, Venezuela could be interested in the purchase of Russian T-90 main battle tanks because of the excellent value for money they provide. A spokesman for Uralvagonzavod, a Urals-based manufacturer of T-90s, said the Russian tanks are superior to foreign models of the same class in terms of firepower, maneuverability, speed and armor protection, but sell for almost half the price.

The Uralvagonzavod official said, though, that the plant would have to operate at full capacity to meet outstanding orders, so it would be a few years before the company was able to produce tanks under a new foreign contract.

In 2005-2006, Venezuela bought more than 50 combat helicopters, 24 Su-30MK2 fighters, 12 Tor-M1 air defense missile systems and 100,000 AK-103 rifles from Russia. Current contracts are worth about \$4 billion, according to various sources.

Wednesday's reported deal could see Russia become the main supplier of military equipment to Venezuela. Chavez, an outspoken critic of Washington, has focused his foreign policy on bolstering ties with countries outside the U.S. sphere of influence since coming to power nine years ago.

= BLACK SEA FLEET, CASPIAN FLOTILLA INVOLVED IN CAUCASUS-2008 DRILL

/JULY 23/Itar-Tass/

Warships of the Russian Black Sea Fleet and the Caspian Flotilla are giving the support to the troops of the North Caucasus military district on the Caucasian coast during the Caucasus-2008 exercises, Assistant Commander of the North Caucasus military district Lieutenant-Colonel Andrei Bobrun told Itar-Tass on Wednesday.

"Warships that put out in the high seas from the Novorossiisk Naval Base of the Russian Black Sea Fleet will train artillery shooting at sea, land and air targets and will practice the prevention of piracy, poaching and contraband at the sea," he said. "On Thursday during a training operation marines with armored vehicles will land on the coast in a mock area of combat actions.

Warships headed by Commander of the Novorossiisk Naval Base Vice-Admiral Sergei Menyailo will give the fire support to the landing party," Bobrun said.

Bobrun recalled that marines landed from warships of the Caspian Flotilla on the Caspian coast with the support from the troops of the North Caucasus military district. During a special anti-terrorist operation a marine unit landed from the motorboats with the fire support of warships at a firing ground near Makhachkala. Assistant Commander of the Caspian Flotilla Capt. Oleg Zhuravlev was in command of the foresaid operation. On Thursday, marines will hold tactical exercises with live fire training at the firing ground.

"Marines are to block and destroy bandits during their attempted landing in order to deploy their terrorist training camps on the coastline," the assistant commander said.

The exercises of the North Caucasian military district, the Airborne Forces, the Fourth Air Force/Air Defense Army, the Novorossiisk Naval Base, the Caspian Flotilla, the Southern Federal District Border Department and the regional command of the Russian Interior Ministry Forces began on July 15. They involve about 8,000 people, as well as about 700 pieces of military hardware, and over 30 planes and helicopters. Commander of the North Caucasus military district troops Colonel-General Sergei Makarov is in command of the military exercises Caucasus-2008.

- RUSSIA WANTS BLACK SEA FLEET IN UKRAINE AFTER 2017 - NAVY CHIEF

/JULY 25/RIA Novosti/

Russia would like to keep the Black Sea Fleet base in Ukraine's port of Sevastopol after 2017, the Russian Navy commander said Friday. (Russia's Black Sea Fleet - Image gallery)

Ukrainian President Viktor Yushchenko said Thursday that preparations for the withdrawal by 2017 of Russia's Black Sea Fleet from Ukrainian territory should begin without delay.

"Russia has never made a secret of its desire to retain its presence in Sevastopol after 2017," Adm. Vladimir Vysotsky said. "After all, it is a natural basing area that has evolved historically."

He added that he "takes it for granted" that an agreement with Ukraine would be eventually achieved.

Vysotsky said the Russian naval presence in Ukraine was beneficial for the local population: In addition to rent, \$4 million in special subsidies to the cities of Sevastopol, Feodosia and Gvardeisky from the Russian federal budget, and indirect contributions to local budgets, the fleet provides about 25,000 jobs.

Ukrainian Foreign Minister Volodymyr Ohryzko said Tuesday that a bill on preparing for the Russian Black Sea Fleet's withdrawal from Ukraine's Crimea by 2017 was ready and would soon be submitted to the Ukrainian parliament. Frequent disputes have flared up between Russia and Ukraine over the lease of naval facilities on the Crimean peninsula.

Russia's Black Sea Fleet uses the Sevastopol base under an agreement signed in 1997. Yushchenko recently announced that Ukraine would not extend the lease beyond May 28, 2017.

In early June, Russia's lower house of parliament adopted a resolution saying the Russian-Ukrainian cooperation treaty could be denounced if Ukraine joins NATO.

Ukraine's pro-Western leadership has been pursuing NATO membership since Yushchenko's 2004 election. Ukraine failed to secure an agreement on a NATO Membership Action Plan, a key step toward joining the alliance, at the organization's summit in April, but was told the decision would be reviewed in December.

- IRANIAN ROLE IN SHANGHAI GROUP NOT DISCUSSED AT TALKS - LAVROV

/JULY 25/RIA Novosti/

The issue of Iran joining the Shanghai Cooperation Organization (SCO) was not discussed Friday at a session of the member states' foreign ministers, Russia's top diplomat said.

Foreign Minister Sergei Lavrov said the ministers' discussions did not include the regional security group's enlargement in general either. The meeting had been expected to decide on whether to admit new members or set up mechanisms for a partnership dialogue for other countries to join.

Lavrov said the foreign ministers had agreed on arrangements, still to be approved at an SCO summit on August 28, for dialogue with any country interested in cooperation with the organization.

Asked whether the Islamic Republic would be invited to join the organization as an associate member, Lavrov said: "Iran cannot be an associate member as there is no such status at the SCO."

The SCO, comprising Russia, China, and four ex-Soviet Central Asian nations, has maintained a moratorium on new members for two years. Iran and Pakistan, observer states at the SCO since 2005, have sought full membership in the organization.

Western powers have been watching closely Iran's attempts to join the regional bloc, widely seen as a counterweight to NATO's influence in Eurasia. Although Russia and China have major commercial interests in Iran, both nations have been cautious over admitting Iran, embroiled in a long-running dispute with the West and Israel over its nuclear program and alleged support for radical groups in Lebanon and other countries.

- RUSSIAN DEPUTY PM TO HOLD 'ENERGY TALKS' IN CHINA

/JULY 25/RIA Novosti/

Russian Deputy Prime Minister Igor Sechin is to fly to China on Friday for high-level energy talks with the Chinese government, the Russian government press service said.

During the two-day talks, due to start on Saturday, Sechin is scheduled to meet with Prime Minister Wen Jiabao, Vice Premier Wang Qishan, and the leadership of the Chinese oil, petrochemical and nuclear corporations. The meetings are expected to focus on "new arrangements for bilateral cooperation in the energy sector," the spokesman said, without giving further details of the talks.

The proposal to improve cooperation in the energy sector was first voiced by the Chinese premier during the visit of Russian President Dmitry Medvedev to China in late May.

Sechin, who oversees Russia's energy industry, also chairs the board of directors of the Russian oil giant Rosneft. The company, Russia's second-largest oil producer, has supplied oil to China since 2004.

However, in early July, the company, which is set to supply 48.4 million tons of oil to the China National Petroleum Corporation before 2010, said that it might request changes to the current pricing formula for China over rising global crude prices.

The Russian Vremya Novostei daily said that during Sechin's visit to China the sides would also discuss the construction of the branch line of the East Siberia - Pacific Ocean pipeline (ESPO), due to be launched in late 2009. 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, allowing oil-rich Russia to make its exports more flexible.

- GERMANY'S DAIMLER TO BUY INTO RUSSIAN TRUCK MAKER KAMAZ

/JULY 25/RIA Novosti/

German auto giant Daimler may buy a 42% stake in Russian truck maker KamAZ, Moscow-based investment company Troika Dialog said on Friday.

Troika Dialog said Russian Technologies Corp., a diversified industrial giant which holds 37.8% in KamAZ, approved the choice of Daimler Trucks as the company's 'exclusive partner' after months of negotiations with a number of Western truck makers.

It added that the deal could be closed before the end of 2008.

Troika Dialog said Daimler Trucks sees the acquisition of an interest in KamAZ as one option among others for entering the Russian market.

KamAZ, based in the Volga Republic of Tatarstan, produces more than 30 models of trucks, as well as trailers, buses, tractors and spare parts. It also manufactures engines and components.

The company has assembly facilities in Poland, Kazakhstan, Azerbaijan, Ethiopia, Vietnam and Ukraine.

Russian Technologies Corp was established by a Russian presidential decree in November 2007 as a spinoff of arms exporter Rosoboronexport, to promote the development, production and export of high-tech industrial products.

- Russian Mir mini-submarines descend to Lake Baikal bottom

/JULY 27/Itar-Tass/

The Mir-1 and Mir-2 small submersibles began on Sunday their second descent to the bottom of Lake Baikal near the port of Turka. Despite the rain, wind and up to one-meter-high waves, it was decided to continue the testing of their equipment.

Sources from the headquarters of the expedition say the main aim of the work is to prepare for a record dive, scheduled for July 29. The submersibles are expected to reach the deepest point of the world's deepest lake ` about 1,700 meters.

There are no other obstacles to start the working stage of the Mir expedition apart from the weather. After successful technical test dives to a depth of

more than 400 metres on July 24, certification of the Lloyd company is received to work on Lake Baikal.

On Monday, the head of the project, Vice-Speaker of the State Duma lower house of parliament Arthur Chilingarov, is expected to arrive in Buryatia. The submersibles will conduct a lot of geological and biological tests. Lake Baikal, a UNESCO World Heritage site, is home to more than 1,700 species of plants and animals, many of them are found nowhere else in the world.

- RUSSIA'S LUKOIL BUYS TURKISH OIL RETAILER

/JULY 28/RIA Novosti/

Russia's second largest oil producer LUKoil has bought 100% in Turkish oil product retailer Akpet, which has a 5% market share, the company said on Monday.

LUKoil said the acquisition gives it access to eight oil product terminals, five liquefied natural gas (LNG) storage tanks, three jet fuel terminals, and a motor oil producing plant.

The price of the deal was not disclosed.

"The acquisition of large retail assets in Turkey expands LUKoil's international retail network by 18%. It is one of the key elements of the company's downstream strategy in the Black Sea and Mediterranean markets, aimed at supply of our products to end users with high added value," LUKoil CEO Vagit Alekperov said.

Akpet operates 693 filling stations on the basis of dealer agreements.

- RUSSIAN EXPLORERS REACH BED OF WORLD'S DEEPEST LAKE IN SIBERIA

/JULY 29/RIA Novosti/

A team of Russian scientists descended to the bottom of Siberia's Lake Baikal in two mini-submarines on Tuesday, setting a new world record for a freshwater dive. (Photo tour with RIA Novosti: Lake Baikal)

News channel Vesti-24 said the submersibles, Mir-1 and Mir-2, reached a depth of 1,680 meters (5,500 feet) in the world's deepest lake, which holds 20% of the planet's fresh water.

The ongoing expedition in what locals call the 'Sacred Sea' was organized by Artur Chilingarov, a Russian lawmaker who led a symbolic dive to the North Pole seabed last August, during which a Russian flag was planted on the seabed.

Chilingarov earlier said the Mir dives were "a logical continuation of lake exploration that was begun 30 years ago with the Pisces apparatus."

Soviet scientists in a Pisces submersible reached a depth of 1,410 meters (4,600 feet) in 1977, and examined the lake's bed with searchlights. The lake has since been the focus of numerous Soviet, Russian and international research expeditions.

Chilingarov said "major technical problems" have to be overcome in deep dives into the lake, due to "difficult weather conditions which dictate their own special conditions in fresh water."

Baikal, whose age scientists estimate at 25 million years, is a UNESCO World Heritage site with hundreds of species of unique fauna and flora.

Crew member Natalia Komarova, the first woman to take part in a Mir mini-sub dive, told reporters that the results of the expedition would have an important impact on environmental legislation.

"We need to understand how to protect Baikal and use it without harming its unique ecosystem," she said.

She said new safeguards would be needed to protect the lake, given the planned intensive economic and industrial development of East Siberia over the coming years. The lake has been the focus of major environmental scares in recent years, with a last-minute change to an oil pipeline route that was set to pass near Baikal's shores, and environmental regulators' claims against a pulp mill accused of pumping large volumes of toxic waste into the lake.

The research team is camped on the lake's Olkhon Island, where the mini-submersibles were delivered earlier in the day on barges. The head of the local administration and the head of investment company Metropol, which has contributed \$6 million to the expedition, watched the Mir submersibles descend into the water.

The expedition is set to run for two years, during which the scientists will conduct around 160 dives in various areas of the lake. Research will include oil and gas prospecting, tectonic information-gathering, and exploration for archeological artifacts.

- RUSSIA'S URALS GOLD FIRM SAYS OUTPUT UP 15% IN 1H08

/JULY 29/RIA Novosti/

Yuzhuralzoloto, a gold mining company with assets in the Urals and Siberia, said on Tuesday its gold output grew 15.4% year-on-year in January-June to 79,400 ounces.

The privately-owned company said gold output increased 16.5% to 56,400 ounces in the Chelyabinsk Region in the Urals, fell 18.3% to 8,200 ounces in the Krasnoyarsk Region in East Siberia, and grew 3.2% to 10,800 ounces in the Republic of Khakassia in southern Siberia.

The company's deposits in the Trans-Baikal region in East Siberia yielded 4,100 ounces of gold in the reporting period, Yuzhuralzoloto said.

- RUSSIA'S POWER MACHINES TO BUILD 1.8M EURO GAS TURBINES FOR IRAN

/JULY 29/RIA Novosti/

A Russian machinery manufacturer has signed a contract with Iran to supply 1.8 mln euros (\$2.82 mln) worth of power generating equipment for a heat and electric power plant, the company said on Tuesday.

The Kaluga Turbine Plant, affiliated with Power Machines (Silovye Mashiny), Russia's leading heavy machinery manufacturer, signed a contract with Iran's Esfahan Power Maintenance Company for the delivery of two gas expansion turbines to the Shahid Montazeri power plant, which supplies power for the city of Esfahan, about 340 km south of the country's capital, Tehran.

The turbines, each with an 8 MW capacity, are to be delivered in the fourth quarter of 2009.

"Putting the gas expansion turbines into operation, scheduled for the third quarter of 2010, will help increase the station's capacity by 16 MW and provide the city of Esfahan with additional energy," the company said.

Power Machines produces and supplies equipment for hydro, steam, gas and nuclear power plants.

- RUSSIAN CLERICS URGE KIEV OFFICIALS NOT TO FUEL ORTHODOX SPLIT

/JULY 29/RIA Novosti/

A senior Russian Orthodox Church official said on Tuesday that authorities in Ukraine should stop encouraging a church split in their country.

"If the split does not have political support, it will end on its own,"

Metropolitan Kirill, who oversees foreign church relations at the Moscow Patriarchy, said.

Speaking at a news conference devoted to Patriarch Alexy II's visit to Kiev on July 26-28 for celebrations of the 1,020th anniversary of the embrace of Christianity in Kievan Rus, where modern Ukraine and Russia originated, Kirill warned against politicizing church issues.

"The church today is unfortunately too politicized. The schism took place under political forces' influence, and it has remained a weapon, a beating-stick in the hands of political groups," Kirill said.

Ukrainian President Viktor Yushchenko asked Patriarch Bartholomew I of Constantinople on Saturday to give his blessing to the country's plans for a national church independent of Russian Orthodoxy. The pro-Western leader has long sought a single and independent church.

Ukrainian officials have called the Russian Orthodox Church the Kremlin's tool to pursue its interests in the country.

The Constantinople patriarch, who Yushchenko met at the airport, was at the center of the three-day festivities in Kiev despite the presence of Alexy II, prompting Russian officials to complain of a "lack of respect" for the Russian church leader.

Church divisions are unfolding against the backdrop of disputes between Moscow and Kiev over natural gas prices, Ukraine's NATO ambitions and plans to oust Russia's Black Sea Fleet from the Crimea.

Kirill said stronger church contacts could overcome the schism. "We very much hope that this will happen some day," he said.

The Ukrainian Orthodox Church, subordinate to the Moscow Patriarchy, is currently the only Ukrainian church recognized by Eastern Orthodoxy.

Other Orthodox churches in the country include the Ukrainian Orthodox Church, which broke away from Russian Orthodoxy after the collapse of the Soviet Union, and the Ukrainian Autocephalous Orthodox Church that obtained autonomy from Moscow after the breakup of the Russian Empire and the Bolshevik revolution.

- RUSSIA APPOINTS NEW AMBASSADOR TO U.S.

/JULY 29/RIA Novosti/

President Dmitry Medvedev has named Sergei Kislyak, a deputy foreign minister and Moscow's representative in Iranian nuclear talks, as Russia's new ambassador to the United States.

Kislyak, 57, who leads the Russian delegation at the six-party denuclearization talks with Iran, will replace Yury Ushakov as ambassador to the U.S. according to a presidential decree published on the Foreign Ministry's website on Tuesday.

The new ambassador is a career diplomat who has been in the Foreign Ministry since 1977. He also served as the Soviet envoy to the United Nations and the U.S. He headed the ministry's security and disarmament department from 1995-1998, and served as ambassador to Belgium and NATO from 1998-2003.

Iran's controversial nuclear program and Washington's missile defense plans for Central Europe have been major points of contention of late between Russia and the U.S., former Cold War ideological enemies.

Ushakov, who held the post for almost nine years, quit as Russia's ambassador to the U.S. in early June and joined the government staff under new Prime Minister Vladimir Putin.

Washington appointed a new ambassador to Russia, career diplomat John Beyrle, 54, in early July.

- RUSSIAN PM PUTIN TO VISIT CHINA ON AUGUST 8-9

/JULY 29/RIA Novosti/

Russian Prime Minister Vladimir Putin will visit China on August 8-9 to meet with the country's president and attend the Beijing Olympic opening ceremony, a Russian diplomat said on Tuesday.

Igor Morgulov, a counselor at the embassy in Beijing, said the premier's talks with the Chinese leadership will focus on trade and economic ties.

"The sides will focus on bringing economic and trade relations to the level of existing political ties," Morgulov said.

The visit follows Russian President Dmitry Medvedev's trip to China in late May, during which premier Wen Jiabao called for closer ties between the countries' energy sectors. The Russian and Chinese governments will hold energy talks in October in Moscow.

Trade between Russia and China is expected to increase from \$48 billion in 2007 to around \$60 billion in 2008.

A Chinese Foreign Ministry spokesman said more than 80 dignitaries from all over the world will attend the Olympic opening ceremony, and that a full list of high-ranking guests will be published later.

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- RUSSIAN MINI-SUBS SURFACE AFTER RECORD DIVE IN SIBERIAN LAKE

/JULY 29/RIA Novosti/

Two Russian mini-submarines came to the surface of Siberia's Lake Baikal on Tuesday after a record-breaking dive to the bottom of the world's deepest lake. (VIDEO)

The Mir-1 and Mir-2 submersibles were shown on TV channel Vesti-24 being lifted onto barges after their 1,680-meter (5,500-foot) ascent from the lake's deepest point.

The ongoing expedition in what locals call the 'Sacred Sea' is led by Artur Chilingarov, a Russian lawmaker who led a symbolic dive to the North Pole seabed last August, during which a Russian flag was planted on the seabed. The mini-sub, which were used for the Arctic dive and had been specially adapted for freshwater conditions, were submerged in the middle of the lake, between Olkhon island and the Svyatoy Nos ('sacred nose') peninsula.

Chilingarov earlier said the Mir dives were "a logical continuation of lake exploration that was begun 30 years ago with the Pisces apparatus."

Soviet scientists in a Pisces submersible reached a depth of 1,410 meters (4,600 feet) in 1977, and examined the lake's bed with searchlights. The lake has since been the focus of numerous Soviet, Russian and international research expeditions.

Baikal, whose age scientists estimate at 25 million years, is a UNESCO World Heritage site with hundreds of species of unique fauna and flora. (Photo tour with RIA Novosti: Lake Baikal)

Crew member Natalia Komarova, the first woman to take part in a Mir mini-sub dive, told reporters before the dive that the results of the expedition would have an important impact on environmental legislation.

"We need to understand how to protect Baikal and use it without harming its unique ecosystem," she said.

She said new safeguards would be needed to protect the lake, given the planned intensive economic and industrial development of East Siberia over the coming years.

The lake has been the focus of major environmental scares in recent years, with a last-minute change to an oil pipeline route that was set to pass near Baikal's shores, and environmental regulators' claims against a pulp mill accused of pumping large volumes of toxic waste into the lake.

The expedition is set to run for two years, during which the scientists will conduct around 160 dives in various areas of the lake. Research will include tectonic information-gathering and exploration for archeological artifacts.

- RUSSIA RANKS 2ND IN WORLD FOR NUCLEAR SAFETY - PUTIN

/JULY 29/RIA Novosti/

Russia has reached second place in the world in terms of the level of safety of its nuclear power industry, the prime minister said on Tuesday.

"There have been no radiation incidents at Russian nuclear power plants in recent years. The number of emergency shutdowns and stoppages is decreasing," Vladimir Putin said at a conference on the nuclear industry development.

He said Russia's nuclear sector was behind only Japan, and had surpassed the United States, Britain, Germany and France - countries with highly developed nuclear power industries.

The Russian premier said a federal program targeting the next generation of nuclear energy technologies should be aimed at resolving difficulties with the closed nuclear fuel cycle and creating a commercial fast neutron reactor.

- RUSSIA MATCHES U.S. IN STATE FUNDING OF NANOTECH PROJECTS

/JULY 29/RIA Novosti/

Russia has allocated \$4 billion to nanotechnology research over the next four years, the general director of the Russian Rosnanotech state corporation said Tuesday.

"The nanotechnology initiative was announced in Russia in 2007 and it envisions financing in two directions: research in the sphere of nanotechnology, coordinated by the Kurchatov institute; and commercialization of nanotechnology projects, which the Rosnanotech corporation is responsible for," Leonid Melamed said.

He added that another \$1 billion was to be spent outfitting scientific labs with modern equipment, and that the corporation's total budget was about \$5.5 billion.

Clayton Teague, who heads the U.S. National Nanotechnology Coordination Office, earlier said at a meeting with the management of Rosnanotech in Washington that each year the United States allocated an average of \$1.5 billion in federal funds to nanotech projects.

- BEREZOVSKY COULD FACE NEW AEROFLOT FRAUD CHARGES - PAPER

/JULY 30/RIA Novosti/

MOSCOW, July 30 (RIA Novosti) - Russia's fugitive tycoon Boris Berezovsky could face fresh charges of embezzling funds from Russia's flagship air carrier Aeroflot, a Russian business daily said on Wednesday.

The RBC paper, citing a source in the national airline, said that prosecutors had completed an inquiry into illegal transactions involving \$200-\$300 million of Aeroflot revenues in 1996-1999 via the Swiss-based firm Forus Services SA.

Earlier this year, the Moscow City Court upheld a lower court's guilty verdict for Berezovsky on charges of embezzling 215 million rubles from the airline via Swiss-registered Andava in 1996-1997. He was sentenced in absentia to six years in prison on the charges.

Berezovsky and then-Aeroflot deputy general director Nikolai Glushkov were shareholders in Andava. Glushkov, who like Berezovsky currently lives in London, was also charged with transferring over \$250 million of the carrier's foreign receivables to Andava, which charged exorbitant fees for cash management services.

The paper said the alleged scheme involving Forus Services, also co-founded by Glushkov, was similar to the Andava case. Forus received up to \$300 million in the period, including about \$10 million as commission for services to Aeroflot.

A former chief investigator in the 1997-2000 Aeroflot case told the paper that Forus Services was an intermediary firm set up to 'capture' the air company's foreign receipts.

"All the major air companies were shocked at the time that they had to pay millions to a commercial firm instead of to the Russian Federation," Nikolai Volkov was quoted by the newspaper as saying.

The Russian prosecutor's office has said that Andava earned \$11 million from its dealings with Aeroflot in 1997.

The daily said Berezovsky was not available for comment.

The businessman and fierce Kremlin critic earlier said his conviction in absentia was politically motivated.

Over a dozen criminal probes have been launched in Russia against Berezovsky, a one-time close associate of the late president Boris Yeltsin, including on charges of plotting to stage a coup and embezzling \$13 million from a leading Russian bank.

Russia has issued multiple warrants for Berezovsky's arrest and has repeatedly demanded his extradition from Britain, where he was granted political asylum in 2000.

- LUKOIL CONSIDERS \$3 BLN ETHYLENE PLANT IN SOUTH RUSSIA

/JULY 30/RIA Novosti/

LUKoil [RTS: LKOH], Russia's largest independent crude producer, could invest \$3 billion in the construction of an ethylene plant in south Russia's Stavropol Territory, the regional governor's press office said on Wednesday. An agreement on the plant, to produce ethylene and ethylene products from hydrocarbons extracted in the northern part of the Caspian Sea, was reached on Tuesday evening between Stavropol Territory Governor Valery Gayevsky and Alexei Smirnov, the head of the oil giant's petrochemicals arm LUKoil-Neftekhim.

According to the press office, Smirnov said during the meeting that the project would create the largest production complex of its kind in Russia and Eastern Europe, producing 900,000 metric tons of polyethylene and 300,000 metric tons of polypropylene annually, or about 30% of polymers produced in the country.

The construction of the complex would take between four and five years and employ about 1,500 people, the press office said.

- RUSSIA JOINS WWF 'POLAR BEAR PATROL'

/JULY 30/RIA Novosti/

Russia has joined the World Wildlife Fund's Polar Bear Patrol project, an attempt to count the total number of polar bears in the wild, the WWF said on its website on Wednesday.

Rangers from Taimyr, a peninsula on Siberia's Arctic coast and part of Russia's largest nature reserve, will start collecting data on polar bears in and around Dickson, the only one small town on the Arctic coast of Taimyr Peninsula, this autumn.

"The importance of the Arctic coast of the Taimyr Peninsula and the Severnaya Zemlya archipelago for the conservation of polar bears will increase in the coming years due to climate change," said Viktor Nikiforov, the director of WWF-Russia's regional programs.

According to the U.S. Geological Survey, two thirds of the world's 25,000 polar bears could die by 2050, as the ice they use to hunt seals melts due to global warming.

The World Wildlife Fund began compiling data on polar bears in Dickson at the end of 2007. Russia officially joined the project on July 25 this year.

The illegal trade in polar bear hides, a species in steady decline throughout the Arctic, is on the rise in Russia.

The Soviet Union banned the hunting of polar bears in 1957. The creatures are currently listed as 'vulnerable' on the IUCN Red List.

- RUSSIAN MINI-SUB ON LAKE BAIKAL TO CONTINUE WORK ON AUG. 2

/JULY 30/RIA Novosti/

ULAN-UDE (Buryatia, Siberia) - Repairs on one of the mini-submarines being used for the ongoing exploration of Siberia's Lake Baikal are almost complete and the research mission will continue on August 2, the expedition leader said.

The Mir-2 submersible sustained minor damage on Wednesday while being lowered from a barge with a crane. Due to a sudden gust of wind, the Mir-2 struck the side of the barge and one of its propellers was damaged.

"The repairs will be completed by tomorrow and the expedition will continue its work on August 2, according to schedule," Artur Chilingarov said.

On Tuesday, Mir-1 and Mir-2 mini-submersibles descended to one of the deepest points of what locals call the 'Sacred Sea'.

The crew initially claimed to have reached a depth of 1,680 meters (5,500 feet), which would have been a record for a freshwater dive, but after clarification they said no records had been broken and the maximum depth during Tuesday's dive was 1,592 meters (5,223 feet).

The expedition is set to run for two years, during which the scientists will conduct around 160 dives in various areas of the lake. Research will include tectonic information-gathering and a search for archeological artifacts.

- RUSSIA'S EVRAZ TO MINE IRON ORE IN WESTERN AUSTRALIA

/JULY 31/RIA Novosti/

Russia's largest steelmaker Evraz Group S.A. [LSE: EVR] said on Thursday it had signed an agreement on developing an iron ore deposit in western Australia jointly with China's Metallurgical Group Corp.

The deposit will be developed as part of the Cape Lambert project. In July, Evraz exercised an option to acquire 19% of shares in Australia's Cape Lambert Iron Ore, which holds the license to the project.

The Cape Lambert deposit's reserves are estimated at 1.56 billion metric tons of iron ore. The project stipulates annual production of 15 million tons of iron ore concentrate, most of which is expected to be supplied to China.

Evraz's stake in the project will total 75% while China's Metallurgical Group Corporation will hold 25%.

- LIBYA, RUSSIA TALK UP INVESTMENT COOPERATION IN OIL, GAS SECTOR

/JULY 31/RIA Novosti/

Libya is interested in Russian investment in its oil and gas sector, the country's prime minister said Thursday.

"We would like to see broader cooperation in the investment sphere between Russia and Libya in the oil and gas sector," al-Baghdadi Ali al-Mahmoudi told his Russian counterpart.

Prime Minister Vladimir Putin said Russia would do all it could to ensure a favorable environment for Libyan investment in Russia.

"We are interested in foreign investment and see no impediments to expanding this sphere of cooperation," he said.

Mahmoudi said there have been active consultations between the Libyan National Oil Corporation and Russian energy giant Gazprom, with which Libya enjoys "a special relationship."

He added that Libya's investment agency intends to open its office in Russia. Mahmoudi invited Putin to visit Libya in August to attend the launch of a \$2.2 billion railway construction project.

Libya holds Africa's fourth largest gas reserves, estimated at 1.49 trillion cubic meters.

- LIBYA SEEKS ARMS DEALS, CLOSER ENERGY TIES WITH RUSSIA

/JULY 31/RIA Novosti/

Libya's prime minister told his Russian counterpart on Thursday that his country plans to buy more Russian arms, and wants to step up cooperation in nuclear power as well as and oil and gas production.

Vladimir Putin said after hosting talks with Libya's al-Baghdadi Ali al-Mahmoudi: "We are committed to continuing cooperation in the military-technical sphere, among others, especially since the Libyan leadership has confirmed its interest in buying quality products from the Russian defense industry."

The Libyan premier said the sides had agreed on specific forms of bilateral cooperation aimed at "strengthening the Libyan Armed Forces."

The premiers discussed Libya's plans to build a nuclear power plant and linked desalination facility, as well as Russian investment in the North African state's oil and gas sector.

Al-Mahmoudi said the Libyan National Oil Corporation enjoys a "special relationship" with Russian energy giant Gazprom, and that the sides are engaged in active consultations.

He invited Putin to visit Libya in August to attend the launch of a \$2.2 billion railway construction project.

- TURKCELL TO BUY \$500M STAKE IN BELARUSIAN FIRM

/JULY 31/MENAFN/

Turkcell Iletisim Hizmetleri AS, Turkey's biggest mobile-phone company, agreed to buy 80 percent of Belarussian Telecommunications Network, or BeST, from the government of Belarus for \$500 million, Bloomberg reported.

Turkcell will pay an additional \$100 million when Belarussian Telecommunications records a full-year net income for the first time, Turkcell said in a PRNewswire statement.

The acquisition will allow Turkcell, which controls more than half of Turkish cellular users, to expand in a faster-growing market. About 65 percent of the population in Belarus used mobile phones as of the end of 2007, compared with 88 percent in Turkey. Turkcell already has units in Ukraine and other former Soviet countries.

Turkcell will complete the share transfer within 30 days, Deputy Chief Executive Officer said in a conference call with reporters. The Belarussian government will hold its minority stake in the phone company for at least five years, he said.

Belarus had 6.9 million mobile-phone subscribers as of the beginning of this year, according to the country's Communication Ministry. The population fell to 9.7 million in 2006 from 9.9 million in 2000.
