# The Moscow Times

Since 1992 No. 5786 December 22 2016 — January 11 2017 WWW.THEMOSCOWTIMES.COM Includes Complete Guide to Moscow over the Holidays Linkedin

## The Year That Putin Won

**Featuring:** U.S. Amb. John Tefft, Former Mayor Yuri Luzhkov, Olympic Swimmer Yulia Yefimova, Pulitzer Prize Winner Sergei Ponomarev and others

### Looking Back

Highlights of

\$27.88

Brent oil price hit lowest rate



The Moscow Times

1 mln people participate in pro-Kadyrov's rally in Grozny on Jan, 19, marking the largest rally in Russia since Perestroika. Participants reportedly were brought from nearby regions.



Russia's privatisation plans announced Stakes of state oil companies Bashneft and Rosneft, a diamond miner Alrosa, a shipping company Sovkomflot, state banks Sberbank and VTB set to be privatized.

### The Price of War

By The Moscow Times

### Russia's 2016 Syrian military campaign ended in another tragedy the death of Russia's Ambassador to Turkey

t's horrifying to think that Ambassador Andrei Karlov's gruesome assassination was specifically designed for the world's television screens.

But, most likely, it was. This was a grisly routine familiar to anyone who watches the news. Like the monstrous execution videos produced by Islamic State, Karlov's death became a spectacle viewed across the globe. The painstaking minutes and seconds before shots ring out, and the footage of the assassin nervously fidgeting only served to amplify his message.

The assassination has some hallmarks of a historical turning point — something that has potential to start a war, a casus belli. Conflicts can be — and have — started with the assassination of an ambassador. WWI, as Twitter users immediately recalled, started in similar circum-

But Karlov's death, it seems, will not undermine Moscow and Ankara's new reconciliation. Russia and Turkey rushed to declare the attack a "provocation."

The reason Karlov's death won't start a war is obvious: the war is already in full swing. Russia is entrenched in this war. It is a major player.

When the Kremlin rallied to the aid of the Syrian regime more than a year ago, it was under the pretext of taking terrorists to task. Moreover, it was an opportunity to restore Russia's presence on the global scene and inspire



Andrei Karlov, Russian Ambassador to Turkey with his killer moments before assassination.

patriotism at home.

It was meant to be quick and easy. But wars are harder to exit than they are to enter — from Vietnam to Afghanistan, history has shown us

Little by little, Russia got carried away in Syria. Before long, an airborne operation had turned into a full-blown military offensive, with special forces on the ground and advisors in Syrian barracks.

If anything, the Russian presence in Syria only seems to have increased since Vladimir Putin announced an official full withdrawal from Assad's embittered conflict in March.

Consider the celebrations following Palmyra's liberation from ISIS, when Russia's most famous musicians performed in the city's ancient ruins. Or consider the Syrian city of Aleppo, leveled to the ground with the help of Russian air force, now a global symbol of unstoppable humanitarian tragedy.

Undoubtedly, the Kremlin might have chosen a path to geopolitical dominance by pursuing policies with less tragic consequences.

As political analyst Vladimir Frolov put it, "a nimbler strategy, with more emphasis on deterrence and protection of civilians from ISIS and the Syrian regime's brutality (Russia could have grounded the Syrian air force), would have cast Russia's role in Syria in an entirely different light."

But this approach would require diplomacy and ground work and, besides, it wouldn't sell

As Russia engaged in its two more recent military conflicts — Ukraine, then Syria — polls showed that it was only Russia's "fighting capacity" that charted an upward trend in respondents' sense of national pride.

War abroad sells just as well as the domestic stability Putin promoted in the early 2000s.

Despite signs of war fatigue at home, independent pollster Levada suggests that 52 percent of Russians continue to approve of the country's military involvement in Syria.

Geopolitical victories — real or imagined continue to keep Russian people happy. This is one thing the Kremlin will have learned from



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Cover by Galina Gubchenko

### REFORM AND REVOLUTION

wave of euphoria.

### The West's Betrayal of Democratic Russia Brought Us Putin

which a quarter of a century on has brought us to the brink of a new Cold War, or something even worse.

We in the West have to ask ourselves: Why did we treat Russia

The peoples of eastern Europe, with understandably bitter memories of Soviet rule, found it hard to distinguish what had oppressed them — an ideology or a nation. The West listened to the urgings of those whose views we should have been wariest of — those who had suffered the worst of Soviet sins in the past, the Poles and the Balts — as though Russia had not changed, Emotion was not a good basis for such a momentous decision.

We invited them to join NATO, thereby making the equally liberated Russians feel unwanted and distrusted. Remember that at the point when NATO resolved to expand, in the early 1990s, there was no Vladimir Putin — there was Yeltsin, close bosom-friend of Bill Clinton, lauded as a democrat, the Yeltsin who had welcomed the freedom of the Baltic states and was praised by them for doing so. There was, at that point, no threat from Russia at all. Many senior Western figures (including Clinton's "Russia hand," Strobe Talbott) had great qualms at the time, because they foresaw exactly what would happen if every other country in Europe was corralled into a military alliance against

But the doubts were overwhelmed by the West's visceral and ancestral hatred and suspicion of Russia. Did we not understand what had happened there? Russia needed our help even more than the eastern Europeans did. Poles had only 44 years of com-

munism to recover from, and people were alive who remembered living in a democracy. Not so in Russia, a country that had to re-

invent itself from scratch now, while its economy was in ruins. We failed to help the Russians adequately. Our aid in the Nineties was pathetic. We poured billions of dollars into Western consultancies, but little trickled down to the people who needed it. Russians were left with the very worst impression of both capitalism and democracy — poverty for millions, oligarchs with their snouts in the trough, and fraudulent elections that kept Yeltsin in power in 1996 when he had no popularity at all.

The West ignored Russia's attempts to recover any semblance of influence in the world. While patronizing Yeltsin as a "democrat," it rejected him as a partner in world affairs, and caused puzzlement among democratically-minded, westward-looking Russians by casting them as NATO's "enemy."

For eastern Europe there was praise and inclusion. For Russia, humiliation and exclusion. And it was precisely those conditions that allowed a hard-man like Putin to come to power eight years later, promising to restore the nation's pride. If we had handled Russia's revolution better, there would probably have been no Putin. All the disastrous consequences might have been avoided.

At the end of this anniversary year, it is worth reflecting on the great opportunity we missed, to build a new Europe. We didn't just betray the Russians who came out to celebrate their freedom in 1991; we betrayed the eastern Europeans who longed for security, yet ended up (in NATO!) feeling less secure than they did in the years following Russia's democratic revolution.

his year was the 25th anniversary of the August coup against Gorbachev, and the demise of the Soviet Union. In Moscow in August 1991 I joined the crowds outside the KGB's headquarters, jubilantly celebrating the felling of the hated statue of "Iron Felix" Dzerzhinsky, the founder of that murderous organization that had kept them in check for seven decades. I drank Soviet champagne out of any plastic cup that was offered to me, and was swept away, like all the revellers, on a

A couple of days later, tens of thousands turned out for the funeral of three young men killed during the short-lived putsch. The events that followed made me dizzy: Russia's president, Boris Yeltsin, recognized the independence of the Baltic states, Ukraine declared itself independent, and the mayor of Moscow ordered that Gorbachev's office in the Communist Party Central Committee building be sealed.

After 73 years, Soviet communism was over. It was a re-run of the popular outpourings I had witnessed in 1988 in the Baltic states, and in 1989 as communism was toppled in Poland, East Germany, and Czechoslovakia... For me, it was all part of the same movement — the people rose up in all those places and overthrew totalitarianism. The Russians embraced freedom in 1991, exactly as the eastern Europeans had done.

But that is not how it was seen in the West. The revolutions in eastern Europe came to be viewed not just as the overthrow of communism (an experience shared with Russia itself) but as liberation from Russian occupation. That was a grave mistake,





Highlights of

Feb. 12

First ever meeting between Pope and Russian Patriarch in Cuba. The pope remarked "finally!"



In an overnight demolition blitz, Moscow authorities destroyed some 100 kiosks and retail pavilions which were deemed



"We have rolled back to the Cold War!" — Russia's prime-minister **Dmitry Medvedev** at the Munich Global Security Conference.



## A Perfect Trap

By Mikhail Fishman m.fishman@imedia.ru

### Vladimir Putin reinvented his presidency — again — using fear and promotion to establish his personal rule

lexei Ulyukayev, the former economic development minister, booked his place in modern Russian history with his arrest the night of Nov. 14.

The day after Ulyukayev was detained, police charged him with extorting a \$2-million bribe from oil giant Rosneft. Authorities say the deal was in exchange for a "positive assessment" on Rosneft's bid to purchase half of Bashneft, another recently nationalized oil company. The minister, whom Vladimir Putin quickly fired, was placed under house arrest, and now awaits trial.

At his arraignment hearing, Ulyukayev described himself as a "victim of provocation." And he wasn't lying. Ulyukayev now saw the bigger picture, and he understood that he'd been set up. He was also suddenly aware that he was in deep trouble.

"The evidence [against him] is huge," a high-level source within Russia's ruling establishment told The Moscow Times.

Police arrested Ulyukayev late on Nov. 14 as he left Rosneft's offices in Moscow. According to a report by Rosbalt news agency, Rosneft CEO Igor Sechin had invited the minister for a pri-

"It makes sense," a state official told The Moscow Times. "Otherwise [Ulyukayev] would never have dared going there and taking the cash."

Any federal minister knows how the system works. The decision to arrest Alexei Ulyukayev could only have come from the very top of Federal Security Service, and with Vladimir Putin's direct approval.

The Kremlin has scarcely denied its role in the case. Putin's spokesperson, Dmitry Peskov, told reporters that the president was aware "from the very start of the investigative operations."

To put it bluntly, Vladimir Putin orchestrated the arrest of his own minister.

But why?

### Revising the Rules

With Russia's next presidential election slightly more than a year away, Vladimir Putin will have to make clear at some point in the next several months whether he intends to stay or go. If he chooses another six-year term in office, he'll be on track to remain in power for 23 years — the longest any Russian leader has reigned since Stalin.

Until recently, Vladimir Putin almost constantly reinvented the nature of his presidency.

He started out as Boris Yeltsin's successor in 2000, still surrounded by the vibes and personalities of Russia's revolution in

From there, Putin advanced as a self-made hardliner, and three years later he administered a crackdown that put the Russian political system under the control of the Kremlin and his long-time friends and allies, mostly from special forces.

Next, he stepped behind the curtain, promoting Dmitry Medvedev to the presidency, and raising hopes that Russia could overcome its history and observe a constitutional succession of power.

In 2012, however, Putin returned, amid street protests in Moscow and other major cities, unlike anything seen in Russia since the 1990s.

By 2016, after squashing most public discontent and restoring his status as Russia's unique and only ruler, Vladimir Pu-



tin set about revising his presidency, once again. This time, the country's "managed democracy," popularized a decade ago, would finally give way to open authoritarianism. The Kremlin and the Russian government now resemble an old-world royal court, more than a modern state.

"Individual rule is a trend," says Valery Solovey, a prominent historian and political analyst in Russia. "Putin will not be able to avoid collective leadership entirely. Rather, he relies on different groups of confidants regarding different questions."

### The New Guard

Evgeny Zinichev, 50, spent most of his career as an officer in Russia's Federal Security Guard Service, guarding the country's top officials. For four years, during the Medvedev presidency, Zinichev was a member of Putin's personal escort.

It seemed natural this July, when Putin appointed Zinichev to serve as the acting governor of Kaliningrad, Russia's European exclave. By that time, Zinichev wasn't even the first bodyguard Putin promoted to work as a governor — that honor belongs to Alexei Dyumin, the acting head of the Tula region.

The surprise came two months later, when Zinichev suddenly resigned. Putin said he asked to return to Moscow for family reasons, but the elite didn't believe him.

"Everything was fine," Solomon Ginzburg, a Kaliningrad politician, told The Moscow Times. "The truth is that Zinichev hates publicity. He couldn't stand his new job."

Unable to cope with his new position, Zinichev found the courage to ask Putin for another assignment, a government source confirmed to The Moscow Times. Since coming back to Moscow, he's reportedly accepted a role in the Federal Security Service as a deputy director.

Analysts seem to agree that both Dyumin and Zinichev have great perspectives in near-term. As Putin has started replacing his old guard with younger loyalists, both men are considered to be top candidates to lead Russia's flagship defense and secu-

Burdened with their own interests and connections, Putin's older associates are being pushed out, in favor of ostensibly more neutral, non-ambitious executives who see the president as a boss, not a comrade.

Putin has kept everyone guessing over his intentions to run again for the presidency.

Enter Anton Vaino, the president's new chief of staff, who replaced Sergei Ivanov, Putin's long-time ally. And meet Viktor Zolotov, the former chief of Putin's security, who now heads Russia's newly formed, wildly powerful National Guard.

The logic of this process is clear, a Kremlin insider told The Moscow Times: Vladimir Putin is building a system that gives him enough room to maneuver. He wants to ensure that the state will remain loyal to him, no matter what he does — even if he decides to leave office. Putin is remodeling the institutional power of Russia's presidency into a force under his personal control.

### The Loyalty of Fear

Just as he's made himself essential to Russian politics, Vladimir Putin is involved in many of the country's major business deals.

After the Swiss commodity trading firm Glencore and the sovereign wealth fund of Qatar acquired nearly 20 percent of Rosneft this month, the company's CEO, Igor Sechin, thanked Putin for his personal contribution to the deal (read the story

With his passion for entrepreneurship and backroom deals, the president sets an example among the ruling elite in Russia, where it's already hard to separate government from private business, and where wealth and bureaucratic status go hand in hand. Almost every high-level Russian official is an experienced entrepreneur — in a country where it's nearly impossible to run a business without breaking the law.

Of this group, an unlucky few land in trouble, often the victims of others' conflicts behind closed doors. And Vladimir Putin encourages the hunt.

In 2016, Putin's fight against corruption reached its highest point, with photos and videos of captured officials posed with rolls of illicit cash becoming a law-enforcement trademark. Nearly every area of public service has been hit: a governor, a deputy minister, high-ranking law enforcement officers, and

"When enforcing loyalty within the elite, Putin uses both tools: promotion, as well as fear," says Solovey. "With Ulyukayev's arrest, his policy of selective repressions reaches its

Alexei Ulyukayev was simply weak enough to serve as the fall guy, another Kremlin insider told The Moscow Times. His ministry, which specializes in producing economic forecasts and promoting economic growth, wields relatively little authority. And Ulyukayev is not particularly well connected, making him the perfect target.

In 2003, the Kremlin orchestrated the arrest of Mikhail Khodorkovsky, the head of the private oil behemoth Yukos. That event sent shockwaves through Russia's business community, "curing" entrepreneurs of political ambitions, and marking a global turn in Putin's presidency.

As Solovey has put it, "What the Yukos case was for Russia's business, Ulyukayev's case is for Russia's bureaucracy." TMT

### The Longevity League



Robert Mugabe Zimbabwe 1980 - present





Nursultan Nazarbayev Leonid Brezhnev 1966-1982



Vladimir Putin Russia 2000 - present



Bashar Assad 2000 - present



Helmut Kohl 1982-1998



Francois Mitterand 1981-1995



1932-1945

Franklin D. Roosevelt Angela Merkel Germany



2005 - present



The Moscow Times

Highlights of

March

March, 14

Putin announces withdrawal of Russian troops from Syria.

"I hope I'll be given another chance," **Maria Sharapova** says after testing positive for a drug banned by WADA.



Longtime director of the Russian State Archives, **Sergei Mironenko**, is demoted after exposing a popular Soviet WWII legend that the Culture Ministry planned to turn into a blockbuster movie to be "fiction."



## In Name Alone

By Matthew Kupfer newsreporter@imedia.ru | Illustration by Elena Rasputina

### Russia's privatization drive looks increasingly like asset shifting and fancy accounting

n the surface, it was a simple business transaction: The government would sell shares in several key state companies to private investors. The investors' money would help fill the country's rapidly draining state coffers. Everyone would walk away happy.

Even the name for the process — privatization — suggested a kind of dull efficiency.

It was anything but. Struggles broke out between state company leaders and economic officials. Strange privatization schemes emerged and disappeared. A high ranking official was arrested. In two of three cases, something appears to be wrong.

When the dust cleared, the Kremlin had successfully sold stakes in three state-controlled companies: diamond miner Alrosa, regional oil company Bashneft, and oil giant Rosneft.

It was a major victory for the Kremlin. Against the odds, Russia managed to overcome a poor economic environment and Western sanctions to achieve a successful transaction. At least that's what officials would say.

Others were left wondering: Is this really privatization? And if so, who is the privatizer?

### Alrosa

The story began simply enough: In July, without particular conflict or fanfare, Russia sold a 10.9 percent stake in Alrosa, the world's largest diamond miner, to a mix of European, Asian, Middle Eastern, and even American investors. The state-backed Russian Direct Investment Fund also purchased 35 percent of the available shares. The sale earned the government 52.2 billion rubles (\$845 million.)

It was a good start to a campaign facing real challenges. The planned privatization of several other state companies had already been delayed. The Alrosa sale was a clear example of real, successful privatization.

However, two and a half months later, Alrosa shares closed at 38 percent higher than their July sale price. According to Bloomberg, the shares' appreciation effectively meant that the Russian government lost 20 billion rubles (\$323 million).

### **Bashneft**

Fundamental problems emerged when the government moved on to the next item on its for sale list: Bashneft. The Bashkortostan-based oil company had been seized from Russian oligarch Vladimir Evtushenkov and re-nationalized in 2014. Now the government — which owned 50.08 percent of the company — was struggling to exit.

Around 50 companies were invited to participate, but, ulti-



mately, the oil behemoth, Rosneft, expressed the keenest interest. Could a state-controlled company privatize a state firm? The government seemed to agree that this would not be privatization, but "moving the same money around," as one official told the Vedomosti newspaper.

In the end, Rosneft made the Kremlin an offer it could hardly refuse: Rosneft would purchase a controlling stake in Bashneft for \$5 billion dollars, a higher price than any other prospective buyer. Following the government's established privatization plan, a 19.5 percent stake in the enlarged Rosneft would then be privatized for \$11 billion. The two sales would net the Kremlin a total of \$16 billion dollars. In October, Rosneft made the purchase.

### Rosneft

Privatizing 19.5 percent of Rosneft, the world's largest publicly traded oil company, proved an even greater challenge. There appeared to be few buyers capable of shouldering the financial burden of such a purchase. What's more, Rosneft had fallen under United States and European Union sanctions in connection with the Ukraine crisis, further restricting the pool of potential investors

Over the summer, rumors suggested that the Chinese National Petroleum Corporation would privatize Rosneft. One reported sticking point was that the Chinese wanted more operational control over the company. After Rosneft "privatized" Bashneft, it appeared Rosneft would then "self-privatize," buying the 19.5 percent stake from its majority shareholder, state holding company Rosneftegaz.

Next, Russian media reported that President Putin had asked Lukoil CEO Vagit Alekperov to take part in the Rosneft's privatization.

"When they didn't find any foreign buyers for Rosneft, it was a big blow to the image that the government is promoting," Vladimir Milov, president of the Institute of Energy Policy, told The Moscow Times. By involving Lukoil, the Kremlin was trying to save face.

opment Minister Alexei Ulyukayev was arrested on corruption charges in Rosneft's office, adding another strange twist to an already convoluted story.

Finally, earlier this month, came the abrupt announcement by President Putin and

But the Lukoil deal also fell

through. It appeared that Ros-

neft would indeed "privatize"

itself in a buyback. Then, in November, Economic Devel-

came the abrupt announcement by President Putin and Rosneft CEO Igor Sechin that a consortium of the British-Swiss commodities trading firm Glencore and the Qatari Sovereign Wealth Fund would purchase the 19.5 percent stake. The unexpected deal re-

portedly came after talks with 30 different potential investors.

Putin termed the sale "the largest on the global energy mar-

Since then, many have cast doubt on the honesty of this "privatization." In the deal's wake, Glencore and Rosneft announced that the 19.5 percent share had been valued at 10.2 billion euros (\$10.5 billion). The Glencore-Qatar consortium would pay 2.8 billion euros (\$2.9 billion) and the obscure Italian bank Intesa Sanpaolo and several unnamed Russian banks would provide a loan of 7.4 billion euros (\$7.7 billion) — with Intesa providing more than 50 percent of the financing.

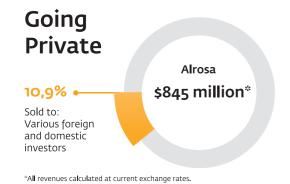
Now, Intesa appears to be reconsidering its role due to EU sanctions. Additionally, the RBC news site has reported that Gazprombank, a bank with strong ties to Rosneft, will help finance the purchase. In October, the Russian government allowed Rosneftegaz, Rosneft's majority shareholder, to deposit up to 1.8 trillion rubles (\$29.2 billion) in Gazprombank. Some have speculated this money could be used to finance Rosneft's privatization.

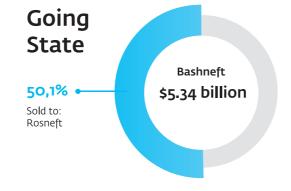
Economic analyst Boris Grozovsky suggests a different explanation: In early December, Rosneft issued 600 billion rubles (\$9.8 billion) in bonds. The Central Bank used these bonds as collateral to provide loans to Gazprombank and other Russian banks. These banks financed the purchase of the 19.5 percent stake from stateowned Rosneftegaz, which passed the money into the Russian budget. Glencore and the Qatari Fund masked the process.

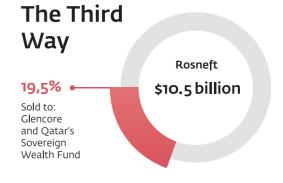
The issue is that the Russian banks are now in debt, Grozovsky says. Financing from Intesa was supposed to solve this problem – at least partially. Now that the Italian bank is backtracking, however, the Russian banks may have a problem.

Regardless of the explanation, much remains unclear. But for many analysts, it appears that the sale of Rosneft's shares — like that of Bashneft's — was privatization in name only.

"The picture isn't changing," says Sergei Romanchuk, head of money markets at Metallinvestbank, "The goal of privatization is to de-monopolize the market, but that isn't happening here."







December 22, 2016 -January 11, 2017

5

Highlights of 2016

April

>\$50 Bln

An award to shareholders of the defunct oil company YUKOS, overturned by a Dutch court.



A National Guard is formed. The agency is under Vladimir Putin's personal command and will be responsible for "the protection of public order"



11.5 Mln — the number of files released in an unprecedented Panama Papers leak. It revealed \$2 billion worth of offshore deals benefiting Sergei Roldugin, cellist and friend of Vladimir Putin.



## Why U.S.-Russian Trade Continues

Sectoral sanctions and counter-sanctions might dominate the headlines, but the local backstory is one of mutually beneficial cooperation, says U.S. Ambassador.



Op-Ed by John F. Tefft U.S. Ambassador to Russia

In my time in Moscow, I have sometimes encountered misunderstanding about the nature of the United States' trade relationship with Russia, and the U.S. government's role in it. This confusion might arise because most of the measures taken by the U.S. and EU in response to Russia's decisions over Crimea and elsewhere in Ukraine have occurred in the economic sphere. However, these economic sanctions have been targeted at specific individuals, companies, and sectors related to those actions by Russia. There is no general embargo on trade or U.S. exports to Russia, and American companies continue to trade with Russia in some areas.

This situation is both normal and desirable. It is normal because all nations seek to increase exports as a way to create wealth and prosperity. It is desirable because trade brings together businesses and, ultimately, individuals seeking a mutually profitable relationship. For decades, people-to-people contacts have built understanding between nations in areas like sports, education, and the arts. Likewise, the many contacts between Russians and American business people as investors, partners, employers, suppliers, or customers have produced a deeper appreciation of our respective countries. This understanding may not have been a direct business objective, but it is a natural dividend.

As long ago as 1774, Ben Franklin wrote that "no nation is ever ruined by trade." The long and largely successful presence of U.S. business in Russia suggests both countries agree with this maxim.

The U.S. government, in the form of the U.S. Commercial Service (an agency of the Department of Commerce), actively helps American companies assess and enter new markets overseas. Across the world, these "commercial

diplomats" identify market opportunities, advise American exporters, introduce prospective distributors and customers, and raise the profile of American companies and their products, services, and solutions in foreign markets.

This same agency is hard at work in Russia, helping American companies enter the Russian market for the first time and supporting those who are already here. Its sole mission is to bring business people together. In my time here, the Commercial Service offices in Moscow and St. Petersburg have led scores of Russian business people to trade shows in Europe and the United States in order to introduce leading technologies in industries as varied as mining and medical devices. This team has produced a steady stream of events promoting everything from American franchises and rail equipment to energy efficient controllers and beauty products. I have often opened these events as a speaker, and have seen for myself the interest and enthusiasm of the American and Russian businesses participating. The atmosphere at these events is universally friendly, practical, and professional.

In 2016, the U.S. Commercial Service in Russia advised more than 700 U.S. companies on some aspect of the Russian market.

Through their work, I have met with dozens of American and Russian companies. I am always delighted, but seldom surprised, to learn how American companies continue to contribute to the business success of Russian companies. Their technologies, services, and solutions have made their Russian customers more efficient and productive. Perhaps quietly and unobserved, American solutions deployed by Russian companies are helping to lower energy consumption, improve quality and reliability, increase worker safety, reduce processing times, and raise agricultural productivity across Russia.

Attention to sanctions and counter-sanctions may sometimes obscure the larger and longer-standing relationship between Russian and American businesses, but we should recall that it is a relationship from which both sides benefit and through which we understand each other better.



### Pension fund's trends



Alexander Lorenz
Chairman of the advisory council,
AO NPF SAFMAR

### "The Russian pension market is now over 20 years old.

But the last year was the most critical in the market's history as it entailed many changes and a complete overhaul of the Russian pension landscape. Consolidation and public visibility are the main trends that have emerged in the recent past. One main trend during 2016 was the consolidation of pension assets under various financial groups. In fact, currently the top 10 pension groups in Russia account for over 85% of the total assets of all non-state pension funds. The number of funds are decreasing, while the assets they manage are growing.

The increased social importance of NPFs as well are their more prominent role the country's economic activity as well as their new standards of corporate governance have unexpectedly propelled them onto the open capital market. This has lead to another trend – the emergence of "public" pension funds on the Russian financial market."



Evgeniy Biezbardis Senior Analyst, Association of NPF

### "Pension savings have lately become one of the key elements of the Russian security market's support and a key driver in the development

of the asset management industry, inspite of "freezing" new contributions in the funded pension and other restrictions. It is especially evident on the bond market, where the long-term and conservative nature of pension funds investment plays a role. About 20% of all the ruble bonds issued in Russia were purchased by pension investors. The branch structure of pension saving's investments illustrates that private pension funds face one more essential problem of the national financial market — a deficit of securities admitted by the legislation to invest pension savings from a real sector of the economy."



Sahib Mustafa-zade Leading Expert, MARSH

# "Over the past few years, nonstate pension funds have become a full-fledged financial institution, transparent and understandable for both the regulator and the market.

Given the growing role of funds in the economy, increasing the transparency of investment is a priority for the regulator – the Central Bank of the Russian Federation – which is making adjustments to the rules for investing pension savings and plans to move the center of investment decision-making to funds, and not management companies. In this connection, funds are building their own risk management system and preparing for NPF managers' liability for investing the money of future pensioners. Thus, liability is increased for the security of Russian citizens' pension savings, which is reflected in funds' interest in insurance products and solutions that make it possible to minimize the potential risks for clients."



 $^{\circ}$  This section does not involve the reporting of the moscow times staff

### 6 Russia v. the World

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Highlights of 2016

May 25
Ukrainian prisoner Nadiya
Savchenko sent back to Kiev



"Information attacks on Russian sport continue," then Russian Sports Minister **Vitaly Mutko** says, responding to the doping scandal.



Musician Valery Gergiev performs a concert in Palmyra after its recapture by Russia-backed Syrian forces. Cellist Sergei Roldugin, Vladimir Putin's friend and the alleged beneficiary of \$2 billion in offshore deals, also performs.



## Russia, Hacker Superpower

By Matthew Bodner m.bodner@imedia.ru, Twitter: @mattb0401 | Illustration by Katerina Lobanova

Moscow has finally got the geopolitical respect it demanded for years, but only after spooking Washington.



### Trilingual Centre for Kids Bumblebee

### www.bumblebees.ru

Bumblebee L'école innovante is about:

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  pative speakers:
- A well-rounded development program in foreign languages that meets state standards of their respective countries;
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- Complex lessons composed of a variety of activities;
- Interaction with representatives of the different countries and cultures

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РЕКЛАМА

since the beginning of his first presidency, Vladimir Putin has made it a national priority to convince the West, and particularly the United States, to take Moscow seriously. This goal is largely to blame for the last decade of Russian foreign policy, which has grown more assertive, and militarized.

For the longest time, Russia seemed incapable of breaking through Americans' sense of invulnerability.

When Moscow annexed Crimea from Ukraine in 2014, the Kremlin's boldest aggressive trends were on full display, but Russia remained a distant concern for most people in the U.S. Even Washington refused to view Russian intransigence as a direct threat to American national security. Yes, the Kremlin was creating problems for allies in Europe, went conventional thinking, but the United States was safe.

It was only this year that Vladimir Putin finally captured the American mind, and he owes the feat not to flashy images of Russian missiles and tanks parading through Red Square, but to the quiet actions of people armed with computers.

### Not So Newfangled

Lost in the debate about Russian influence in the U.S. presidential election is the fact Russian hackers have been active for a long time. Littering the illicit pages of the dark web, Russian hacking programs today make possible most of the world's financial-sector break-ins. Increasingly, Russian hackers have acted with political motivations, but their bread and butter is and has always been theft and corporate espionage.

As programmers, Russian-speaking hackers are pioneers in their fields.

Despite some diplomatic turbulence over the last two decades, police in Russia and the U.S. have, at times, cooperated to track and arrest major cyber criminals. Even in the middle of the hacking scandal, Russian officials recently handed over notorious criminal Joshua Samuel Aaron — a man wanted by U.S. state prosecutors for "security fraud on cyber steroids."

Aaron is one of several high-profile Russian-speaking hackers arrested in recent years, and he was far from the first to get caught. These criminals belong to a community that emerged in the 1990s, when the collapse of the USSR abandoned many trained and capable technicians to lives without reliable or sustainable work.

"A lot of these people had access to computers, and they knew how to explore the possibilities," says Alexei Kruchenok, a software developer in Belarus. "If you didn't have economic opportunities, you looked at the gray Internet market for money."

### **Skills and Opportunity**

Russian hacking came of age as the Internet economy developed in the 1990s. It was a time when capabilities outpaced security. Shopping and banking were early online growth areas, and hackers saw Western banks and consumers using credit cards as easy targets.

For Russians with the necessary skills, preying on these services was an attractive way to make money in stormy times. While rocket scientists and weapons experts found government and international support, programmers were largely overlooked.

"The U.S.S.R. had the largest engineering community in the world," says Andrey Soldatov, author of The Red Web and an expert on cyber security and the Russian security services. "They existed to support the Soviet military-industrial complex, and after its collapse, many of these experts and their children, found themselves left high and dry."

And so, in the 1990s and early 2000s, the Russian-speaking hacker community flourished.

"In the early 2000s, lots of people who had access to computers knew how to hack — and they did it, even just to get access to the Internet," Kruchenok says. "A lot of people worked on the so-called 'gray Internet' in the businesses of

Highlights of 2016

June

150

Russian hooligans clash with English fans in France during Euro 2016.



On June 23, the UK votes to leave the European Union in a referendum known as Brexit. Some pundits claim that Brexit presents new opportunities for Russia.



"It suits them to put on a hypocritical humanitarian face," radical Russian artist **Pyotr Pavlensky** says upon release from prison.



spam, malware, and porn. Groups would hire talented people to write the code for these industries."

Vladimir Levin, a mathematician trained as a biochemist, was the archetypal early Russian hacker. In 1994, he led a hack on Citibank, gaining access to its systems, and transferring \$10 million to his own accounts. Levin was later arrested, but he would not be the last Russian amateur to hack the systems of a major Western bank.

### The Community

Beyond raw technical skill, the secret behind the success of the Russian-speaking hacker community is informationsharing, says Dmitry Volkov, an expert in cyber forensics at the Moscow-based Group IB cyber security firm. Compared to other large hacker communities, such as the German and Spanish-speaking ones, the Russian community has been the most open.

15 years ago, an aspiring hacker needed simply to join a forum and ask questions.

"You could ask anything," Volkov says. "For example: which type of program should I use to steal money from a bank? And if I am targeting a specific Western bank, what kind of additional security measures does that bank have in place, and how do I get around them?"

For such specific questions, seasoned hackers would often

tifying an attacker is no easy task. Volkov describes his work as "forensic investigation" focused on mapping out the vectors of attack, and the tools used. Over time, this can help identify the source

Every now and then, people like Volkov make a major breakthrough, when the trail leads to the malware's original developer.

In 2012, Russian authorities caught the individual behind a Trojan horse virus known as "Black Hole." Used by up to 70 percent of hackers targetting banks, this exploit kit was infamous. "Most hackers across the globe were buying software from the guy who developed Black Hole," Volkov says.

### **Going Legit**

Russian hackers still lead the pack today, but the community is thought to be smaller now than it was at its peak 15 years ago. The open online forums of old have largely fallen silent, experts say, and those who remain in the game are more professional and discreet than the amateurs who once dominated the landscape.

There are several reasons for the change. For starters, talented programmers from the former Soviet Union - who once hacked for financial, rather than ideological reasons - now have more opportunity in the legitimate information-technology market. The skills of firms like Group IB and law en-



the amount of money lost by a Russian bank in 14 minutes after hackers gained access to a trading terminal. They traded \$400 million in shares, influencing the ruble to dollar exchange rate by 10 rubles.

provide very detailed answers — sometimes, they would even share step-by-step instructions.

And the activity was not limited to banks. Knowhow for other hacking techniques, like DDoS, spam, and related activities, was and still is readily available on the Russian Internet.

The answers to any query were open and available to everyone in a forum, making Russian hackers' approach to exchanging knowledge particularly effective.

Over time, these online communities became digital bazaars for all kinds of malicious software developed by hackers for personal use, and traded or sold to other hackers, as part of a fast-growing black market software industry.

"On other forums, in other languages, I never saw anything like it," Volkov says.

Russia's hacker community soon emerged as a powerhouse in the global malware market, producing highly specialized toolkits for hacking techniques. Talented Russian-speaking developers would band together to hack a particular target, or they might simply create cutting-edge tools for other hackers to buy and use.

Remarkably, these hacker groups resemble both organized crime syndicates and legitimate businesses.

"The best cyber criminal gangs will have one very strong leader," Volkov says. "He won't necessarily be a superstar hacker. Instead, he'll have good contacts with money-laundering teams. Usually they'll split the profits sixty-forty from hacking a bank or corporate account, and they can cause a lot of damage."

Volkov recalls one incident two years ago, when a Russian hacker group infiltrated a trading terminal at the Moscow Exchange and — for 14 minutes — was able to conduct transactions. They moved about \$400 million worth of shares, Volkov says, influencing the ruble-to-dollar exchange rate by about 10 rubles. The bank they hacked lost 200 million rubles (almost \$4 million at the time).

Given the skill of groups capable of infiltrating banks, iden-

forcement have increased, as well, leading to more arrests.

This is especially true in neighboring Belarus, says Kruchenok. Once a hacking haven, Belarus has used a carrot-and-stick method to push its programmers into legitimate activities. A decade ago, the government opened a technology park to stimulate software developers, and many saw an opportunity for stable and legitimate salaries.

Not everyone in the black market turned to private enterprise for legitimacy, however, and some hacker groups succeeded in forging relationships with the state.

One of the most famous Russian hacker collectives, known as the "Russian Business Network," first cozied up to the government in the mid-2000s. Around this time, the group is believed to have earned roughly \$150 million annually, and at one point it may have been responsible for 60 percent of all major cybercrime.

Investigators have determined that the hackers who launched several large-scale cyber attacks on Estonia and Georgia in 2007 and 2008 were using toolkits designed and sold by the Russian Business Network. State officials and researchers in these countries say the attacks were politically motivated and conducted "in service" to the Russian government.

The apparent interaction between Russian criminal hackers and the Russian government presents a challenge to cyber security in the West. While the two sides have demonstrated an ability to work together to catch dangerous criminals who threaten the world's financial infrastructure, the existence of criminal groups for hire makes it much harder to attribute a particular attack to the state. Such complications fuel mistrust.

Data trails still exist and the intrigue and paranoia they're capable of generating have confounded and terrified the American political establishment.

The Kremlin has Russia's rich hacker tradition to thank for

#### **GEOPOLITICAL CORRECTNESS**

## Emnity Is Not Forever

By Sir Roderic Lyne

U.K. Ambassador to Russia from 2000 to 2004. Deputy Chairman of Chatham House.



n 1991, I was the (last) head of the Soviet department in the British Foreign Office. At the beginning of that year I held responsibility for one country, but by the end, I was responsible for fifteen.

Twenty-five years on, we are still wrestling with the consequences of the collapse of the Soviet Union. The majority of the Soviet people were glad to have rid themselves of a Communist system which had impoverished them and cramped their lives. It was a time of hope – hope that Russia and her neighbours, with help from their new partners in the West, would come through the transition and emerge as increasingly prosperous, free and independent states. Hope that the dividing lines in the European continent would be buried for ever.

While the shock therapy required to resuscitate the Russian economy was acutely painful and demanded great courage from Yegor Gaidar and his colleagues, it was clear by 1999 that Russia was reviving. For the next decade, living standards rose and the numbers in poverty fell.

Likewise, our hopes for a fundamental transformation in relations between Russia and the West – away from confrontation and towards genuine partnership – seemed to be being fulfilled. A series of agreements, from the 1990 Charter of Paris through the 2+4 accords on German reunification and the 1994 Budapest Memorandum, to the 1997 NATO-Russia Founding Act – which helped to lay the basis for closer and unfettered links between independent states across the European continent by respecting the principles of the UN Charter.

Now, in December 2016, we stand at the end of a year in which commentators have proclaimed that relations between Russia and the USA or NATO have not been worse – more adversarial, more dangerous – since at least the 1980s, if not the 1960s. The confrontation between Russia and Ukraine, historically the closest of neighbours and friends, is entering its fourth year with no signs of improvement. The bloody war in Syria continues, at huge cost in the dead and displaced. There is deep uncertainty about the future course of the United States: random tweets do not provide a firm basis for prediction. Meanwhile the Russian economy has barely grown since 2009, and rising prosperity has been supplanted by a fall in living standards.

With so few grounds for optimism, we need to view these negative trends in a wider perspective. It would be irrational to expect the stagnation of the Russian economy to last indefinitely. With Russia's human talent, resources and economic potential, I am certain that the drive for modernisation will be resumed and will eventually carry the country upward.

Nor do I see Russia's current alienation from the West as a lasting phenomenon.

President Gorbachev was fond of quoting the remark by the 19th century British statesman, Lord Palmerston, that "We have no eternal allies, and we have no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow."

Sadly our paths have diverged over the past 12 years. Our cooperative relationship foundered over a fundamental difference of view on the sovereignty and right to self-determination of newly independent states, notably Ukraine.

Nevertheless, at some point in the future our interests will dictate that Russia and the West move beyond this negative phase and return to the path of cooperation which was so beneficial up to 2004. For the long term, I remain an optimist



### Alexei Kruchenok

- —In areas like spam, there isn't much money for talented developers. Many were lured back to the white market by long-term job security and relatively high salaries.
- Ukraine is the new center of the gray and dark web industry because money solves all problems there. But everyone who wants to work in the white industry moves to Belarus, even from Russia – because Minsk has more legal protections.

Highlights of 2016

July 24
IOC refuses to ban Russia's
Olympic team from Rio.



"This is an unfounded accusation," Kremlin spokesman **Dmitry Peskov** says, responding to U.S. hacking allegations.



"Pokemon Go," an online game by Nintendo, goes viral in Russia days after it was released in the U.S. on July 6. Russians download it illegally, not willing to wait for the official release.

## In Search of Heroes

Fed contradictory and distorted information, Russians became indifferent to humanitarian catastrophe in Syria. But they were not the only ones to be misled.



Op-Ed by Sergei Ponomarev Photographer, Pulitzer Prize Laureate 2016

In April, New York Times photographer Sergei Ponomarev was awarded the Pulitzer Prize for his work documenting Syrian refugees fleeing the civil war. He has reported extensively from around the region.

istory does not judge winners. First — because there are none. And second — not in our time, nor in relation to Aleppo.

But first, I'd like to talk about heroes. Sometimes I think we, journalists, help in the process of creating heroes. Sometimes we do it intentionally, sometimes unwittingly. It is certainly what happened in Libya, and I think it is what has happened in Syria too.

As any war journalist will tell you, he or she travels to the place where there is access; the place where he or she can work without being controlled. In Syria, this predominantly meant the rebel-controlled areas in the north of the country. At the start of the war, Assad's government blocked access to foreign journalists. But it was a reasonably straightforward affair to cross over the border from Turkey into Syria, and then to tag along to one of the armed groups.

So, back then, it was these fighters' stories that made the front pages. The media made heroes of the fighters of the Free Syrian Army. When sheltering from the shelling of Assad's forces, journalists were inclined to emphasise the negative aspects of his military campaign.

Many wonderful journalists died in Syria as a result of shelling from regime forces — Remy Ochlik, Anthony Shadid and Marie Colvin, who some believe was deliberately targeted. Journalists also received the highest honours for their reporting. Some of them even won Pulitzer prizes.

But the upshot of this situation was that for the typical western news consumer, it was never hard to see the world the way the rebels saw it. Or to sympathise with how they had come to take up arms: after bloody crackdowns, and against an unbalanced man who had been handed absolute power by his father.



A stream of romantic narratives coming from rebelheld territories overpowered the trickle of news from regime territories. Coming on the back of euphoria around the toppling of dictator Gaddafi and other Middle Eastern political dinosaurs, journalists were largely of one voice in predicting that time was running out for the butcher

For those few journalists working on the other side, reporting opportunities were much more limited. Working in government held-territory meant visiting organized pro-Assad demonstrations, staying under the constant surveillance of government-appointed "fixers," and having no chance of being anywhere near the action. When journalists were eventually allowed to visit the frontline, a ceasefire would spontaneously materialise, or they would be shown a "humanitarian corridor," also some distance away from reality.

These were the rules of the game — what to put up with if you wanted to show life on the other side.

To a large degree, that life resembled life in the Soviet Union. It was, and is, a society isolated from the rest of the world — with a single TV channel entrusted with broadcasting the Truth, stereotypical ways of thinking and government control at every step. Syrian society, by the way, is long used to total surveillance. The forefather of its secret services is Alois Brunner, a former Nazi SS captain who escaped to Syria following the defeat of Hitler's Germany.

Ponomarev's dramatic picture of Syrian migrants arriving by boat to the Greek island of Lesbos won him a Pulitzer

Hafez al-Assad, the father of the current president, built a society both dependent on and controlled by secret services and propaganda.

When the world turned its attention to Aleppo, it turned out that people assessed the situation differently. On the one hand, we hear the word "liberation;" while, on another, we hear "genocide." Social media swelled with stories of fathers shooting their daughters and wives, lest they be raped by the advancing Syrian army, Iranians or Hizbollah. The UN reported 82 civilians being shot on the spot after western Aleppo fell (this was naturally unreported in mainstream Russian media.)

Hand on heart, we cannot say that either of the sides is telling the full truth in Aleppo. Yes, Assad controls what even

Russian journalists can report. But the Syrian opposition, in various forms, also controls those who write on social media, or the activist stringers employed by foreign news agencies (it has long been too dangerous for western journalists to work in Aleppo). In the end, you had the same propaganda as with Assad, only in mirror reflection.

And when the limited morsels of real information from either side of the frontlines made their way to Russia, a further layer of filters and propaganda rendered them useless, or even dangerous. Few Russians could work their way through contradictory information from a far away and mysterious place. Popular indifference to humanitarian catastrophe in places like Aleppo was the logical result.

Whatever way you spin it, however, 2016 was a year that bound Russia with this far-away city.

About two years ago, I remember hanging around a checkpoint in Homs with government soldiers. I showed them a mobile phone video of dress rehearsals for the Victory Day parade on Tverskaya Square. There they could see the might of Russian weaponry — Armat tanks, C-400 and Topol rocket systems. They were made up by it all, and one after another said they wanted one of the "big rockets" for themselves.

"We'd bomb the shit out of them," said one of the soldiers. Despite the unpleasant nature of these words, in short, this is exactly how things worked out.





Author Home cooking with a touch of nostalgia by Michael Amaev

Village Kitchen 🕥

The restaurant has collected recipes from different parts of Russia, the Middle East and the Caucasus, combining the taste of the native dishes to gourmet cuisine by adding shades of "Gourmet" and nostalgia. The menu is quite impressive, familiar and favorite dishes, time-tested, which are served in a whole new way. We are confident that the food is cooked with love from the right eco-friendly products and our personal approach brings the thrills and emotions.

Village Kitchen – Malaya Bronnaya 10/1 Complex banquet halls – Dovzhenko 1 +7 495 695 9525, +7 499 991 0210 www.villagekitchen.ru Kosher restaurant "Mestechco" www.mestecbco.ru Welcome!

### Deoffshorization in action



The Russian practice of Berwin Leighton Paisner (BLP)



**Andrey Goltsblat** Managing Partner, Goltsblat BLP

FC (controlled foreign companies) rules came into force in Russia on January 1, 2015. However, the first tax declarations (personal income tax and corporate profits tax) that will include the profits of CFCs will be filed by Russian tax residents ("controlling persons") only in 2017.

Of course, back in 2015 the owners of foreign companies and settlors of foreign unincorporated structures were required to file notifications of participation in foreign companies (establishment of foreign unincorporated structures). However, in view of insignificant amount of fine (50,000 rubles) for large businesses, many owners of offshore companies and structures ignored this requirement in order to buy time to determine the fates of their foreign assets.

Therefore, today it is difficult to draw a firm conclusion on the success of the deoffshorization plan of the Russian government. For example, the voluntary disclosure campaign under Federal Law No. 140-FZ (so-called "amnesty of capital") did not yield the desired result. The Federal Tax Service received approximately 2500 special declarations, which is next to none for such a large country as Russia. It will be recalled that the amnesty of capital released persons who submitted special declarations from administrative and criminal liability for commitment of tax and currency control offenses on condition of disclosing information on foreign assets, such as real estate, vehicles, securities, participation in foreign companies and unincorporated structures, and foreign bank accounts. A corresponding provision



Alla Zverkova Senior Associate Tax Goltsblat BLP

in the Tax Code guaranteed tax free receipt of the disclosed assets from the nominal owner.

It should be noted that, literally, the deoffshorization initiatives (the law on the amnesty of capital, CFC rules) do not require repatriation of assets into Russia or liquidation of foreign companies and unincorporated structures (e.g. trusts, funds). These initiatives are aimed at the disclosure of offshore assets and structures and the development of such a taxation regime that the holding of Russian business through offshore companies and structures will not provide tax savings. On the contrary, taking into account only taxation, now it may be more interesting to build a holding structure under a Russian holding company or a foreign holding company that declares itself a Russian tax resident. This status is available for foreign companies whose place of effective management is situated in Russia and allows such foreign companies to benefit from the Russian participation exemption regime (exemption for incoming dividends on condition of a minimum 365-day holding period of at least 50 percent shareholding in the company paying the dividends; exemption for capital gains from the sale of shares on condition of five-year holding period). In addition, CFC rules introduced provisions on the tax free receipt of assets from foreign companies and unincorporated structures by Russian tax residents upon their liquidation within the established period generally January 1, 2018, with certain exceptions

Despite these seemingly beneficial terms, the disclosure of foreign assets and liquidation of foreign structures is not going on as speedily as expected. Nevertheless, Russian beneficial owners soon will have to decide the future of their offshore structures.

The Russian government currently undertakes active work on the mechanisms of information exchange with foreign jurisdictions. On July 1, 2015, the Convention on Mutual Administrative Assistance in Tax Matters came into force for Russia. This Convention has been signed by 107 countries, including classic offshore jurisdictions that have been used by Russian business for decades like BVI, Belize, Bermuda, Cayman Islands, Cyprus, Jersey/Guernsey, Gibraltar, Liechtenstein, Panama, Seychelles. It should be noted that not all jurisdictions that signed the Convention have ratified it yet, e.g., the United States has postponed it since 2010.

The above-mentioned Convention allows Russia to exchange information with participating jurisdictions upon request beginning from 2016 reporting year. The mechanism of information exchange is also usually included in double taxation treaties concluded by Russia and is in fact already underway, which can be illustrated by many recent court cases where the Russian tax authorities have successfully obtained information from such countries as Cyprus, the Netherlands, Switzerland and others. However, so far the information exchange has been limited to countries that concluded a double taxation treaty with Russia (which does not include such jurisdictions as BVI, Panama, Belize, Liechtenstein) and has not been carried out on a large scale. This situation may change with the beginning of automatic exchange.

On May 12, 2016, Russia acceded to the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (an implementation document to the above Convention), which already has 87 signatories (including such classic offshore jurisdictions as BVI, Belize, Bermuda,

Cayman Islands, Cyprus, Gibraltar, Jersey, Guernsey, Liechtenstein, Malta and others). Herewith, Russia undertook to start automatic exchange in September 2018 (i.e. information for the 2017 reporting year).

According to the above Multilateral Competent Authority Agreement, in order to start the automatic exchange, each participating country should (among other things) have in place the necessary laws to implement the Common Reporting Standard (CRS) and provide notification to the OECD Coordinating Body Secretariat with a list of jurisdictions with respect to which it intends to exchange information. The respective bill has been drafted by the Ministry of Finance and is expected to be passed during the spring session of the State Duma.

When the automatic exchange starts, Russian tax authorities will be receiving information on foreign bank accounts of Russian tax residents and foreign bank accounts of foreign legal entities controlled by Russian tax residents, including account details, account balance and amounts paid or credited during a calendar year.

In this regard, a compelling need is developing for the Russian beneficial owners to decide on the existence and disclosure of their offshore structures, participation in which is not liquidated by the end of 2016. Many business owners have already preferred to surrender Russian tax residency status or to transfer shares in their foreign companies into an irrevocable discretionary trust (which is not a CFC). Others are reconsidering their foreign structures in view of the forthcoming transparency. However, complete abandonment of the use of offshore structures is rare. Obviously, tax reasons alone are not sufficient for the success of the deoffshorization plan. In this context, the prospect of a progressive personal income tax rate does not add to the incentives to deoffshorization and maintaining Russian tax residency status.

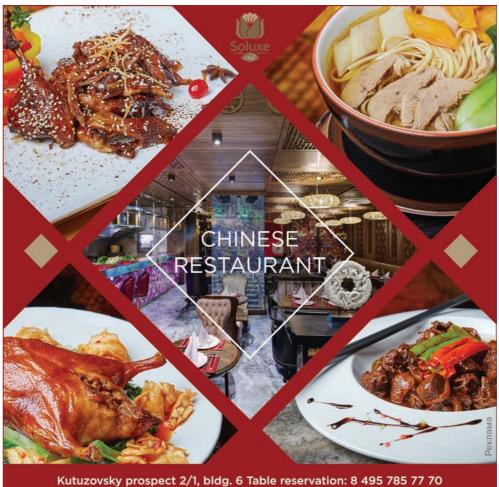
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\* Goltsblat BLP is the Russian practice of Berwin Leighton Paisner (BLP), an award-winning international law firm headquartered in London and with offices operating in major commercial and financial centres throughout the world — Moscow, Abu Dhabi, Beijing, Berlin, Brussels, Dubai, Frankfurt, Hong Kong, Paris and Singapore, Tel Aviv and Yangon. The firm has a team of over 100 Russian, English and US law qualified lawyers based in Moscow and over 1000 lawyers in the other international offices. Goltsblat BLP currently has over 1700 clients among the major international investors operating in Russia, including 130 Forbes Global clients.

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### 10 Russia v. the World

Highlights of 2016

August

Aug. 11
Blogger arrested for "Pokemon





Turkey's **Erdogan** refers to Putin as "my dear friend Vladimir," in first meeting since the downing of a Russian jet cooled relations.



President Vladimir Putin fires his long-time chief of staff Sergei Ivanov and replaces him with a little known ex-diplomat Anton Vaino in a significant move to reorganize Russia's political elite.

## Defiant Under Siege

Yulia Yefimova, the black sheep of this year's Olympic Games, defends her record.



Op-Ed by Yulia Yefimova Three-time Olympic medalist, four-time world swimming champion

Following the Russian doping scandal ahead of the Rio Olympics, the International Olympic Committee surprised many by stopping short of imposing a blanket ban on Russian athletes, and instead leaving the matter up to individual sporting federations. The ruling resulted in a ban on Russia's track-and-field team (along with several other athletes), but it spared athletes like swimmer Yulia Yefimova. Competing despite one previous doping conviction, and testing positive for using the drug meldonium, Yefimova went on to win two silver medals in the 100-meter breaststroke and in the 200-meter breaststroke.

am just 24 years old, but my life and career in sports have been so full that I could have written a biography years ago. However, the events of 2016 have overshadowed everything. I wish I could forget the unpleasantness around the Olympic Games in Rio, but nobody will ever let me forget. They say my story has become an example of how to fight for your reputation and rights. That makes it worth remembering once more.

These Games were the third in my career, and I had only one aim: to win gold. I was sure of my abilities, my coach, and my team. But everything changed in March, when I was informed that I had tested positive for meldonium.

Years ago I had already been caught up in a silly situation when I tested positive for a banned steroid hormone. A second doping foul could result in an eight-year disqualification. That would mean the end of my career.

The medicine, Mildronate, which contains meldonium, has been widely used in Russian sports for many years. I was frequently prescribed it in my youth for my heart. The last-



Yefimova has described the Rio Olympics as a "war" after she was booed by spectators during her race.

ime I took it, however, was before Jan. 1, 2016 — before it was included on WADA's list of banned substances — and on the recommendation of my doctor.

I remember what happened next like a nightmare. Five of my samples were found to be positive. Then FINA (the International Swimming Federation) refused to lift my provisional suspension after WADA published its first report on meldonium. I wasn't allowed to compete in the national qualifiers. A sudden finding that one of my samples was actually negative, and then the lifting of my competition ban.

Under pressure from the U.S. swimming federation. Dave Salo, a world-renowned swimming instructor, refused to work with me. So I was left with individual training sessions (if you can even call them that) in public pools with old ladies and babies. I had to be hospitalized in LA with immunodeficiency. Then WADA's second report on meldonium. Finally, being fully cleared of all charges on July 12.

At that point, there were just three weeks to go before the start of the Olympic Games — nowhere near enough time to prepare for my goal of winning two golds and two world records. But giving up was not an option.

Things were going well. Then on July 24, I received another blow: the International Olympic Committee decided that

Russian athletes with a doping record would not be allowed to compete in Rio. I was shocked. Yes, I had messed up earlier in my career. Never mind that it had been a mistake, an oversight, carelessness, with no evil intentions on my part. But I had answered for that already with a 16-month disqualification. Why should I be punished for the same mistake twice?

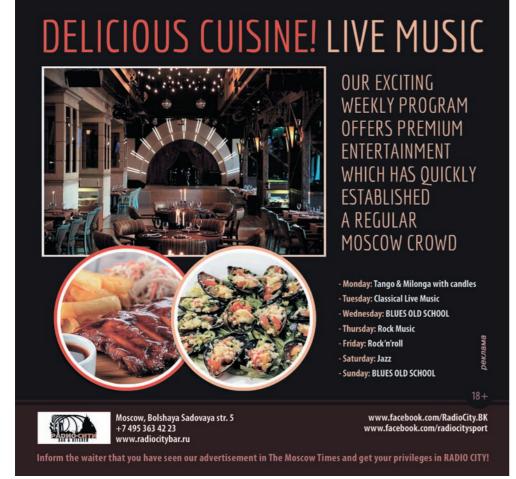
I found it even harder to understand that this method of "purging the Russian team" had been proposed by a Russian official. A person very dear to me responded like this: I don't understand how a country that won the Great Patriotic War would give up its own. It wasn't even a blow to our spirits, it was a stab in the back,

My agents told me to go to CAS (the Court of Arbitration for Sport). According to the rules, CAS must make a decision on cases involved in the Olympic Games within 24 hours of an appeal. But they considered my case for five days!

By that time, I had already arrived in Rio, but I was unable to train in the Olympic pools without Olympic accreditation. My nerves were on edge, and I was eager to hear any decision, I just couldn't bear the ambiguity anymore.

In the end, we won. I received the CAS decision just a day before the opening ceremony, and two days before my first event. The media was on top of it so those who followed it know better than me about the jeering at the Olympic Aquatics Stadium (which I could barely hear), and the nasty looks (which I didn't even notice.) All I experienced were the tears of happiness and frustration that came with my two silver medals.

After the Olympic Games I decided to drastically change my life and do something that no one in our country has done before. On Dec. 17, after more than five years of living in the United States, I returned to Moscow with seven suitcases, to organize the first Russian professional swimming team — the Yefimova Team. My experiences in 2016 have given me the confidence that I can achieve a lot, not everything of course, but pretty much whatever I need. I don't expect more than that, but I won't settle for less!





### December 22, 2016 -January 11, 2017

Weekly round-up of all that's new, delicious and fun in Moscow.





### Dining Out in Moscow: The Best of 2016

Whatever 2016 brought to Russia and the world, the year delivered at least one terrific benefit: a slew of great cafes, coffee shops, and restaurants in Moscow. This year the emphasis was on fast and cheap (and delicious), Asian (can't get enough of it), and innovative Russian (stretching the boundaries of Slavic cuisine). Another great thing: more restaurants and dishes for vegans, vegetarians, and folks with food allergies. Here are our staff's top picks for the year. But look back in our archives for another hundred or so new and recommended eateries. Happy dining!

#### Chicken Run

#### Best new fast food

Chicken Run is the first place in Moscow where you can get gourmet quality food on the cheap. Tender chicken breast with quinoa garnish will only cost you 370 rubles, as will the chicken tandoori style with potato mousse and smoked cheese. Chicken liver salad with honey and mustard sauce is also great (290 rubles), as well as fried sweet corn with soy sauce or mashed potatoes with pesto (120 and 150 rubles). Plus there's craft beer and home-made lemonades with unusual favors like aloe or orange and almond (150 rubles). Note that after 6 p.m. Chicken Run turns into a sit-down rather than self-service restaurant.

+7 (495) 280 3767

chickenrun.ru/ 8 Ulitsa Arbat Metro Arbatskaya



### Wine & Crab

### Best classy night out

Masterminded by the trailblazing twin Berezutsky brothers, Wine & Crab caused quite the buzz when it opened its regal terrace this summer. The ethos here is to do one thing and do it well — although there are actually a staggering seven types of crab on the menu. From a Kamchatka crab salad to King crab phalanx — that's the legs to you and me — each dish is a work of art in terms of presentation alone. Pair with a bottle from the monumental wine list for a very special date night.

### + 7 (495) 621 7329

winecrab.ru 19-21 Nikolskaya Ulitsa Metro Lubyanka, Kuznetsky Most

### Severyane

### Best new Russian cuisine

Severyane is the latest collaboration of Ilya Tutenkov and Uilliam Lamberti, a stellar culinary duo. The chef is Georgy Troyan, last year's winner of the Silver Triangle award as Russia's best chef. Severyane uses a huge traditional Russian oven for grilling everything. The starters menu is very innovative: try lamb tongues with

beetroot and horseradish sauce (700 rubles). The not-to-miss main dish is pike perch grilled in the Russian oven served with cabbage and marinated radish (750 rubles). All the garnishes also come grilled in the Russian oven — the best are celery and cauliflower (300 rubles each). Try some of the Severyane's trademark cocktails (from 350 rubles), and don't leave without one of the desserts, like persimmon with oatmeal ice cream (350 rubles).

### +7 (499) 700 0898

facebook.com/severyane.moscow 12 Ulitsa Bolshaya Nikitskaya Metro Biblioteka im. Lenina, Okhotny Ryad



### 354

### Best and highest view in Europe

A new project by two restaurant empires — Chaikhona #1 and GINZA, 354 is not just another "top of the world" bar. First, at 354 meters it's the highest restaurant in Moscow and the highest open patio-transformer in Europe. Currently it has been transformed into the highest skating rink, but will turn back into a patio come spring. One floor below is the restaurant Ruski with an innovative Russian menu, including potato pancakes with marinated smelt fish (korushka) for 320 rubles, traditional dumplings (vareniki) with potatoes and fried onions (370 rubles), as well as millet porridge with pumpkin and crab (370 rubles) and home-made vodka infusions (270 rubles). While feasting, make sure to use the viewing platform!

### +7 (495) 777 7111

project354.ru/ 21/2 Pervy Krasnogvardeisky Proezd (OKO skyscraper) Metro Mezhdunarodnaya

### Brisket BBQ

### Best for meat-lovers

This year Fyodor Tardatian and Maxim Livsi, best known for the "black" Ferma burger, finally made it into the big leagues. They opened Brisket BBQ together with Arkady Novikov, Moscow's most famous restaurateur. It's a Texan style barbecue with meat prepared in a special smoker. The main dish is the epony-

mous brisket — a whole dish of brisket (750 rubles), a smaller portion with mashed potatoes and gravy (650 rubles), or a "brisket burger" (430 rubles). There are also Texan sausages: chicken and cheese or beef and pork (each for 420 rubles). You can get BBQ Trio: half a portion of brisket, one sausage and a pile of pulled pork (860 rubles) — try all the specialties at once.

**+7 964 647 0107** brisketbba.ru/

12 Smolensky Bulvar. Metro Park Kultury



#### Kazbek

### Best for Georgian-food lovers

Andrei Dellos — the man behind Cafe Pushkin, Turandot and the ubiquitous MuMu cafe chain — opened Kazbek this year to much fanfare. Inspired by his childhood holidays in the Caucasus, the restaurant aims to make you feel like the guest of honor at a Georgian family feast. The kitchen is headed by young Tbilisi chef Mamiya Jojua, and with Jojua's mother as sous-chef, it's very much a family affair. Order a perfectly golden Adzharian khachapuri bursting with cheese and crowned by an egg and pair with a glass of fruity red. The waitstaff wear charming traditional costumes in a nod to Old Georgia.

### +7 (495) 651 8100

mykazbek.ru/en

2 Ulitsa 1905 Goda. Metro Ulitsa 1905 Goda



### Bao & Bar

### Best quick eats

Bao & Bar is an ode to the humble pillowy steamed buns popular across Asia. The bao come in seven varieties, each more sticky and delicious than the last. Portions are small but prices are low, encouraging you to try a variety of dishes from the menu. The winner has to be the pork belly bao with kimchi, crispy onion and hoisin sauce, but that should still leave you room for a steaming bowl of ramen or some teriyaki beef. The airy, plant-filled interior is a joy to behold.

### +7 (499) 347 3001

facebook.com/baobarmoscow 32 Sadovaya-Kudrinskaya Ulitsa, Bldg. 1 Metro Mayakovskaya

### Surf Coffee

### Best coffee in town

Surf Coffee started in a mysterious place far from Moscow — the management won't reveal where. The chain then started spreading around the country and finally came to the capital this year, bringing a sunny seaside mood Moscow clearly lacks. Their first Moscow outlet on Myasnitskaya Ulitsa is a little more

than a beach hut decorated with bamboo and surf boards. They now also have outlets at Artplay Design Center and on the Arbat. Surf's flat white is one of the best in the city and, at 150 rubles, one of the cheapest. There's also a menu of smoothies. Surf Coffee promotes a healthy lifestyle and has its own clothing line.

### +7 (965) 213 1520

surfcoffee.ru

16 Ulitsa Myasnitskaya. Metro Lubyanka

### Tehnikum

### Best for foodies

Tehnikum is a new restaurant by the White Rabbit group and its chef and founder Vladimir Mukhin. Tehnikum was conceived as a more accessible version of White Rabbit, which recently became No. 18 on the list of the world's top 50 restaurants. The first thing you see when you enter Tehnikum is a huge mural of a kitchen by popular street artist Dmitry Aske. The menu is very innovative. Start with cold salad with avocado, radish, and pear (350 rubles) or grilled pastrami with cilantro and Japanese ponzu sauce (650 rubles). For the main dish try delicious duck breast with Chinese black venere rice and pear (850 rubles). And as a dessert order Georgian dumplings made with mascarpone and mango (350 rubles).

### +7 (495) 230 0605

tehnikumbistro.ru/

7/5 Ulitsa Bolshaya Dmitrovka, Bldg. 2 Metro Okhotny Ryad, Teatralnaya

### Cutfish

### Best for sushi fanatics

Contemporary, slick and achingly stylish, Cutfish is one sushi joint that Moscow should be proud of. The beautifully crafted hand rolls show the obsessive precision of the kitchen, but the other items on the menu are equally enticing, particularly the perfectly pink duck breast with apple puree. It's a little on the pricey side, but the service and food won't disappoint. Think minimalist decor, an open kitchen and lashings of wasabi.

### +7 (926) 936 7876

facebook.com/cutfishbistro

17 Bolshoi Kozikhinsky Pereulok. Metro Tverskaya



### Groot

### Best for vegetarians

Named after a sentient, extraterrestrial tree-like creature from the "Guardians of the Galaxy" series, Groot is out to prove to diners that raw food needn't be guinea pig food. Head chef Alexei Malykhin keeps his dishes free from anything processed, but they still taste great. Pair the "El Macho" burrito (black beans, peppers, pineapple, fresh guacamole and salsa) with a detox smoothie for a guilt-free start to the day. The earthy tones of the interior perfectly match the restaurant's ethos.

### +7 (926) 723 4123

facebook.com/groot.cafe 2nd Zvenigorodskaya Ulitsa Metro Ulitsa 1905 Goda

### Take it and go!





### 5. Palace of Facets and Red Porch

Now walk into the center of the square and turn to face the limestone building covered with protuberant stones that look like faceted jewels. This is part of the Palace of Facets, built in 1492 by two Italian architects, Marco Ruffo and Pietro Solario at the behest of Grand Prince Ivan III. Inside is a magnificent dining and reception hall with vaulted ceilings, every centimeter of which is painted with stories from Russian history. In this hall the royal leaders celebrated great victories, held coronation and wedding feasts, and received foreign dignitaries. Repainted in the 1880s by artists from Palekh, the room is like a giant painted box inside out. Now this hall leads to the rest of Great Kremlin Palace, a set of restored ancient and 19th century apartments for the royal families. From the reception hall, grand princes, tsars, emperors and empresses descended the ceremonial staircase from the Red (Beautiful) Porch to the square to the sound of joyful bells. But here, too, Peter the Great saw his family members and allies butchered in the Streltsy uprising of 1682 — a horrendous event that turned him forever against Moscow. Josef Stalin, indifferent to history, demolished the staircase in 1930 to build a canteen for workers, but it was reconstructed in 1994.

### 4. Annunciation Cathedral

The Annunciation Cathedral is the smallest church on the square, as befitting its purpose: it was the family church where they royals worshipped, got married and baptized their children. Built in 1489 on the ruins of previous churches, over the centuries it was modernized into a rather confusing mass of chapels and galleries topped by nine cupolas. One of the galleries is called the "terrible" — it was the place outside the nave where Ivan the Terrible was made to stand as penance for taking a fourth wife. Inside it is tiny and rather dark, but with the most extraordinary frescoes and iconostasis, which contains icons by Theophanes the Greek and Andrei Rublyov. The floor is made of pieces of jasper reputed to be from a church in Constantinople.



### 3. Archangel Cathedral

The small cathedral to the right of the bell tower (facing it on the square) is dedicated to the Archangel Michael. It was built by another Italian, Almberti Aloisio da Mantagnana and consecrated in 1509. This church's Italianate innovations, like the pretty scalloping of the arches, were considered very exotic when built. This was the church were military victories were celebrated — Michael being the patron saint of warriors and where grand princes and tsars were buried. There were 54 royal burials here, from Ivan the Great (1505) until Ivan V (1696). Later, when Peter the Great moved the capital to St. Petersburg, the royal family was laid to rest in the church of the Peter and Paul Fortress. Ivan the Terrible was buried here, too, although his gravestone is in a crypt under the church. Go in to admire the rich frescos, done in the 17th century by a team led by Simon Ushakov, and the large icon of the conquering Archangel Michael, believed to be from the 14th century.



## Kremlin Cathedral Square Visit the Spiritual and Secular Heart of Russia

By Michele A. Berdy m.berdy@imedia.ru | Illustration by Ilya Kutoboy

Come to see where Russian history happened — and still happens every day.





### **The Moscow Times** No. 5786



**Guy Archer**, managing director of Capital Perspectives
I love all of the **Kruzhkas** in Moscow. They're bona fide, unpretentious dives: passable food, cheap beer, students, completely comfortable, clean enough, a bit gaudy, no muzak or fake jazz, and I never, ever have to worry about running into clients.



### Happy New Year Moscow Style

If you're going to celebrate New Year's in Moscow — you are in luck! Moscow is a great place to ring in the New Year. If you're a child, it's sweets, treats, gifts under the tree and maybe a visit from Ded Moroz and Snegurochka (aka Uncle Pasha and the neighbor Valya). If you're a teen, it's fireworks in the park, skating, and staying out all night. If you're young and energetic, it's fancy clothes, great parties, and dancing all night. A bit older — or less of an extrovert — it's a concert, fine dinner, and maybe a night in a fancy hotel. And for families and the older crowd, it's a night at home with loved ones, watching classic television shows around the laden table. Here are some of our suggestions for a great night.



### Around the New Year's Table

Year of the fire rooster

Russians often say that how you see in the New Year is how the year will play out — so do try to ring in 2017 with people you love, with abundant food and drink on the table, and in good spirits. But it is also recommended that you honor the year of the Chinese zodiac that begins later in the month. Next year will be the year of the fire rooster, a hardworking, showy creature with particular likes and dislikes. To make him happy, be sure to put his image on the table - a little figurine will do the trick. Set the table with some red, gold and other bright colors. To avoid insulting the rooster, it's better not to serve chicken, turkey or other fowl, and keep those deviled eggs for another time. You'll make the rooster happy if you serve fish. For reasons known only to the fire rooster, you should not give presents of cats (live or otherwise); clocks and watches; knives of any sort (cold steel doesn't mix well with the fiery rooster); or anything that is a "cold" color. Be sure to wear something gold, orange or red. Because, well, you just never

#### All the Shades of Fire

Fire rooster on the town

"All the Shades of Fire" is a New Year's Eve celebration done in the entertainment format that's been all the rage in Moscow for the last couple of years — a quest. Spread over nine floors of the trendy StandArt Hotel on Strastnoi Bulvar, "All the Shades of Fire" is produced by the people behind the most fashionable summer costume party — "Midsummer Night's Dream." The theme: the most important events of the last hundred years. The guests will start with performances devoted to the October Revolution of 1917 in the lobby, go up through the rest of the century, and finally meet the year 2017 on the ninth floor. There will also be three dance floors and a celebration dinner. Dress code? Revolutionary. +7 (925) 533 4699

StandArt Hotel

afterhalloween-events.timepad.ru/event/415287 2 Strastnoi Bulvar

Metro Pushkinskaya, Chekhovskaya

### New Year's Eve Among Land Art

New Year in the countryside

The popular Nikola-Lenivets Park in the Kaluga Region, 200 kilometers from Moscow, organizes a whole New Year's Eve program, from Dec. 31 through Jan. 3. Bring your kids and enjoy huge expanses of snow-covered nature dotted with site-specific land art installations, including the famous Universal Mind and Beaubourg by Russia's pre-eminent land artist Nikolai

Polissky. On New Year's Eve, expect dancing all through the night, champagne, and fireworks. Starting Jan. 1 there will be various activities available, including skiing, skating, games and even theater performances for kids. You will also be able to enjoy the natural, farm-grown food Nikola-Lenivets is famous for all through your stay.

### +7 (499) 504 4333

Nikola-Lenivets, Kaluga region nikola-lenivets.ru



### New Year at the Gogol Center

Cock-a-doodle-doo

Gogol Center, which is one of the most popular theaters in Moscow today, invites everyone to celebrate New Year's Eve early at a concert on its main stage. Gogol Center presents Kukareku (Cock-a-doodle-doo), a band comprised of the theater's actors who moonlight as singers and musicians. For two days in a row, Kukareku will perform covers of everything from Russian and Soviet classics by Lyudmila Gurchenko and Zhanna Aguzarova to modern hits by David Bowie and Radiohead. Each day organizers promise a surprise guest performance.

Gogol Center gogolcenter.com 8 Ulitsa Kazakova Metro Kurskaya Dec. 30 and 31 at 7 p.m.



### Fireworks

Where to see them, where to shoot them

For lots of people, particularly small people, the best part about New Year's Eve is the fireworks display. Moscow puts on a spectacular show in the sky once the clocks strike midnight. This year Red Square is closed to all but ticket holders, so you'll have to abandon your idea of drinking champagne under the Kremlin towers. For the best view, head up to Sparrow Hills. Several parks are having their own New Year's parties and fireworks, including Gorky Park, Park Pobedy, Sokolniki and the Hermitage Garden. If you want to shoot off your own fireworks, you have to go to one of about 200 legal sites. Most of them are on the outskirts of the city, but two are in the center: Tagansky Park (40-42 Taganskaya Ulitsa) and Krasnaya Presnya Park (5 Mantulinskaya Ulitsa, Bldg. 1). You can fire away from 7 a.m. to 11 p.m. (and later on the big night). But follow the rules: fines for shooting them off in courtyards and other places not on the list are pretty steep. This year you can watch the fireworks, do some partying, and still make it home safe and sound, with money left over: for the first time the metro will run all night.

For information about Moscow city events: mos. ru/city/projects/ny2017/

For a list of sanctioned fireworks sites: www. xlopni.ru/gde-zapuskat-feerverk.html



### New Year at VDNKh

Get lost on the ice

The biggest ice rink in the country will be holding a number of special festive evenings over the New Year's break with singers and bands entertaining skaters as they glide around the ice. For a truly spectacular evening, consider buying a ticket to the New Year's extravaganza, where chalets will serve festive drinks and snacks, fairytale characters will be out on the ice interacting with guests, and a spectacular firework show will begin at midnight. Videomapping and LED lighting will bring the ice itself alive. Tickets cost 1,000 rubles.

VDNKh

vdnh.ru 21 Prospekt Mira. Metro VDNKh



### New Year at the Conservatory

A fine tradition

The New Year's Festival at the Moscow Conservatory is a time-honored tradition. This year it will be hosted in all the concert halls of the Conservatory from Dec. 29 to Jan. 5. The New Year's Festival is an international event that bills the world's biggest names in classical music. The headliners this year include leading American violinist Sarah Chang, Peruvian tenor Juan Diego Florez, Mexican tenor Ramon Vargas, and French pianist David Fray. These soloists will play together with the Russian State Academic Chamber Orchestra conducted by the outstanding oboist Alexei Utkin. Russian musicians, including the well-known guitar player Yevgeny Finkelshtein and famous violinist Alexander Trostyansky, will perform in the festival as well.

**Moscow Conservatory** 

www.mosconsv.ru 13 Ulitsa Bolshaya Nikitskaya Metro Tverskaya

### **Opera Live Festival**

One last Christmas concert

The Opera Live Festival will close at the Tchaikovsky Concert Hall on Sunday Dec. 25 with a performance of Charles Gounod's "Faust" by a unique group of soloists who are true stars of world opera. Ildar Abdrazakov, who is considered the best bass in the world, will play Mephistopheles, and Irina Lungo, a critically acclaimed soprano, will play Marguerite. The rest of the cast includes Sergei Romanovsky as Faust and the festival's organizer, baritone Vasily Ladyuk, as Valentin. This will be the second time that this particular cast will perform "Faust." Their first performance was at Teatro Regio di Torino in Turin, Italy, which critics hailed as one of the best contemporary interpretations of this opera.

Tchaikovsky Concert Hall opera-live.ru 31 Ulitsa Tverskaya Metro Mayakovskaya



### Green Shoots

December 22, 2016 -January 11, 2017

Highlights of 2016

September

343/450

United Russia party wins record nr. of seats in parliamentary election despite low turnout.



Uzbek dictator Islam Karimov dies at 78 after 27 years in power. The death is not confirmed for several days leading to awkward



"Meet people in real life," advises media watchdog **Roskomnadzor** after banning Pornhub and YouPorn, the world's biggest adult websites.





## We, the People

By Daria Litvinova d.litvinova@imedia.ru | Twitter @dashalitvinovv

## Political protest might be dead in Russia, but grassroots activism was very much alive in 2016.

### 'I Am Not Afraid to Speak'

On July 5, Ukrainian social activist Anastasia Melnichenko wrote a Facebook post that would become one of the most discussed of the year.

"I want us — women — to speak today," Melnichenko wrote. "We do not have to make excuses. We are not to blame. Blame always lies with the rapist."

Melnichenko encouraged women across the post-Soviet space to share their experiences of sexual harassment, and to post them under the hashtags #янебоюсьсказати, in Ukrainian, and its Russian version #янебоюсьсказать (#iamnotaftraidtospeak). Within hours, Facebook and Vkontakte — the most popular social networks in Russia — had been flooded with harrowing anecdotes of rape, assault and molestation. Thousands of women across Ukraine, Russia and Belarus had followed Melnichenko's call.

"#IAmNotAfraidToSay that one day I went with my dad to visit friends at their dacha, a decent and beautiful family. The father of my dad's friend lived there," wrote one Facebook user, Anna. "I woke up early next morning, and he was lying next to me, drunk, with his hand in my underwear. I ran from the room and hid. I said nothing to my parents."

Prominent Russian women joined the online campaign to tell their stories, hoping to change perceptions of sexual violence, with many arguing that society still finds the victim at fault.

"Anyone who says 'women bring it on themselves by wearing short skirts' should listen to my story," the entrepreneur Alyona Vladimirskaya wrote on her Facebook page.

Vladimirskaya was seven months pregnant when a man assaulted her in the entrance hall of her building. "I didn't think that I needed to be afraid of men in such a state," she wrote.

The campaign was extremely important in changing Russian attitudes toward sexual violence, says Maria Mokhova, director at Syostry (Sisters), a center that works with rape victims. "We sometimes have a problem that people don't believe us when we talk about the extent of such violence in Russia," she says. "Anyone who read these stories could not fail to acknowledge, to visualize the problem."

### School No. 57

Russian Facebook users witnessed another outpouring of intimate secrets in the summer. This time, the confessions were from current and former students of the elite Moscow School No.57, who wrote that they had been sexually abused by their history teacher.

The social media storm was prompted by a post from Yekaterina Krongauz, a journalist at the Meduza news outlet. "For more than 16 years, we've known that the history teacher was having affairs with his students," she wrote Aug. 29. "He was quite a handsome man: smart, ironic, charismatic. It was hard not to fall in love with him."

Krongauz said that in these 16 years, she tried to break the story in the media twice, but failed. An amatuer investigation conducted by former students of the school this year turned out to be more successful.

Olga Nikolayenko, a graduate of the school, spoke to almost a dozen people who claimed they had intimate relationships with the teacher in question, Boris Meyerson. The stories were hard to believe, she says, yet it was even harder to believe that people would invent them.

In late July, Nikolayenko went to the school director Sergei Mendelevich with the allegations. Initially, the director dismissed the allegations. Meyerson, who was in Israel at the time, quietly resigned. That might have been that, but a month later, Krongauz's Facebook post unleashed a new series of confessions. Parents, current and former students, and some of the teachers were outraged by what they read.

The prestigious school's management admitted to having serious problems, promised reforms, and even formed a council of parents and former students to supervise the reforms. A month later, a criminal case was launched against Meyerson.

Sociologist Ella Paneyakh believes that such grassroots activism in Russia will continue to grow. "The more it grows the more grounds there will be for political activism again," she says. "When people participate in grassroots politics, they learn how it works and how to make this activism more effective. Russian society is learning all these things very quickly."

### **Returning the Names**

On Oct. 29, the eve of the Day of Remembrance of Victims of Political Repression, some 2,000 Russians gathered across the road from the headquarters of the Russian secret service, the successor to the dreaded Soviet KGB. After patiently waiting in line for hours, the individuals read out the names of those executed in Moscow during the darkest days of the Soviet Terror.

One by one, people read from the notes they had been given: name, profession, date of execution. They made improvised tributes. Sometimes, they added the names of their own relatives who had been executed. In all, 3,000 names were read out over 12 hours — from 10 a.m. to 10 p.m.

First organized in 2006 by the Memorial Human Rights Group, "Returning the Names" has turned into an annual event. The full list of those officially executed in Moscow stretches to 40,000 names. Almost half of them have been read out in the ten years the event has been held.

Every year, the ritual has attracted many Muscovites. But this year a record number turned out — even when the event fell on a weekday, under freezing October rain.

Activists explain the increased turnout as a response to moves within government to "rewrite" history and glorify aspect of Stalin's rule. They point to the government's increased dependence on victorious narratives from the Great Patriotic War (WWII) and Russia's role in helping to defeat Nazi Germany.

Also lurking in the background was a government decision this year to declare Memorial a "foreign agent." This label subjects the organization to increased bureaucratic scrutiny, and, ironically, has its linguistic roots in the Stalinist hunt for "foreign spies."

"I think people were outraged and wanted to support us," says Memorial's Alexei Makarov, one of the organizers of the event. "But it is also a case of people taking part in a memorial event because there is much less room for real political protest."

The Moscow Times

Highlights of 2016

October

\$5 Bln

Rosneft buys Bashneft in a controversial privatization deal



"What's that plume of smoke?"
The Internet laughs as the Sovietera Admiral Kuznetsov aircraft carrier makes its way to Syria.



Vladimir Putin cancels his visit to Paris after French President Francois Hollande says Russia could face war crime charges and "take full responsibility for them in the International Criminal Court" over its bombardment of Aleppo



One of the first Red Army regients departs for the front in 1918. So far the Russian government been guarded in its assessment of the revolution.

## From the Recycle Bin of History

By Eva Hartog e.hartog@imedia.ru | Twitter @EvaHartog

On the eve of the centenary of the 1917 revolution, fact gives way to myth as the Kremlin extols national unity over historical truth.

Your homeland is where you live," the Soviet commissar tells the exhausted soldiers. "But the Fatherland is about how you live."

Outnumbered and under-equipped, 28 men brace themselves for a battle to halt the Nazi advance on Moscow. The commissar's lesson on patriotism is a timely reminder of why they are there, shoulder-deep in the freezing trenches and facing almost certain death.

Like much else in "The Panfilov 28," a new state-sponsored blockbuster based on a famous Soviet WWII legend, the scene blurs fact and fiction.

The story of the Panfilov guards had clear propaganda value for the Soviet regime. It was a tale of heroic World War II self-sacrifice. Even after the fall of the Soviet Union, the story was widely accepted as fact. The reality, however, was more complicated. According to documents published by Russia's state archive last year, the number of soldiers involved in the actual battle in 1941 was closer to ten thousand than 28. There were also other crucial differences.

Those caveats have not made it into the film or been acknowledged by state officials, which has led some leading academics to accuse the government of deliberate deception.

"It's very bad when the government lies," Russia's former chief archivist Sergei Mironyenko told the RBC television station. "When the state makes up heroes instead of naming the real ones, it undermines faith in history."

The Kremlin, however, is unapologetic. Under the leadership of the ultra-patriotic culture minister Vladimir Medinsky, who himself is a trained historian, Moscow has peddled a view of the past as a political instrument. By his own admission, historical accuracy should give way to a version of the past that stresses national unity and confers legitimacy

on the current regime

"Even if the Panfilov story was made up from start to finish, this is a sacred myth that should remain untouched," Medinsky has argued. Challengers of that view, such as Miryonenko, who was demoted following the controversy over the Panfilov myth in March are "scum bags," he said



Lenin and, previously, Stalin were widespread throughout the former Soviet Union. But until this year, Russia had never put the merciless Ivan the Terrible on a pedestal

Statues of

### **Statue Mania**

While World War II myths have long been considered sacred ground, the Kremlin this year showed that there was no historical period too distant, or controversial, to mine for symbolism.

A statue of Prince Vladimir, who is credited with bringing Christianity to ancient Rus, has long stood on the slopes of the Dnepr River in the Ukrainian capital, Kiev. Amid a protracted fallout with their immediate western neighbor, the Kremlin wanted to reclaim ownership of the tenthcentury ruler. So it installed its own 17-meter Vladimir holding a giant Orthodox cross right outside the Kremlin's walls. The unveil-

### History at War

### Oct. 19

Vitaly Mutko, the sports minister who oversaw the greatest doping scandal in history, becomes deputy PM. It is widely seen as a promotion.

December 22, 2016 -January 11, 2017



>2,000 people participate in a memorial event dedicated to victims of the Soviet Terror. In this annual tradition, people read out names of those executed in Moscow.



On Oct. 3, the trial begins of six men suspected of involvement in the murder of opposition leader Poris Namtsov.



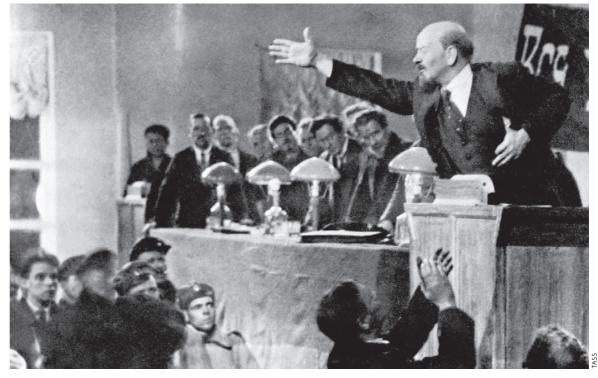


← Myth has it that Vladimir converted to Christianity after his envoys returned from Constantinople calling it "Heaven on Earth."

→ A monument to the Panfilov guardsmen on the outskirts of Moscow, at the site where they stopped a Nazi advance in 1941.

→ The upcoming centenary of the 1917 upheaval that toppled Tsardom and paved the way for Bolshevik rule promises to put the Kremlin in a tight spot. The Romanovs are enjoying new popular ity but Soviet wartime achievements continue to be glorified.





ing of the statue in November was attended by the highest Kremlin officials, including Vladimir Putin and Patriarch Kirill, his ally.

Critics have dismissed the statue as an eyesore. UNES-CO, the world heritage organization, warned it would have a "negative impact" on the landscape. Prominent Russian architect Yevgeny Asse put it more bluntly: "It's like driving a nail through someone's skull," he said on the Ekho Moskvy radio station.

A month earlier, the southern city of Oryol erected Russia's very first statue of Ivan the Terrible, widely known for the deaths of thousands of people and the murder of his own son. Ignoring local protest and controversy, regional governor Vadim Potomsky recast the bloody ruler as Putin's glorious predecessor. "We have a strong president who has forced the world to respect Russia, just like Ivan the Terrible did in his time," he declared in a passionate speech.

The year also saw statues of Stalin pop up around the country as patriotic citizens took their cue from their government.

According to historian Nikita Sokolov, the continuous sparring over historical films and statues is less a sign of disagreement over Russia's past than clashing views over its future. "Russian society sees itself as being tied to the country's historical fate, so the issue of who is the hero and who is the villain here is really important," he says.

Sokolov is one of the founders of the Free Historical Society, a group of independent academics pressing for the state to withdraw from historical debates. But interference seems to be growing.

In December, filmmaker Nikita Mikhalkov, a friend of the president, went on the attack against a museum devoted to Russia's first president, Boris Yeltsin. According to Mikhalkov, The Yeltsin Center was "indoctrinating" visitors with ideas that destroyed the "national consciousness." Its sin had been to portray the 90s — a period of both unprecedented freedom and instability in Russian society — too positively.

The celebrity director called for the government to review the museum's work, It did not take long for Medinsky to back the proposal, accusing the center of pandering to the "dogma of European civilization."

### **Awkward Anniversary**

While sparks fly over how to interpret even Russia's recent history, the Kremlin is unlikely to offer a coherent position on next year's grand event: the centenary of the 1917 upheaval that toppled the aristocracy and founded the Bolshevik regime.

Putin's regime is no fan of popular uprisings, having itself gone to great pains to quell any form of protest. The resurgence of the Russian Orthodox Church has also fanned renewed sympathies for the Romanov dynasty, particularly for the canonized Tsar Nicholas II. In what may be a warning of things to come, the ultra-loyalist Duma deputy Natalya Poklonskaya made headlines this year after requesting an investigation into a film about a ballet dancer reputed to have been Nicholas' lover. Even though Poklonskaya had never seen the film, which is still being produced, she warned it could tarnish his image.

At the same time, however, the Kremlin is unwilling to unequivocally condemn the events the revolution set in motion or its Soviet past.

For historians and human rights activists, attempting to uncover the extent of Soviet-era repression is an uphill struggle. With archives of the intelligence services largely classified, Russians are left to create their own myths about what happened.

"The repression is still widely seen as a natural disaster," says Yan Rachinsky of the Memorial rights organization. "There are victims, but no culprits. People are encour-

aged to think, 'those were just the times."

This year, Memorial published the names of 40,000 people who were in the ranks of Stalin's secret police during the height of the purges. According to Rachinsky, it is a first step towards a national reconciliation with the country's bloody past that has so far been deliberately avoided.

"The authorities have explained away the actions of those who participated in the purges as 'an abuse of authority,' which is a euphemism and a mockery! Imagine Nazi criminals being judged in that way," he says. "We need to call a spade a spade so that we can somehow move on"

The Kremlin's solution to the historical dilemma seems to be to avoid making any judgement on either the toppling of the Romanovs, or the Soviet regime that followed it.

At a preparatory roundtable discussion held in 2015, Medinsky, the culture minister, said the centenary would be used as an occasion to come together. "We can't divide our forefathers into those who were wrong or right," he said, referring to the conflict between Reds and Whites. "Both sides were clearly moved by patriotism."

If there was a lesson to be learned from 1917, Medinsky said, it was that internal division results in "tragedy" and "leaning on the help of foreign so-called allies in domestic disputes is a mistake."

To those listening, that statement sounded less like a lesson from the past than a lecture from the Kremlin today.

Highlights of

52ft



Billionaire Donald Trump wins the U.S. presidential elections on Nov. 8. Trump calls Putin "a leader, far more than our president."



"Whatever the Kremlin plans, I'm not interested," opposition firebrand Alexei Navalny says after his criminal conviction is overturned.

# The Prince and the Penguin

By Unfair Observer Illustrations by Ilya Kutoboy

### Moscow's 2016 was a rather complicated affair

ears from now, historians will describe 2016 as the year when the world joined Russia on the road to post-truth and glorious isolation. A nameless chronicler sitting in a dank room illuminated by the light of a flickering candle will extol the momentousness of this change, as the radiant image of The Donald smiles down on him from a stained-glass window. A goat will be rummaging in the snow outside.

But that's on one side of the world. Across the globe in the annals of Moscow, however, 2016 will go down as a more complicated year. Perhaps it will be viewed as the first step toward a shiny, orderly dystopia, where vehicles are owned only by the ruling elite, trees are planted every winter along the cobblestone streets, and the metro - underground, overground and inside of buildings - hums as it takes workers to their jobs. Or maybe it will go down in history as just a year when more order (and pink penguins) were enforced on the unruly inhabitants, with varying results. It was also, undeniably, another year of good eating, excellent drinking of locally made brews, and a story bound to bring a tear to the annalist's eye. I best elaborate.



### Penguins in Tutus

The beautification of Moscow spanned more than just trees and pavements. Throughout the year, the city was plastered with temporary ornamentation. There were the arcs. There were the suns. There were the pink penguins in tutus by the Bolshoi Theater, placed there on the unarguable assumption that anything is made better by penguins. There was also a monstrous green head on Tverskaya street. This looked looked like a sibling of DC Comics' Swamp Thing, and had to be kicked out to the outskirts of Moscow, where aesthetic opinions are irrelevant.

Good taste was not always involved in these decorations, but it sure made for some hilarious Instagram pictures.



### Vladimir, Erected

Prince Vladimir was supposed to be 20 meters tall and overlook the city from the best vantage point in Moscow on the Vorobyovy Hills (risking a plummet into the Moskva River). He ended up a mere 8 meters, but standing right by the Kremlin gate, which these days are regularly used by another man named Vladimir.

The exact necessity of a monument to Prince Vladimir the Great in a city founded after his death remained unclear, but as UNESCO folks will tell you, frankly, it could have been worse. And perhaps it makes the other Vladimir happy.





### 'Locusts' at the Ponds

The line between good taste and snobbery is a fine one. It was messily crossed this year at the Patriarch Ponds, that cozy downtown corner which, these days, looks more like New York than New York — full of lovely little eateries and now, throngs on a stroll.

Residents of this little posh neighborhood have rebelled, describing people from the suburbs who have the gall to visit the place and stick around all night as "locusts."

The complaint is really quite legit; the tone of public discussion ended up one notch above the lowbrow conversations of old. In any case, the locals won - all joints at the Patriarch Ponds now close at 11 pm. Keep that in mind if you visit from Bibirevo-South in search of hipster life.



### Gutter Wars, Year Two

I reported last year on the gutter bombs that the Obama administration had covertly used to render Moscow sidewalks unfit to walk on. Who knew that this was only a warm-up. This summer, the whole of downtown Moscow was carpetbombed, turning some 200 streets into a mess of earth and curses. To prevent street riots, Moscow City Hall had to invent a cover-up, so they called it the biggest renovation project in 30

The outcome of this operation was a newly repaved city center, adorned with expanded sidewalks and trees (or, at least, twigs showing promise.) Moscow in 2017 will look more like an EU city, pedestrian-friendly and beautiful. Skeptics say this is so that officials banned from travel can have a piece of Paris at home. Cheapskates question whether there was nothing else to spend money on (\*cough\* healthcare \*cough\*). But it's definitely a new city.

### **Unfair Observer**



Russian chess star Sergei Karyakin loses the title of world champion to Norway's Magnus Carlsen on Nov. 30, but promises to dedicate himself to winning the next one and finally 'bringing the crown to Russia."

December 22, 2016 -January 11, 2017

### \$2 MIn

The Economic Development Minister Alexei Ulyukayev is accused of extorting from the state oil giant Rosneft upon his arrest on Nov. 15.



"Critical" — that's how Russia's Health Minister Veronika Skvortsova describes the HIV epidemic in 10 Russian regions on Nov.10. In early 2016, Russia registered its millionth HIV patient.





### 5 The New Bus

If change in the city has left you reluctant to drive your Lexus around, you can now jump onto the revamped bus network. It is arguably more logical and more punctual than the old one. But new transport regulations have meant that it is also somehow buried under the rubble of the old order, the onceubiquitous marshrutki (local minibuses), and has generally caused a transportation collapse. Who cares if the ride to your suburb is cramped like the last bus out of Aleppo, right? At least it has the right certification!



### Rebirth of the Marketplace

Moscow markets never were fashionable places, unless your idea of fashion is dirty aprons and gold teeth. Well, not anymore. The Danilovsky and Usachyovsky markets are now full of specialist produce and micro-eateries, and the queue for the pho stall on weekends reportedly rivals that for the treasures of Vatican.

I haven't really been to any of those markets, it's just my editors tell me those are places to die for. And that's kind of the point of Moscow: it's too goddamn big, and there's always stuff you don't know about or haven't visited, be it a food stand or a new station on the Central Railroad. With that, I'm off to check the pho place at Danilovsky, and if I meet you there, get in line.



### Park Off

A personal automobile was once the dream of the Soviet man. 2016 was the year the dream soured to ticking of the parking meter. The revamped city center now has less space for cars, and so leaving your Lexus in the street costs ever more. Paid parking is also slowly, inexorably crawling toward the suburbs, however much City Hall claims that it won't happen.

The issue of parking is apparently more complicated than the Syrian civil war. Moscow has too few roads, too many offices in the cramped center, too many cars, and too flawed a public transportation system, etc etc. But in any case, even those Lexuses can be seen with license plates covered in a bid to avoid parking fines — or being towed away by Moscow parking enforcement special forces.

Haven't you heard you're now supposed to walk?



### O Dead Mouse Railways

If there was one thing the City Hall can definitely chalk in the "score" column this year, it's the Moscow Central Railroad. The long-awaited rail line shadowing the Third Transport Ring has finally launched, and it looks awesome and ties in well with the metro system. It also traverses some parts of the Moscow underbelly you've likely never seen.

Not only that, its promotional materials look like a dead



### 4 Art Riots

Five years ago, multitudes lined up for days to see a Christian relic brought to Moscow. In 2016, the crowds opted for art. The Tretyakov Gallery exhibition of Valentin Serov, a prime portraitist of the glorious late-empire era, ended in near-riots because of the gallery's struggle to accommodate everyone who wanted to see "The Girl With Peaches" and "The Rape of Europa." The scrum was repeated again just this month at an exhibit of Vatican art treasures, also at the Tretyakov Gallery. Art exhibits have not attracted such interest since Soviet times — which, in times of free access, who could blame people for attending?



### Death of the Kiosk

The year 2016, also formally marked the death of small enterprise in Moscow, or at least confirmed open hunting season on petty merchants. Although this wasn't surprising, it was disheartening. The message was delivered via heavy machinery during the so-called Night of the Long Bulldozer Knives of Feb. 8-9, which saw hundreds of allegedly illegal shops, cafes and small malls demolished in one fell swoop by Moscow City Hall's engineering special forces.

There was little argument that could be made for the aesthetic qualities of the demolished kiosks. Not all of them had papers in order — though some were able to prove in court that they did have the right to be where they have been for the past two decades. But Mayor Sergei Sobyanin dismissing legal paperwork held by those kiosks as "sheets of paper" was the nail for capitalism, at least in 2016. Of course, new kiosks will be built, but this time they will be owned by the "right" people.

### **MOSCOW CALLING**

### My Year and My **Beloved City**



By Yury Luzhkov Mayor of Moscow (1992-2010)

he editors of The Moscow Times contacted me this holiday season with a request that I share my impressions of the past year, to draw my personal conclusions about it. As a Muscovite, I can't imagine myself being separate or apart from my native city. So for me, many of my events of the year were inextricably connected with the capital.

I continue to closely monitor the progress of construction in Moscow and was happy to note the long-awaited launch of the Moscow Central Ring railway (MCR). Together with colleagues at the city administration, we developed the first plans for this project and obtained the necessary approval from the Railways Ministry. Gennady Fadeyev, who was Railways Minister at the time, understood the importance of the project for the city and for the movement of passengers. The city funded repairs and installed electricity along the route important steps in this large-scale project.

We had definite plans to complete it, but as you know, life took an unexpected turn. I would like to congratulate the Moscow government for bringing the MCR into operation.

The year 2016 was an anniversary year for me. I had no intention of observing my 80th birthday, but family and friends convinced me that a celebration was in order and that it would be wrong to ignore Russian tradition. Of course, there was only one choice for the venue — Moscow. It is my native city. I was born, grew up, and lived here. I devoted many years of work to the life of this city.

That is why I found the idea of celebrating my birthday with an open, citywide "subbotnik" (clean-up day) so appealing: it coincides with my principles and my philosophy of life. I often took part in subbotniks as mayor of Moscow, I enthusiastically accepted the proposal to plant an orchard in the Kolomenskoye Park. President Vladimir Putin supported the idea and said that this method of celebrating a personal holiday could serve as an example to many.

I am extremely grateful that the celebration turned out as we had envisioned it. An enormous number of Muscovites took part. Words cannot describe how good it made me feel. Despite the significance of turning 80 in 2016, this was definitely a happy year for me.

On the eve of my birthday, I traveled around Moscow with journalists. We traveled along the Paveletsky riverbank, where I spent my childhood. One of the interviews was conducted near the school that I attended. There was a time when it bore a sign reading: "School #579." It is gratifying to see how the area has changed. The barracks where I once lived with my parents were long ago demolished. The school, however, still stands and functions.

Our group ascended one of the Moscow City towers. Standing on the roof of that skyscraper, I recalled how an official of the Moscow authorities had once said that the project was a mistake. I look at it as an accomplishment, and I am absolutely convinced that Moscow could not have become a modern capital without Moscow City.

From that vantage point, I could see the golden domes of the Christ the Savior Cathedral, the next stopping point on our tour. And when we drove there and I climbed to its observation deck, I could see the Moscow City towers in the distance. I was seized with an amazing sense of the interconnection of time, a complete picture of a large capital city, of the grandeur and diversity of Moscow — a metropolis in which history lives alongside modernity.

Thus, I lived my 80th year as a happy person who looks confidently to the future. And I wish this same happiness for everyone who lives and works in Moscow! TMT

The Moscow Times
No. 5786

Highlights of 2016

December

\$10.5 Bln

Russia's budget gain from selling 19.5 percent of Rosneft.



"There can be only one response: intensifying our fight against terror," President **Vladimir Putin** says after Andrei Karlov's killing.



Russian president Vladimir Putin visits Japan and meets the Japanese Prime Minister Shinzo Abe. They agree on a statement about the beginning of joint economic activities in the disputed Kuril island chain.



## From Brekzit to Dopingovy Skandal

Слова года 2016: 2016 words of the year



By Michele A. Berdy Moscow-based translator and interpreter, author of "The Russian Word's Worth" (Glas), a collection of her columns.

Livery year folks around the world choose the word of the year — that one word that encapsulates the spirit and meaning of the year gone by. In Russia, several groups do this. My favorite is called сποβα гομα (words of the year), headed by the linguist Mikhail Epstein, that votes on several categories of words and phrases.

This year their top word was брекзит (Brexit), also spelled брексит, брегзит, брегсит, or брэкзит. You remember Brexit, right? It was the end-of-the-world cataclysm after Grexit and before Donald Trump. Now when I'm worried about the twilight of democracy, the destruction of the world economic system, and my spiraling health insurance premiums — not in that order — Brexit seems like a distant, minor worry.

Second runner-up was a three-letter word — no, not that one. This one was дно (bottom), as in дно экономики (bottom of the economic cycle), made famous in part by Alexei Ulyukayev, former minister of economic development. The joke was that he used to look for signs that the economy had bottomed out every once in a while, but then started groping for the bottom every month, hoping to answer the question: Где то дно экономики, от которого нужно оттолкнуться? (Where is the bottom of the economic cycle that we can push off from?) Unfortunately, Minister Ulyukayev is under house arrest right now, perhaps in part for either not finding the bottom, or for bringing up the damn bottom to begin with.

In third place was a creature of a different sort —  $\pi$ о-кемоны (Pokemon) that for several weeks kept thousands

of Russian citizens busy and hundreds of Russian officials annoyed. The fad may have been short-lived, but Pokemon will live on in Russia for years as the names of millions of dogs, cats, guinea pigs, and goldfish. I'm looking at you, Пикачу (Pikachu).

The second category is выражение or фраза года (expression or phrase of the year). This year the group voted for очередь на Серова/Айвазовского (line for Serov/Aivazovsky), which must sound like a secret code to outsiders. It refers to the long lines in icy winter snow or sweltering summer heat to see exhibitions of the 19th century painters Valentin Serov and Ivan Aivazovsky at the Tretyakov Gallery. They say the expression has come to mean overcoming great difficulties for the sake of art, genuine or not. I haven't heard that, but then maybe I'm not hanging out with the right crowds. What can I say? Too many Pokemon, too little art.

Right up there were other catchphrases of the year, like допинговый скандал (doping scandal), the only Olympics-related phrase, and ночь длинных ковшей (night of the long hoes), when everyone's favorite, well-stocked, friendly convenience store in Moscow was torn down in the middle of the night.

This year war moved into the digital age with кибервойна (cyberwar), кибератака (cyberattack) and кибервойска (cyber soldiers). And don't forget гибридная война (bybrid war)

Then we come to the fun categories, starting with антиязык (anti-language), that is, phrases that no one should ever utter. First place by a long shot was Prime Minister Dmitry Medvedev's flustered comment to a group of angry old folks in Crimea, who were hectoring him about their low pensions. Денег нет, но вы держитесь! (There's no money, but you hang in there!) he said, and a million meme-machines went into ecstatic motion. Folks also gave Medvedev another thumbs up, meme-speaking, for trying

to rename the Americano coffee русиано (Rusiano).

The linguists also liked President Vladimir Putin's slip, er, statement, er, joke — that is, that thing he said about the borders of Russia, which нигде не заканчиваются (never end). Russia watchers in neighboring countries say: Это не смешно (That's not funny). British people say, "Oh, we had that once, too. 'The sun never sets on' and all that. Didn't end well." See above, брекзит.

Неологизм года (neologism of the year) is the category where the linguists get to kick back and have a great time inventing clever, funny, apt words. This year the winner was эловцо — элое слово (nasty word). My favorite came in second place: неуезжант. This is a word to describe a new phenomenon: someone who chooses not to emigrate or move abroad, from не уезжать (to not go). Not невыездной (someone banned from travel abroad) ог отказник (a refusenik, someone not allowed to emigrate) — неуезжант (a staver).

But my personal favorite word of the year — that captures the mood and spirit of 2016 — was the simple увы (alas). The Russian увы is uttered, usually with a sigh and often with a slightly theatrical shrug of the shoulders, in situations that are bad, that you regret, but that you can't change or fix.

Увы began in St. Petersburg with a rally called депрессивная демонстрация (depressing demonstration), where forlorn demonstrators held up placards that read: Увы (alas) and Ничего (Nothing). This year увы is the new ура (Hurrah!), the word usually shouted at rallies or combined with other words to give a jingoistic zing, like урапатриот (a "hurrah, boys!" patriot).

This wasn't an Ура! Крымнаш! (Hurrah! Crimea is ours!) kind of year. It's the kind of year where you hold увы-парад (a demonstration, alas) in увы-страна (our country, alas).

And that was 2016, YBB, TMT



"The Russian hack created more problems for the Clinton campaign than for the Trump campaign," the U.S. President Barack Obama says on Dec. 15.

### 62 people

December 22, 2016 -

January 11, 2017

die in Siberian Irkutsk from counterfeit alcohol poisoning, and the death toll is likely to rise.



In mid-December, the landscape changes significantly for Russia in Syria. On Dec. 11, the Islamic State terrorist ogranisation once again seizes the city of Palmyra. Several days before that, Eastern Aleppo was captured by the Syrian Army.

## Ringing Out the Year in Culture

Ask a dozen Russian culture critics about the year gone by, and get a dozen different views on everything but one new Moscow monument

#### Yury Saprykin,

journalist, The Moscow Times Publishing Co.

### The year had some very encouraging moments, starting with the non/fiction book fair.

People talk about the death of reading, but independent book publishers are on the rise and the public's interest in literature is at its highest point since the Soviet era. Another great thing: the rise of Russian hip hop. A new generation of Russians has appropriated an art form from abroad and made it evolve in unexpected ways, just like their ancestors did with ballet, contemporary art, or rock music. Hip hop in Russia has turned into the most relevant kind of pop music, expressing the wit, fun, sadness and anger of Russian youth. And finally, the Moscow theatrical community united to support Konstantin Raikin in his conflict with the Ministry of Culture over censorship and conservative activists' attacks on theaters.

The most negative event was the Prince Vladimir monument near the Kremlin, which ruined one of the most beautiful landscapes in the city. The monument is a sad and depressing emblem of the year 2016.

### Marina Antsiperova,

arts reporter, Afisha Daily and Kommersant

### The most shameful event was the Russian Pavilion at the Venice Architecture Biennale.

The theme of Biennale was "Reporting From the Front," but our pavilion was about the history of VDNKh Park, the pet project of Moscow's chief architect.

The best events of the year were two wellcurated exhibitions: Viktor Misiano's project "The Human Condition" at the National Center of Contemporary Art, and the triple exhibition "Proof: Francisco Goya, Sergei

Eisenstein and Robert Longo" at the Garage Museum of Contemporary Art.

### Yevgeny Asse,

### I can't think of any positive developments in 2016.

There have been quite a few negative ones, but the worst is the monument to Prince Vladimir on Borovitskaya Ploshchad. It's horrible however you look at it: from a political point of view, as sculpture, or as urban development.

### Pavel Rudney,

theater critic, professor, Russian State Institute of Theatre Arts

### The most important event was Konstantin Raikin's painful speech at a meeting with President Putin, which might bring some liberal elements to the conservative state arts policy.

The most negative event was the departure of Ivan Vyrypayev from Russia. Vyrapayev is our best contemporary playwright. He may go on writing in Poland, but his work at the Praktika Theater was especially productive over the last few years.

### Darya Bielecka,

jazz journalist

### The best jazz event of 2016 was the Skolkovo Jazz Fest.

The summer festival took place in four venues in Russia and the Baltics, and each place had its own concept for the local audience.

The worst jazz events of 2016 were Yakov Okun's Jam Sessions. He's one of the top five jazz pia-

nists in the country, and the Esse Jazz Club, where the sessions were held, is one of the best in Moscow. But they weren't improve jazz sessions at all. Beautiful and talented female vocalists had to beg to sing a jazz standard.

### Yekaterina Biryukova,

music critic, Colta.ru

### The super-event of the year in opera was La Traviata in Perm in a production by Bob Wilson

with the fantastic orchestra of Teodor Currentzis and the soloist, Nadezhda Pavlova, who instantly became a new star. The most disappointing event of the year was the La Scala tour in Moscow: a great brand with boring productions.

### Sergey Guskov,

editor, Arts Section, Colta.ru

### The most negative event this year is definitely the merger of the National Center of Contemporary Art and Rosizo.

It was like a hostile takeover. The good thing is that despite all that, many people refuse to give up and continue to launch new independent initiatives, even if there's a lack of money or opportunity. Museum workers keep looking for ways to circumvent bureaucracy and organize great exhibitions.

#### Anton Dolin, film critic

The greatest achievement this year was Kirill Serebrennikov's film "The Student" being shown

### at major film festivals like Cannes.

This proved that a film can succeed without funding from the Ministry of Culture. The most negative development was the emergence of films that can't be criticized due to the themes they explore, like "The Panfilov 28" about the defense of Moscow during World War II. If you criticize films like this, you are immediately labeled a cynic and accused of disrespecting war heroes.

### Andrei Muchnik,

arts reporter, The Moscow Times

### It was a good sign that most concerts of Russian-language bands were sold out.

The biggest disappointment was the cancellation of the largest electronic music festival in Russia — Outline — just a few hours before the first artists were set to come on stage.

### Olga Kabanova,

art critic

### Popular shows, like the Aivazovsky exhibition at the Tretyakov Gallery, were a positive sign,

along with exhibitions like Roma Aeterna: Masterpieces from the Vatican, Raphael at the Pushkin Museum, and Jan Fabre at the Hermitage. Even the complicated political situation didn't intrude on cultural cooperation. That said, it was sad that the complicated political situation did hamper some cultural cooperation, and several exhibitions didn't take place. It's also very sad that the public didn't see any outstanding exhibitions of contemporary art.



## What's On

### The Moscow Times

No. 5786

See www.themoscowtimes.com for more listings.



### The Great Break: Moscow on Vacation

While many expats go back to their home countries for the long holiday break, for those who stay Moscow is a vacationer's paradise. First of all, if you drive a car, you can spend hours cruising along near-empty streets checking out the decorations, or stopping to get a bite to eat or a warming cup of hot chocolate. The streets in the center are all lit up and buzzing with events, activities, and plenty of shopping opportunities. Outdoor fun is guaranteed in the parks. And there are plenty of movies, concerts, and exhibits for every age and taste. You'll have so much to do, you'll need a vacation from your vacation. No problem — January is the quietest month of the year.



### Visit a Unique Sculpture Park

Ice, ice baby

The much-loved "Ice City" festival opens on December 29 offering Muscovites the chance to travel through Russia, in ice form. That's right, artists wielding chainsaws and chisels will transform more than one thousand tons of natural ice into landmarks such as the Moscow Kremlin, St. Isaac's cathedral and Kizhi Island. Once you're tired of taking photos with the sculptures, some of which are six meters high, you can take a turn on one of six gargantuan ice slides.

### Sparrow Hills

icemoscow.info Ulitsa Poklonnaya, entry from Ulitsa Generala Metro Park Kultury Dec. 29 — Jan. 8



### 'The Nutcracker' at the Bolshoi

Christmas classic

There is nothing that says Christmas more than "The Nutcracker," and if you are lucky enough to be in Moscow during the holiday season, there is no better place to see it than in the Bolshoi Theater. Put on your dressiest clothes, take your kids — or spouse, parents, grandparents, grandchildren or best friends — by the hand and sashay into the Bolshoi, take your seat amid the gilt and velvet, and enjoy the ballet. Be sure to splurge on a flute of champagne during the intermission. Pricey? Yes. But worth it, if only once. Check the theater site or other ticket sellers for advance purchase.

The Bolshoi Theater bolshoi.ru 1 Teatralnaya Ploshchad Metro Teatralnaya Performances Dec. 23 - Jan. 8



### Catch a Christmas Musical

Some day your prince will come

It might not be the West End, but "Zolushka" (Cinderella) is rather spectacular and a good option if you're missing a traditional pantomime back home this Christmas. The Cinderella in this all singing, all dancing version is not just out to bag herself a handsome prince either — she wants to change the fate of her kingdom. The production, which premiered on Broadway in 2013, has a more interesting political message than the story we all know and love. The three-hour musical is headed by renowned British director Lindsay Posner.

Rossiya Theater musical-cinderella.ru 2 Pushkin Square Metro Tverskaya, Pushkinskaya



### Georgian Art in Moscow

Discover the Georgian avant-garde

The Pushkin Arts Museum has opened a new exhibit celebrating Georgian avant-garde art from 1900-1930, the first large-scale exhibition of Georgian avant-garde artists in Russia. The curators have collected works from many museums and private Georgian and Russian collections, displaying for the public 200 works by such artists as Niko Pirosmanashvili (Pirosmani) (1863-1918), Vladimir (Lado) Gudiashvili (1896-1980), David Kakabadze (1889-1952) and many more. Come and see why Tbilisi was called "Little Paris" at the turn of the last

The Pushkin Museum of Fine Arts www.arts-museum.ru 10 Ulitsa Volkhonka Metro Kropotkinskaya Until March 3

### **Garage Museum**

Kid's playgrounds as art — and fun

On December 24, the Garage Museum of Contemporary Art will launch its annual initiative "Art Experiment" for the sixth time. This year the experiment is entitled "The Playground Project: From New York to Moscow" and will display innovative play-

grounds from around the world collected by Swiss curator and urbanist Gabriela Burkhalter. Garage will present a Moscow version of the project, which Burkhalter has been working on for several years. The playgrounds will be recreated both for the adults to enjoy as pieces of architecture and art, as well as for kids to enjoy in the way originally intended: something to jump, climb, and play on.

Garage Museum of Contemporary Art

garagemca.org 9/2 Ulitsa Krymsky Val, Bldg. 32 Metro Park Kultury, Metro Oktyabrskaya Until Jan. 10



### A Tribute to Yury Norshtein at VPA Solyanka

Cartoons for kids and kids at heart

An animation exhibition on the eve of the New Year has become a tradition at VPA Solyanka Gallery. This year's exhibition is devoted to Yury Norshtein, one of the best animation directors in Russia, who turns 75 this year. Norshtein has only directed about a dozen films, but each one is an awardwinning masterpiece. His best known work is probably his moving tale about friendship, "Hedgehog in the Fog," produced in 1975. This exhibition is mostly devoted to his latest work, an introduction to the children's evening program, "Spokoinoi Nochi Malyshi" (Good Night, Kids), including sketches and storyboards. There will also be interactive objects and site-specific installations devoted to Norshtein's legacy by contemporary Russian artists.

Solyanka VPA new.solyanka.org 1/2Ulitsa Solyanka, Bldg. 2 Metro Kitay Gorod Until Feb. 19



### Anatoly Zverev and Hans Christian Andersen

Illustrations to fairy tale classics

Every year the Anatoly Zverev Museum organizes a holiday exhibition that is as interesting to children as it is to adults. This year is a fairy-tale show — literally. On display are illustrations to four Hans Christian Andersen stories that Zverev did in 1961 at the behest of choreographer Alexander Rumnev. The stories are some of everyone's favorites: "The Nightingale," "The Wild Swans," "The Little Mermaid," and "The Emperor's New Clothes." Stop in to see the fanciful illustrations, accompanied by a special musical program designed to create a truly magical

atmosphere.
Anatoly Zverev Museum
www.museum-az.ru
20-22 Tverskaya-Yamskaya Ulitsa
Metro Mayakovskaya
Until March 20



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On December 13, 2016, at the Marriott

Aurora Hotel, The Moscow Times newspaper

held its annual event called "Top-10 Legal

Civil Disputes". Every year, this conference

gathers leaders of the legal community to

most headline-making and notable cases.

managers, leading corporate lawyers from

This year, the event has been attended

by about 70 people, among them top

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sum up the yearly results, and to discuss the

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Abigail Granville, Liquidator

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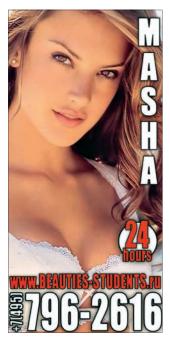
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## A traditional New Year's feast selected, with nostalgia, by the TMT team

The Moscow Times

No. 5786

## The Russian New Year's Table

Classic starters for a traditional feast



### **Celebrate**

Ring in the New Year with a family feast of dishes beloved by Russians wherever they may be - in Moscow or a Siberian village, in Paris or Brighton Beach.



For many decades New Year's Eve was the main family holiday in Russia, a combination of Christmas and New Year's, and the one and only non-governmental celebration. Old traditions and recipes evolved to meet the new realities of the Soviet period and then the post-Soviet era. It is still a family holiday, when everyone gathers around a festive table groaning with salads and starters, with plenty of vodka and champagne. Raise your glass to the year gone by, the people who are no longer with you, and to the people you love. After the Kremlin chimes ring in the New Year, give everyone a kiss, pour the champagne, and keep celebrating. С Новым годом!