The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Cables Give Classified View of Business

By Howard Amos

December 02, 2010

Cables from the U.S. Embassy in Moscow published late Wednesday by WikiLeaks have shed light on Washington's attitude toward President Dmitry Medvedev's modernization agenda and the intriguing economic and personal ties between the Kremlin and Rome.

A cable from Christmas Eve last year states that "Medvedev's modernization drive provides American officials another potential hook for cooperation."

"Medvedev is finally challenging the low expectations and assessments of many experts after 19 months in office as [Prime Minister Vladimir] Putin's junior partner," the cable concludes.

In the same cable, U.S. officials analyzed Medvedev's chances of success in his plans to change the country. It quotes some sources as being optimistic and others as pessimistic, believing that Medvedev does not "have the inclination, power or buy-in of the bureaucracy."

It added that "some siloviki," including Sergei Chemezov, chief executive of state-owned Russian Technologies, have reportedly boycotted meetings of Medvedev's modernization

commission.

The cables, averaging between 1,000 and 2,000 words of analysis and comment, signed off by U.S. Ambassador John Beyrle, make clear Washington's desire to see Russia drawn further into global financial structures "to force reforms deeper into the system." There are also complaints about Moscow's "on-again, off-again" approach to accession to the World Trade Organization.

One cable written in February also contains an interesting assessment of the diplomatic ties between Russia and Italy, specifically between Putin and Italian Prime Minister Silvio Berlusconi.

Berlusconi and Putin, it says, have a "direct line" to each other. It cites Gazprom's share buyback of 20 percent of its subsidiary Gazpromneft from Eni, Italy's largest oil and gas company. Gazprom had initially proposed paying far below the market price, but an appeal from Berlusconi to Putin helped close the deal at fair market value.

A cable from the U.S. Embassy in Rome from January 2009 provided more details of the relationship. It described Berlusconi's "dizziness" for the Russian prime minister and his increasing tendency "to be the mouthpiece of Putin."

It states that Italian parliamentary sources believe that "Berlusconi and his cronies are profiting personally and handsomely from many of the energy deals between Italy and Russia."

From the Russian side it suggests that "Putin has devoted much energy to developing Berlusconi's trust" and, quoting the Georgian ambassador in Rome, that "Putin has promised Berlusconi a percentage of profits from any pipelines developed by Gazprom in coordination with Eni."

Older cables from the U.S. Embassy in Moscow sent in 2007 and 2008 do not mince words about corruption and lack of transparency in Russian business and government.

Referring to expected future privatization, one 2007 cable foresaw that money that "the current [Russian] leadership, its successors and supporters" have accumulated and held abroad will start finding its way back to purchase "the same assets that have been carefully squirreled away in state hands over the past few years." State controlled Rosneft, the cable says, "is a perfect example."

The 1.8 trillion ruble ($58 billion) privatization program announced by the government in November includes the sale of a 25 percent stake in Rosneft.

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