

**Kuwait Times**  
THE LEADING INDEPENDENT  
DAILY IN THE ARABIAN GULF  
ESTABLISHED 1961

Founder and Publisher  
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COMMERCIAL : 24835618

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## Issues

OFFSHORE EMPIRE OF  
PUTIN'S FRIEND REVEALS  
KREMLIN WEALTH

By Maria Antonova

A virtuoso concert cellist who calls President Vladimir Putin a "brother", Sergei Roldugin has flown under the radar while other close friends of the Russia leader openly amassed vast fortunes. But now the "Panama Papers" leaks have put the godfather to Putin's eldest daughter at the head of an offshore empire worth more than \$2 billion and sparked fresh speculation on the Russian leader's personal wealth.

Documents from Panama-based law firm Mossack Fonseca, analyzed by Russian journalists, offer a glimpse into a web of obscure deals between Russian state companies and offshore firms owned by Roldugin that made "tens of millions of rubles per day" over the decade between 2006 and 2015. The firms, just one of which, Sandalwood Continental, funnelled a total of \$2 billion, were managed by individuals linked with Bank Rossiya, according to Novaya Gazeta, whose reporters are part of an international group of journalists poring through the 11.5 million leaked documents.

The companies clinched cheap loans and appeared to make money out of thin air by signing deals with state firms and pocketing hundreds of thousands of dollars in compensation when the deals were broken off. Among the investments made by the firms linked to Roldugin were into yachts and resorts in Russia. One ski resort was reported as the location of the wedding of Putin's youngest daughter Yekaterina.

## 'Like a Brother'

The secretive web of Roldugin's assets appears to be just the latest evidence of how an elite close to Putin has amassed huge fortunes through favorable deals during his time in power. From his former judo sparring partner to ex-KGB comrades, close associates of the strongman leader have become billionaires by winning state contracts in key energy and infrastructure sectors. Beyond his official salary, the extent of Putin's personal wealth has never been revealed, but allegations are rife that he essentially controls the money his friends have amassed.

The United States and European Union have slapped sanctions over Ukraine against close Putin associates, including Bank Rossiya, which the US Treasury identified in March 2014 as a "personal bank" for the Kremlin elite. Up until now, Roldugin, 64, has appeared nowhere on these lists, although he is a close confidant of the Russian leader. In the book "First Person", a collection of interviews published in March 2000, when most of the world had little idea of who Putin was, Roldugin takes centre stage as the Russian president's intimate friend.

A native of Putin's hometown Leningrad - now Saint Petersburg - he met the future Russian leader in 1977 and is the godfather of his oldest daughter Maria. "We were not apart after that," the musician said in one of the interviews for the book. "He is like a brother to me." While Putin headed into the KGB secret service, Roldugin turned to arts and rose to become a respected conductor and cellist working in Saint Petersburg's Mariinsky theatre who last year judged the prestigious Tchaikovsky Competition.

A source in the cellist's circle told Novaya Gazeta that Putin picked a modest man "he could trust without any doubt" for the job of guarding his fortune, comparing him with Prince Myshkin, the kind and simple "Idiot" protagonist of Fyodor Dostoyevsky's novel.

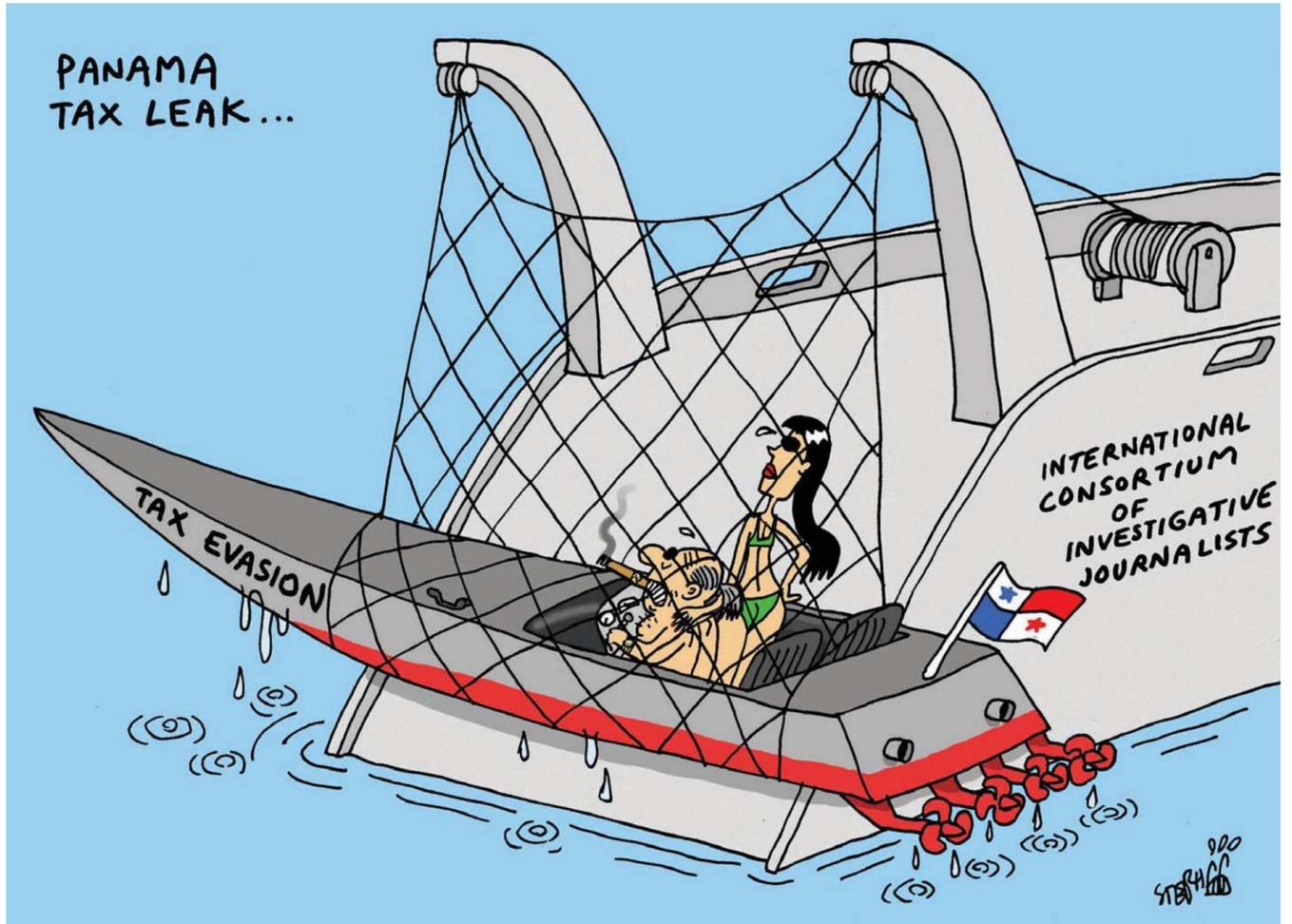
## No Russia Fallout

"Putin's idea was to store his personal stolen cash in the most unexpected of places, with the most unexpected of individuals," wrote protest leader Alexei Navalny, who has been looking into cronyism and suspicious state-backed deals for years. He added that the leak from the Panama law firm revealed "not even the tip of the iceberg" of the vast capital amassed by Russia's elite, but even this fraction is "perfectly enough for impeachment."

In Russia, however, there is little likelihood that the revelations will rattle Putin's firm grip on power or dent his reputation. Kremlin spokesman Dmitry Peskov slammed the leaks as an attack on the Kremlin strongman designed to destabilize Russia. Asked about Putin's connections with Roldugin, Peskov confirmed he is still a friend of the president but insisted that "Putin has a lot of friends."

"From the outside, Russia's leadership already has an image that is hard to tarnish further," said Nikolai Petrov, who lectures at the Higher School of Economics in Moscow. Inside Russia, public opinion is unlikely to be swayed, although some of the elite "may be forced to think about themselves and their prospects." "The main reaction will be that it's a special campaign against Russia," he said. —AFP

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## GERMANY-RUSSIA TIES ENTER NEW CHILL

By Paul Carrel and Andreas Rinke

At an hour-long meeting in Moscow on March 23, Russian Foreign Minister Sergei Lavrov irritated his German counterpart by raising the case of a German-Russian girl who said she was raped by migrants in Berlin earlier this year. After the girl's claims were reported by Russian media in January, Lavrov accused Germany of "sweeping problems under the rug". The Berlin public prosecutor's office, though, said a medical examination had found the girl had not been raped.

That was why Germany's Foreign Minister Frank-Walter Steinmeier was so upset when Lavrov raised the issue again. "I can only hope that such incidents and difficulties, as we had in that case, aren't repeated," he told reporters afterwards. The rape case is indicative of the mutual suspicion that officials from both countries say extends to the highest levels of government. At the root of those tensions lie opposing visions for Europe and the Middle East. Those rival visions have led to clashes at diplomatic negotiating tables, in cyberspace and in the media.

German and other European security officials accuse Russian media of launching what they call an "information war" against Germany. By twisting the truth in reports on Germany's migrant crisis, the officials say, Russia hopes to fuel popular angst, weaken voters' trust in Chancellor Angela Merkel, and feed divisions in the European Union so that it drops sanctions against Moscow. "Russian propaganda is a danger to the cohesion of our society," Ole Schroeder, German deputy interior minister and a member of Merkel's conservatives, told Reuters.

Russian officials deny their country is mounting a campaign against Germany. "These accusations are atrocious," said one Russian official, who said Moscow is the victim of an "indis-

criminate information war" being waged from Germany. In February, Dmitry Peskov, a spokesman for Russian President Vladimir Putin, denied the Kremlin had exploited the rape case to stir up tensions around immigration in Germany. "We cannot agree with such accusations," Peskov said. "On the contrary, we were keen that our position be understood, we were talking about a citizen of the Russian Federation. Any country expresses its concerns (in such cases). It would be wrong to look for any hidden agenda."

But officials in Berlin say Russia's aim is to muddy what is true and what is not and shake Germans' trust in Merkel. "The idea today is to get disinformation, which means you don't believe anything," Hans-Peter Hinrichsen, a Foreign Ministry official, told a recent meeting on Russia's role in Europe at the German Council on Foreign Relations (DGAP).

German and European officials say Russia's aim is twofold: To exaggerate the problems the migrant crisis is causing Germany and to push Germany to relax its backing for European sanctions on Russia over Moscow's interference in Ukraine. While EU governments last month extended asset freezes and travel bans on Russians and Russian companies, there is less consensus on whether to prolong more far-reaching sanctions on Russia's banking, defense and energy sectors from July. Both sides agree on one point: relations between the two countries are at their lowest point since the early days of the Cold War.

## Bikini Trolls?

Beginning in the late 1960s, the then West Germany pursued a policy of Ostpolitik, which encouraged warmer ties with Russia. After the collapse of the Soviet Union, the two countries grew even closer thanks to trade and cultural ties. But those ties began unravelling when Vladimir Putin returned as Russian president in

2012, and worsened further after the Ukraine crisis began in late 2013. "All the networks, all the personal ties - they just don't work anymore," said Stefan Meister, at the DGAP.

The accusations of disinformation have spawned a whole new vocabulary. Officials at NATO now talk about the 'weaponization of information' by Russia. Colonel Aivar Jaeski, deputy director at the NATO Strategic Communications Centre of Excellence, says Russia's campaign against Europe uses "angry trolls" who produce online hate speech, and "bikini trolls" to lure followers and then sow discord and doubt about news events.

Jaeski pointed to a NATO StratCom report on trolling, which says the Guardian newspaper's online edition was targeted "in a troll attack that is considered to have been ordered by the Kremlin" over its reporting on the downing of Malaysia Airlines flight MH17 over Ukraine. The Kremlin has repeatedly denied funding or backing online trolls, and has specifically denied any connection with a company based in St Petersburg whose ex-employees have said they were paid to spread disinformation, praise Putin and criticize the West.

## A German Campaign?

In the rape case, Russian media reported the German-Russian girl - under German law she can only be identified as Lisa F - had been abducted by 'Arab-looking men' and raped repeatedly over a 30-hour period. Janis Sarts, director of the NATO Strategic Communications Centre of Excellence, said Russian media continued to report that even after the Berlin authorities said the girl had not been raped. Europe's East StratCom Task Force has collected dozens of examples of Russian reporting on the migrant crisis that it says are clear cases of deliberate disinformation.

Germany's daily Bild reported in March that Germany's foreign and domestic intelligence

agencies were warning of increasing Russian interference in German politics. Moscow rejects the idea of any coordinated campaign. One Russian official said there was a German media campaign to paint Russia in a bad light and "demonise" it. The official said that Russian media had formerly been too positive about Germany and were now more objective. "This ends the discrepancy that saw the German media be very critical of Russia and the Russian media paint a very favourable picture of Germany," he said.

## Black Box

At the March 23 meeting, the two countries reached an "academic cooperation accord". Both sides also continue to emphasize cultural ties. But repairing political ties may be harder. Germany's Social Democratic Party (SPD) - junior members in Merkel's ruling coalition and the party behind "Ostpolitik" all those decades ago - seems increasingly ready to compromise with Moscow. Sigmar Gabriel, an SPD member and Germany's Economy Minister, said recently that the EU should try to lift sanctions on Russia by this summer.

Merkel, though, has refused to ease the sanctions, insisting that Russia first needs to comply with an agreement to enforce a ceasefire, pull back heavy weapons, exchange prisoners, and hold internationally monitored local elections in eastern Ukraine. German officials say Merkel speaks to Putin more than any other Western leader and recognizes better than most that the Russian leader respects firmness.

But the governments still struggle to understand each other. "The Kremlin is like a Black Box: we have a rough idea of who sits in the Black Box but we have no idea what they are thinking, what they are worried about, what they are thinking for 5-10 years' time," a senior German official said. —Reuters

## HOW EUROPE BUILT FENCES TO KEEP PEOPLE OUT

By Gabriela Baczyńska and Sara Ledwith

In early March, Europe's migration chief Dimitris Avramopoulos squelched through a muddy refugee camp on Greece's border with Macedonia and peered through the barbed-wire topped fence that stands between tens of thousands of migrants in Greece and richer countries that lie to the north. "By building fences, by deploying barbed wire," he said, "it is not a solution." But Avramopoulos has not always preached that message - and his changing views capture the tangle Europe has got itself into as more than a million migrants and refugees have floated in on Greek waters since the start of 2015.

In 2012, when he was Greek minister of defence, Greece built a fence and electronic surveillance system along its border with Turkey. The cement and barbed-wire barrier and nearly 2,000 extra guards were designed to stop a sharp rise in illegal immigrants. The 62-year-old former diplomat was not directly involved in the project. But in 2013 he defended it, telling a news conference the wall had borne fruit. "The entry of illegal immigrants in Greece by this side has almost been eliminated," he said. The official European response to Europe's migrant crisis - championed by German Chancellor Angela Merkel last August - is for member states to pull together and provide shelter for people, especially Syrians, fleeing war or persecution. But in reality, most members have failed to take their quotas of refugees and nearly a dozen have built barricades to try to keep both migrants and refugees out. The bloc is now trying to implement a deal which would see Turkey take back new arrivals.

The European Union was founded in the ashes of World War Two, in part on a principle of freedom of movement among member states. But since the fall of the Berlin Wall, European countries have built or started 1,200 km of anti-immigrant fencing at a cost of at least \$500 million, a Reuters analysis of public data shows. That distance is almost 40 percent of the length of America's border with Mexico.

Many of these walls separate EU nations from states outside the bloc, but some are between EU states, including members of Europe's passport-free zone. Most of the building was started in 2015. "Wherever there have been large numbers of migrants or refugees trying to enter the EU, this trend has been followed up by a fence," said Irem Arf, a researcher on European Migration at

rights group Amnesty International.

For governments, fences seem like a simple solution. Building them is perfectly legal and countries have the right to control who enters their territory. Each new fence in Europe has sharply curbed the numbers of irregular immigrants on the route they blocked. For at least one company, fences work. The firm which operates a tunnel between France and Britain says that since a major security upgrade around its French terminal last October, migrants have ceased to cause trouble. "There have been no disruptions to services since mid-October 2015, so we can say that the combination of the fence and the additional police presence has been highly effective," Eurotunnel spokesman John Keefe said. But in the short term at least, they have not stopped people trying to come. Instead, they have diverted them, often to longer, more dangerous routes. And rights groups say some fences deny asylum-seekers the chance to seek shelter, even though European law states that everyone has the right to a fair and efficient asylum procedure. Forced to find another way, migrants and refugees often turn to people-smugglers.

## Crowd Control

Greece's border fence was one of the first, and Avramopoulos still defends it. He says Greece built it to divert people towards official crossings where they could apply for asylum. Much of Greece's frontier with Turkey is delineated by a fast-flowing river, the Evros. But there is a 12 km stretch where people used to sneak through on land after making the river crossing in Turkey. "The Evros river is a very dangerous river," Avramopoulos told Reuters in his upper floor office suite in February. "Hundreds of people had lost their lives there."

At least 19 people drowned in the Evros in 2010, according to the United Nations refugee agency. Neither the Greek authorities nor Europe's border agency Frontex could provide more data. In practice, rights groups say Greece's barrier - and others including one built by Spain in Morocco - effectively turn everyone away, denying vulnerable people a chance to make their case for protection. This is partly because some new barriers have passport controls like those at an airport. People need travel documents to exit one country and reach the checkpoint of the EU country where they want to seek asylum. Many refugees don't have any papers, so they are automatically blocked.

With barriers come security guards, cameras and surveillance equipment, which all make it harder for people to make their asylum cases. Rights groups have documented many reports of border officials beating, abusing, or robbing migrants and refugees before dumping them back where they came from. This approach, known as push-back, has become an intrinsic feature of Europe's external borders, according to Amnesty International.

As a solution, some migrants and refugees buy fake papers. Others stow away in vehicles. Or they turn to people-smugglers. Greece's fence had a knock-on effect that continues to ripple through Europe as more countries wall themselves off. More migrants moving through Turkey began to enter Europe across the Bulgarian border, or by sailing to Greece in inflatable dinghies. In the eastern Mediterranean, the International Organization for Migration has recorded more than 1,100 migrant deaths since the start of last year.

## Cultural Purity

The EU refuses to fund fences, saying they don't work. As European Commissioner, Avramopoulos has tried instead to persuade fellow member states to show solidarity by offering homes to 160,000 refugees and migrants, mainly from Greece and Italy. As of March 15, just 937 asylum applicants had been relocated. For Hungary's Prime Minister Viktor Orban, the idea of quotas is "bordering on insanity." Orban opposes a dilution of Europe's "Christian values" by multicultural immigrants and started building fences along Hungary's borders with Croatia and Serbia in late 2015.

Since the ethnic cleansing of the 1990s in the former Yugoslavia, Balkan states have been particularly sensitive to the risks of ethnic and religious conflict. Other countries followed Hungary with fences - even if most said they installed them to control the flow of people, rather than to preserve cultural purity. When Austria started a barrier on its border with Slovenia in Nov 2015, it said it was necessary for crowd management. Then Austria capped the numbers of people it would admit, and how many it would allow through to Germany. By March, all these measures seemed to be having the desired effect: The number of migrants entering Germany from Austria had fallen more than sevenfold. —Reuters