



EARN **5.90%** PA
at call

- No minimum balance
- BPAY and Pay-Anyone
- No account keeping fees
- Interest calculated daily
- Terms & conditions apply

ERBOnline
Savings Account
APPLY NOW

Every dollar deposited is reinvested back into Australia



Elders Rural Bank
www.ERBOnline.com.au



U.S., OSCE to Support Georgia's Province

Donors pledge over \$12M in economic assistance



Moscow Celebrates Fireman's Day

With a huge fireshow



Russia Warns Against NATO Taking in Ukraine, Georgia

Foreign minister, lawmakers fear "negative consequences"

MOSNEWS.COM // COMMENTARY

- HOME
- NEWS
- FEATURE
- COLUMN
- INTERVIEW
- COMMENTARY**
- MONEY
- MN-FILES
- IMAGES
- WEATHER
- GUIDE TO RUSSIA
- ABOUT



Photo from www.gazprom.ru

Gazprom's Eye Fixed on Israel

Created: 17.05.2006 16:13 MSK (GMT +3), Updated: 16:16 MSK

Gidi Weitz and Amir Ben-David
Yediot Ahronot

When energy giant Gazprom wants something, it stops at nothing. That's how it was when it turned off the gas supply to Ukraine last winter, threatened the European Union and arranged a job for the German Chancellor. Now it wants to come here. Prime Minister Olmert is already being supportive, his good friend is about to make a profit, the outgoing Director General of the Ministry of Defense is lending a hand and Netanyahu's attorney is providing the legal support. Strategic reservations about dependence on Russia? Gimme a break. The main thing is for it to be warm.

Last June 27 an Israeli aircraft landed at Moscow airport. Minister of Industry, Trade and Labor Ehud Olmert stepped out, surrounded by senior officials from his ministry and some 15 prominent businesspeople. The few reports about the trip that appeared in the Israeli press described it as another of the Minister's routine forays intended to promote Israeli industry abroad.

The Russian authorities welcome the official delegation with due pomp and circumstance, and a short time later the convoy of state vehicles was already making its way to central Moscow. At around the same time another businessman landed in Moscow, one of the richest men in

NEWS

MosNews
Bush Pl...
Press Pu...
Democr...
Backlid...
NGO Ac...



press Preside
Putin at the
summit over
Kremlin is cu
of the Russia
media.

MONEY

MosNews
Rosneft
World's
IPO, Rai...
\$10.4Bln



its record IP
fifth biggest
billion. How
court challer
embattled Y
Company thi
its market d

TIME

03:37:15 Moscow, GMT+3

ARCHIVE

July							2006	
MO	TU	WE	TH	FR	SA	SU		
					1	2		
3	4	5	6	7	8	9		
10	11	12	13	14	15	16		
17	18	19	20	21	22	23		
24	25	26	27	28	29	30		
31								

SEARCH

FIND

MONEY

DJ RusIndex	4,003.08	-5.21%
S&P/RUX Index	428.03	-4.52%
RUR/USD	26.92	+0.19%
RUR/EURO	34.22	-0.23%
Oil Brent	76.53	+4.11%
Oil Urals	71.67	+3.23%
Nickel	27695.00	+1.75%
Gold	659.63	+2.17%
Platinum	1250.25	+0.50%
Palladium	330.00`	+0.92%

WEATHER



Moscow
66 °F
19 °C
partly cloudy

Israel. Unlike the official delegation, he arrived in his private plane. His name is Benny Steinmetz.

Steinmetz, a tall blue-eyed man, appeared last year in Forbes Magazine’s list of the world’s 500 wealthiest people, but in Israeli public life he is virtually unknown, possibly because nearly all his business is conducted abroad. Steinmetz is also one of Olmert’s closest friends, and Olmert is now Prime Minister. “Just like brothers,” according to an acquaintance. Just how close they are is evident from the fact that this week Olmert came to the Steinmetz’s son’s bar mitzvah at the Tel Aviv Port. And he didn’t come just to shake hands: for three and a half hours the port was closed for security reasons. On another occasion Olmert attempted to persuade Steinmetz to purchase his baby – the Beitar Jerusalem soccer club. And the kids are also part of the picture, as is customary with good friends: when Olmert’s son Saul was looking for a job in New York, it was Steinmetz who hired him.

Olmert’s agenda for his visit to Moscow also included a meeting with the president of the Gazprom concern, Alexei Miller, a crony of Vladimir Putin’s, in order to discuss the supply of natural gas to Israel. Steinmetz also came to Moscow in order to participate in this meeting.

Gazprom, the world’s third largest economic empire in terms of market value, occasionally finds itself in the headlines of the global media. Some of them pertain to the reputation that it’s made for itself as a company that stops at nothing in order to get what it wants. And thus, when in January of this year a dispute broke out between Gazprom and the Ukraine government, the Russian giant didn’t hesitate to shut off the country’s gas supply in midwinter, despite the danger to millions of human beings. Last week Gazprom threatened to turn off the gas once again, this time in the countries of the European Union, which had plans to restrict its rate of expansion. Now Gazprom has set itself a new goal: to commence operations in Israel as well.

Former politicians, former senior executives in the Civil Service and various and sundry cronies are all trying to lay their hands on this goose that lays the golden eggs, in spite of the large number of questions aroused by Gazprom’s conduct and the strategic implications of a connection with the company.

Olmert attended the meeting with Alexei Miller in the company of Israel’s ambassador to Russia, senior officials from the Ministry of Industry, Trade and Labor, and four businessmen: Hezy Bezalel, whose occupations include arms trade, among others, Ike Rosenberg, who operates energy businesses in Kazakhstan, Steinmetz and Shuki Raz, the CEO of the engineering company that he controls. Steinmetz, one must remember, wasn’t the odd man out at the meeting solely due to his personal connections with Olmert, but also because he wasn’t part of the official delegation.

The meeting progressed very nicely. The people from Gazprom

Get Fun,
New Cursors!

Click here!



ADVERTISE

FEATURE

MosNews
**Flight At
Honored
Lives**



opened the c
in the rear o
310 plane th
landing in R
July 9. The y
attendant he
passengers t

COLUMN

MosNews
**Genealo
Generati**



the question
exactly is a f
fighter? A sp
Lenta.ru tra
roots of this
after airconf

INTERVIEW

ABC News
**U.S. Suff
Winner’s
Complex
Gorbach**



the “iron cu
separated th

Ads by Goooooogle

[Tour Or Trek Israel](#)

Plan An Adventure In Any Country w/ Tour & Trek Advice Pkg's & Savings
www.statravel.com.au/treks

[Tel Aviv Israel Hotels](#)

Affordable & Near The Beach. Ideal For Business & Leisure Travelers!
www.atlas.co.il

[Smart Sexy Israeli Single](#)

More members in your area. Search free & get connected today
www.JDate.com

[Israel Corporations](#)

Incorporate offshore with virtual office & bank account. Since 1977
www.OffshoreCorporation.com

[Jewish Girls in Your Area](#)

View Photos, Send Email, Chat & IM Join Now & Get 3 Months Free
www.JLove.com

Advertise on this site

reviewed the benefits that Israel could reap from a long-term contract with the company and discussed ways and means for promoting the project with their guests. "Olmert introduced the businessmen who accompanied him to the Russians and described their spheres of activity," related Gazprom's representative in Israel, Maximilian Danishevsky. "Miller was pleased by the way in which Olmert promoted Israeli industry at the meeting."

But despite the positive atmosphere, after Olmert's return to Israel almost nothing happened. Although the Russian president urged the then Prime Minister Sharon to purchase natural gas from Russia, the Russians didn't send a feasibility study to the Ministry of National Infrastructures, and what with the pre-election whirlwind and the establishment of the Kadima Party, followed by Sharon's hospitalization, the matter was set aside.

Gazprom had no intention of giving up a foothold in Israel. Last March, eight months and one CVA later, with Olmert serving as Prime Minister, the Ministry of National Infrastructures received a request from Gazprom to renew the meetings about the major deal. The Russians didn't content themselves with a meeting with Roni Bar-On, the then Minister of National Infrastructures, and requested a meeting between Olmert and the delegation, headed by company President Miller, and that's exactly what took place.

At the meeting the Russians presented their plan: laying an undersea gas pipeline from Turkey to Israel, that would make it possible to supply gas for decades. The project, whose scope is estimated in the billions, was examined in the past but not carried out because the Israeli estimate was that the asking price for the gas would be high. Aside from the economic aspect, ministers expressed a fear that the Russian government, by means of Gazprom, would attempt to create Israeli dependency on Russian energy, as it has done with other countries. "Putin wants a foothold in this region," explains a senior party at the Ministry of National Infrastructures. "What does he have to offer? Weapons aren't relevant, and he doesn't have other significant resources. Gas is a product that could do the trick."

At the meetings with Olmert and Bar-On the Russians laid a series of honey traps. Thus, for example, they agreed to bear the cost of the undersea pipeline, which has a price tag of around \$1.5 billion. No less tempting was the declaration that they are interested in bringing in an Israeli partner to serve as the company's front man in Israel. "We prefer a local partner who knows the market and its business culture. That's how Gazprom operates in various places around the world," says Danishevsky. "This is the first time we have proposed an Israeli partner."

The meetings that were held in Israel also had an unofficial side. The Russians identified the partner whom they wanted to bring into the deal: none other than the Prime Minister's good friend Steinmetz. They added that they are already conducting advanced negotiations with him. "Steinmetz is completely in the picture," confirmed a party at Gazprom this week. Danishevsky: "Advanced negotiations are being conducted with Steinmetz." Parties in the business world have noted that one of the companies owned by Steinmetz, energy company Bateman-Litwin, has cooperated with Gazprom on other projects in the past.

In any case, following the meeting in Jerusalem, Olmert's office announced that it had decided to promote the gas deal. The announcement stated that Eli Ronen, Director General of the Ministry of National Infrastructures, has been asked to meet with the representatives from Gazprom and to formulate a framework

world from t
thawed the
between the
and the Sovi
15 years afte
removed hin
the Soviet U
he has some
the United S

IMAGES

[Cars Div Moscow](#)



an embankr
into the wat
Moscow Can
of the city. }
was not actu
not a real or

Get F
Google
bette

North Cyprus Property

50m to Sandy
Beach. From
£39.000 Pools,
Gardens, Sauna,
Gym, & more

www.Cyprus-SeaTerra.com

Advertise on this site

agreement that would be signed between the governments in the future. According to the current plan, the laying of the undersea pipeline will be completed shortly before the year 2001, and then the gas will start to flow. Incidentally, as was the case with the agreement with Egypt, private companies will sign the agreement for the importation of gas, but it will be supported by a political agreement.

Ronen is optimistic: "There is a gas sector in Israel today and there are power plants that operate on gas. The national gas transmission system is currently being completed. They (the Russians – Gidi Weitz) have seen that the deal in Israel is taking shape, and for them laying the pipeline from Russia, at a cost of billions of dollars, could now be worthwhile." He adds that "at the meeting with the Prime Minister they said that they consider the Israeli economy as a tremendous potential market for the sale of gas. They estimated that Russian gas will flow to Israel within four years. They also said that they want to contract with an Israeli party, and unofficially mentioned Steinmetz's name. They said that they want to sign with him first, to make him their partner."

Talks with Olmert's good friend as the candidate for the position of Israeli partner weren't the only insurance policy taken out by Gazprom as part of its attempts to penetrate the Israeli economy. The Russian delegation that attended the meeting at the Ministry of National Infrastructures was led by a figure who is well known in the corridors of government: Amos Yaron, former Director General of the Ministry of Defense.

In late 2005 Yaron met with Maximilian Danishevsky at a Tel Aviv cafe. The coffee and the secret sweetened his bitter moments of retirement. He had left the Ministry of Defense a few weeks previously, partly due to heavy American pressure in the wake of his involvement in the Falcon deal with China.

Danishevsky, a Jew who lives in Antwerp, spends prolonged periods in Israel, during which he stays at the Dan Accadia Hotel. He is an affable 38 year old who tells his interlocutors about his involvement in globe-spanning energy deals, including with the energy companies owned by outgoing Italian Prime Minister Silvio Berlusconi. Over the past four years he has promoted Gazprom's energy business in Israel: he rubbed shoulders with politicians and their cronies and attempted to convince his interlocutors that Israel has got to purchase gas from Russia. "In a few years all of you will be riding bicycles," he warned more than once.

The meeting between Danishevsky and Yaron wasn't a chance meeting. Yaron had left one of the most powerful positions in the public service, and has extensive connections with senior figures at all the government ministries, connections that certainly don't hurt when major deals are at stake. Danishevsky relates that following the meeting at the cafe, Yaron sent him his CV, which he sent to Moscow. It didn't take the people in Russia long to understand the potential, and early this year Gazprom retained the services of Yaron, who now introduces himself as the company's advisor on Israeli matters. Incidentally, on another occasion Yaron related that he is associated with Benny Steinmetz, of all people. Last weekend the Russia newspaper Moscow Times published a sweeping denial made by Gazprom, which made it clear that it does not employ Yaron. Nevertheless, Gazprom confirmed that Yaron took part in the negotiations with Israel, and that negotiations were conducted with Steinmetz. Yaron, who confirmed to Seven Days that he serves as advisor to the company, didn't comment on the article. In any case, Yaron's move from a senior position in the public sector to the private sector was extremely rapid.

Employing Yaron wasn't the first time Danishevsky wanted to use

[My Israel 1](#)
Zel Lederr
Tours Jeru:
Tour Guide
www.zeltours.com

[Israel Cor](#)
Form an of
company o
minutes. R
service.
www.Offshore.com

[Israel Car](#)
Discount A
Company i
Deals & Cf
www.israelcar.com

[Israel](#)
The Amide
Mutual Fun
Israeli stoc
www.amidex.com

[Tours in Is](#)
Archaeolog
Historical p
tours in Isr:
www.archeser.com

Advertise on

former senior parties from the Civil Service or cronies of politicians in order to promote Gazprom's purposes. Immediately on arrival in Israel in 2002, he retained the services of Binyamin Netanyahu's own attorney, David Shimron. Netanyahu was vying for the position of head of the Likud Party at the time, and was supposed to be given a top position in Sharon's government. During unofficial conversations Danishevsky doesn't even bother to deny the Shimron-Netanyahu connection as one of his economic motives. "I wanted to leave Netanyahu out of the picture," he explained during one such conversation. "I'm not naive. I felt that Netanyahu wasn't in favor of Russian gas."

But one can also case doubt on this explanation: Danishevsky didn't just meet with Netanyahu. He also explained to various political figures how interested he is in direct contact with politicians. It is possible that this desire to make direct contact is precisely what motivated him to approach Shimron. Incidentally, his bosses in Russia were aware of his retaining Shimron's legal services, since they sent him a letter of authorization.

Whom did Danishevsky try to get friendly with? Among others, the legal advisor to the Labor Party, Eldad Yaniv, from whom he requested assistance at a meeting with top party officials, and mainly with Minister of National Infrastructures Binyamin Ben Eliezer, whom he identified as one of the hardest nuts to crack on the way to carrying out the deal. When he didn't get what he wanted from Yaniv, Danishevsky approached a number of Ben Eliezer's cronies, in hopes that they would introduce him to the Minister and his people. And so he arrived, accompanied by Deputy Minister of Defense Weizman Shiri (who was one of Ben Eliezer's loyal friends), at the circumcision of the Minister's driver's son. Other politicians' cronies relate that Danishevsky promised anyone and everyone a job at Gazprom's future representative office in Israel.

On his part, Ben Eliezer says that he asked the Russians to send feasibility studies in order for him to examine the deal, but the Russians refrained from doing so. "We met with them once," he says, "not with Danishevsky but with Mikhail Axelrod (a senior executive at the company – Gidi Weitz), who came with David Shimron."

Various parties who were in contact with Danishevsky claim that he often boasted about the personal relationship that he ostensibly had with Sharon's close advisor Dov Weisglas. Danishevsky claimed this week that he offered Weisglas a job on the project, but Weisglas was unable to accept due to a conflict of interests. He denies that he asked for help in meeting with Israeli politicians or that he offered anyone the job of Gazprom's representative in Israel. "Many Israelis who are claiming that I offered them the job actually proposed themselves for the job, and they are also the ones who proposed that I meet with the politicians whom they know."

One of the people with whom Danishevsky claims to have explored the possibility of working together on the project is Roni Milo. According to him, they met at a party at Steinmetz's home, following which Milo's name was proposed to headquarters in Moscow, but the Russians ultimately chose General Yaron. Milo denies that he initiated any contact with Gazprom and claims that Danishevsky suggested that he work for the project, but that his instincts warned him to steer clear of the entire deal.

In Israel, capital-government relationships surrounding energy deals in general and gas deals in particular manage to create particularly intense political intrigues and battles. This was the case some two years ago, when Minister of National Infrastructures Yosef Paritzky was ousted from his position against the backdrop of the deal for the supply

of natural gas from Egypt. Businessman Yosi Maiman, one of the partners in the deal (which, incidentally, received extensive assistance from the then Prime Minister Ariel Sharon) retained the services of private investigator Meir Palevsky to follow Paritzky, due to his suspicion that the Minister was serving the interests of his rival, British Gas. Palevsky found an embarrassing tape of Paritzky and presented it to the media, thus putting an end to the Minister's political career. Unsurprisingly, Palevsky is also a minor hero in the present affair.

In mid-2005 Palevsky was summoned by Danishevsky to an urgent meeting at the Dan Accadia Hotel. During their conversation, Danishevsky related that two Israeli businessmen, one of them the Honorary Consul of a foreign country and the other a businessman by the name of Nissim Degladati, wanted to meet with him in the context of the construction of the inland gas transmission system in Israel, a tender in which Gazprom was also participating, and had threatened his life. "He was scared to death," Palevsky relates, "he claimed that two men whom he knew as friends had come to him and given him an ultimatum: either leave the country immediately or you'll leave it in a coffin. They told him that even if he went to Russia, he wouldn't come back alive." Incidentally, Degladati, a 47 year old investment house owner from the Sharon region, was arrested last November on suspicion of stealing hundreds of thousands of dollars that were transferred to him in his capacity of middleman between shipping companies and insurance companies, in order for him to take out insurance policies. That case has been transferred to the State Attorney's Office and Degladati has denied the charges against him.

Palevsky went to the police immediately, and even took Danishevsky to at the offices of the National Serious & International Crimes Unit in Petach Tikva for questioning. During the investigation the investigators asked Danishevsky to contact the two men. The documented conversation and the interrogation convinced the police investigators that a business dispute had arisen between Danishevsky and the two men, and that his life was not in danger. Consequently, the case was closed without charges being pressed against the two men. Danishevsky continues to insist that he was threatened.

This affair exemplifies the mystery surrounding the gas giant's activity in Israel. "When you look at Gazprom from the outside," said a person who works with the company, with some irony, "you think you understand something. When you work there you don't understand anything." Degladati, in a talk with Seven Days, claims that he and his friend the consul served as Gazprom's representatives in Israel. To prove his statement he presents a document that he received from one of the heads of the company, the CEO of Gazprom's engineering company and the man in charge of ties with Israel, Mikhail Axelrod. "I told Danishevsky at that meeting that he must either work under us or stop presenting himself as Gazprom's representative in Israel. Of course we didn't threaten him," Degladati says, adding that he tried to promote two projects in Israel – the construction of the inland transmission pipeline and the construction of a gas liquefaction facility on one of Israel's shores, but neither project got off the ground. As part of his efforts to promote the two projects, Degladati met with politicians, including Binyamin Ben Eliezer and Ehud Olmert. This surprising chain of events might be due to the tension between Axelrod and Danishevsky, in light of the power struggles surrounding Gazprom's business in Israel.

Danishevsky and Degladati aren't the only ones who served as Gazprom's representatives. Former Labor Party Director General Doron Elhanani served as Gazprom's representative in recent years. According to him, he and Danishevsky introduced company President Miller to Sharon, Netanyahu, Olmert and Paritzky. "In addition to their

economic interests, the Russians apparently have two other interests in the deal: an investment in massive infrastructures and a micro-political interest in creating a balanced economic relationship vis-a-vis the US in terms of the influence on Israel. To my regret, while dealing with the subject I discovered countless Israelis, including former government ministers, who pretended that they represented Gazprom. They may have met with one person or another, but their only connection with the management of Gazprom was with Danishevsky.”

The multiplicity of representatives in Israel might perhaps be attributable to the somewhat nebulous structure of Gazprom and to the multiplicity of its subsidiaries.

Gazprom’s aggressive conduct in Europe, as well as its somewhat puzzling conduct in Israel, do not deter the leaders of the economy. Sources at the Ministry of National Infrastructures say that in a few years Israel is expected to suffer from a shortage of natural gas and that Gazprom could be the solution. On Wednesday the Director General of the Ministry of National Infrastructures departed for Russia on a brief visit with the aim of promoting the deal, and it is safe to assume that if there are any more crises in the negotiations, the parties will ultimately manage to overcome them. The fears that were raised in the past regarding the implications of Israeli dependence on Russian energy, on the other hand, have not yet abated. For those involved in this affair, they don’t sound like a reason to postpone the negotiations for as much as one second.

Russia’s natural gas monopoly Gazprom was set up with the collapse of Communism in 1989 on the foundations of the governmental Ministry of Gas Industries. In 1993-1994, during Boris Yeltzin’s term in office as President, the concern underwent a significant reorganization, which included privatization of significant portions on terms that were particularly favorable for its senior executives, and included the granting of far-reaching tax concessions and other benefits. This slapdash privatization process turned Gazprom into one of the symbols of corruption in Yeltzin’s government.

Despite the privatization, the Russian government retained ownership of large portions of the company and during Putin’s years in office the Russian government’s share of ownership grew to over 50% of Gazprom. Control of the gas giant enables the Russian government to perform economic activities that it probably could not otherwise perform. Thus, for example, in 2005 Gazprom acquired the Russian oil giant Sibneft from billionaire Roman Avramovich for \$13.1 billion.

To get an idea of how big Gazprom is, it’s enough to take a brief glance at some dry figures: it is the world’s third largest company, with a value of around \$270 billion, with around 300,000 employees at the company and its subsidiaries. Its gas production in 2005 was equal to the entire oil production of Saudi Arabia. In the past, Gazprom was also active in the development of oil fields in Iran, engaging in deals that are estimated at billions of dollars.

Putin makes extensive use of Gazprom for foreign and domestic political purposes as well. He didn’t hesitate to crack the Gazprom whip when disputes over gas and oil prices broke out in various places around the world, and there is no doubt that Gazprom’s status opens many doors for him throughout Europe. In political terms, the Russian government makes use of Gazprom’s extensive business activity in Russia, led its media, banking and agricultural groups. In general, the relationship between the Kremlin and Gazprom is symbiotic: the Chairman of Gazprom is Dimitri Medvedev, former Chief of Staff at the Kremlin, Chief Deputy to the Russian Prime Minister and the man who is considered Putin’s potential successor.

The concern's unbridled business conduct occasionally leads to international scandals. That was the case not only in the dispute with Ukraine and the threats directed at the European Union, but also in the case of former German Chancellor Gerhard Schröder. During Schröder's final days in office he signed a controversial agreement with Gazprom pertaining to the construction of a gas pipeline between Russia and Germany, a pipeline that would not pass through the territory of other countries (the Russians are afraid that countries that the pipeline passes through on its way to Western Europe would be able to cut off the flow in the event of a dispute – Gidi Weitz). Gazprom's representative at the negotiations was no other than Vladimir Putin. A short time after he left his position as Chancellor, Schröder was appointed Chairman of the shareholders committee of the company building the pipeline.

Russia's interest in the relatively small Israeli gas market is based on a blend of political and economic considerations. On the economic side which, according to the experts, is the more marginal of the considerations, we have the fact that the only a quarter of the capacity of the gas pipeline that Gazprom built for Turkey, which is nicknamed the Blue Stream, is being utilized. On the political side, the Russians hope to achieve two goals – reinforcing their influence in the region and stopping Egyptian gas from flowing northward towards Turkey and from there to Europe. MK Yuval Steinitz: "There is no doubt that the Middle East in general, and Israel in particular, are important to Russia. They want to improve cooperation and ties, and possibly also to gain influence in Israel, although they haven't called it that.

"I do not reject out of hand the possibility that there is also a strategic political motive behind this renewed initiative, and not a purely economic one. Putin, with considerable finesse, has managed to turn Russia's resources, and gas in particular, into a powerful means vis-a-vis the countries of the CIS and Europe. However, I am very much in favor of strengthening our economic and other ties with Russia. I believe that the advantages outweigh the disadvantages."

Gazprom's attempts to enter the Israeli market began as long ago as the mid-1990s. Representatives from Gazprom met with the country's top leaders and attempted to persuade them to buy Russian gas. These attempts even managed to lead to a criminal investigation against a senior politician – Ariel Sharon. In 1997 Prime Minister Binyamin Netanyahu announced that Israel would purchase natural gas from Russia. The job was given to Prime Minister Sharon. With the intervention of media tycoon Vladimir Gusinsky, who was still a darling of the Russian regime and managed businesses in conjunction with Gazprom, Sharon met with the top brass at the concern.

Following the meetings in Russia the police mounted an investigation on suspicion that Sharon received benefits from Gusinsky in return for promoting his interests in the gas project. Attorney General Elyakim Rubinstein, who closed the case, wrote in his ruling: "It is evident from the investigative material that the trip to Russia by the delegation headed by Minister Sharon was organized, unusually, by Mr. Gusinsky and his people, and not by the Foreign Ministry as is customary. Mr. Gusinsky not only organized the Minister's meetings with government parties in Russia, but also took part in them. This included Mr. Gusinsky's participation in meetings with the heads of the Russian company Gazprom on the subject of gas. According to the evidentiary material, Mr. Gusinsky had a clear economic interest in the supply of gas to Israel by Russia. It is also evident from the evidentiary material that was collected that Mr. Gusinsky, directly or indirectly, paid for luxury meals at prestigious restaurants where the delegation dined, paid for the delegation's flight from Moscow to Saint Petersburg,

financed the delegation's stay at a hotel and bore additional expenses totaling no small sum." Rubinstein's explanation for the closure of the case was "Sharon's lack of awareness" and he noted that the Israeli Foreign Ministry eventually reimbursed Gusinsky for the delegation's expenses.

Incidentally, when Gusinsky fell from grace at the Kremlin, after the criticism voiced by Putin in the media owned by him in the year 2000, it was Gazprom, Gusinsky's partner, that provided the Russian President with the official complaint that made it possible to mount an investigation against him and to seize part of his assets.

The current state of the Israeli gas market is perceived by experts as a "market failure" due to the small number of future suppliers to Israel.

Natural gas is an inexpensive alternative to oil and causes far less environmental pollution. The experts at the Ministry of National Infrastructures hope that in the not too distant future heavy industrial plants will switch from the use of fuel oil and petroleum to natural gas. In consequence, a very significant increase in demand can be expected in the next few years.

The only supplier of gas to Israel today is the Tethys Sea drilling, offshore Ashkelon. It should soon be joined by Egyptian gas. In the long run, so say the experts, the situation is bad: Tethys Sea will be able to supply gas up to the year 2018 at the very latest, at which time it will run dry. In any case, and in order to meet the anticipated steep rise in demand, Israel has signed a long-term agreement with the Egyptians. "We cannot rely on a single gas supplier. Despite the political agreements that we have signed, which are supposed to prevent a situation whereby they "shut off the gas," Israel cannot be in a situation where a supplier also has a commercial advantage. It's enough to see what Gazprom did when it shut off the supply of gas to Ukraine in order to understand how the situation is liable to deteriorate," says a source who is well-versed in the natural gas sector.

However, a more serious problem than the number of suppliers is the fear of a gas shortage. Another body that Israel is now attempting to formulate a deal with is British Gas, which received the rights to the natural gas located offshore Gaza. The British are not prepared to sell the gas to Israel, and the State is applying every form of pressure it can think of. Thus, for example, Israel conveyed veiled threats, whereby the sea offshore Gaza is still under Israeli control, meaning that it's by no means certain that Israel will permit the British to operate its drilling rig freely. Israel also knows that if the matter reaches the point of litigation in an international court, these threats will be revealed as empty.

Be that as it may, according to the forecasts of the Ministry of National Infrastructures and based on the quantities involved in the agreements that have been signed with the Egyptians, even if the British supply gas to Israel, a shortage is liable to develop as early as the year 2010. And that's why the Ministry of National Infrastructures considers the entry of Gazprom to be essential.

A source at the Prime Minister's Office said in response that "in the framework of the reform in the energy sector there is an intention to locate additional gas suppliers for the electricity sector. To this end internal meetings have been held in order to explore the possibility of having British Gas serve as an additional gas supplier. In addition, meetings were held with representatives from Gazprom. To this end the Prime Minister recently met with the President of Gazprom, who was visiting in Israel, and it was agreed that professional teams would examine the matter. The Israeli team will be headed by the Director

General of the Ministry of National Infrastructures.

“On their visit to Russia the delegation from the Ministry of Industry, Trade and Labor was accompanied by around 15 businessmen, including representatives of additional bodies. The meeting with the President of Gazprom was attended by senior officials and four businessmen: Steinmetz, Raz, Bezalel and Rosenberg.” With regard to the allegation that the meeting in Moscow was of assistance to Steinmetz, the source said “That’s nonsense. Many businessmen were invited to join the delegation and preference was not given to any of them.”

In the matter of Weisglas, the source at the Prime Minister’s Office said that he was acquainted with Danishevsky socially, and was offered a job on the project, but refused due to a conflict of interests.

A source at the Steinmetz Group said that it is a private group and that it does not comment on questions or reports about its business activity.

A source at the Ministry of Industry, Trade and Labor said in response that the meeting in June 2005 was intended for exploring the possibility of cooperation between Israel and Gazprom. “The position of the Ministry of Industry, Trade and Labor was and remains that the possibility of cooperation with Gazprom in the matter of gas should be explored, taking the conditions, transmission prices, gas prices and duration of the agreement period into account, of course.”



SEE ALSO

27.05.2006 14:36 MSK, MOSNEWS.COM

[Russia’s Putin Throws Weight Behind Gazprom, Pledges Secure Supplies](#)

11.05.2006 10:40 MSK, MOSNEWS.COM

[Top Economists, Russia’s Ex-PM Warns Europe of Steep Rise in Gas Price](#)

03.05.2006 11:44 MSK, MOSNEWS.COM

[Europe Sets Rules for Gazprom Entrance to Retail Gas Market](#)

02.05.2006 12:04 MSK, MOSNEWS.COM

[German Energy CEO Defends Gazprom’s Credibility as Europe’s Gas Partner](#)

27.04.2006 10:50 MSK, MOSNEWS.COM

[EU Urges Russia to Break Gazprom Grip on Pipelines, Ratify Energy Charter](#)

21.04.2006 14:08 MSK, MOSNEWS.COM

[U.S. Probes Russian Gas Supplier RosUkrEnerg – Report](#)

20.04.2006 17:42 MSK, MOSNEWS.COM

[Russia’s Gazprom to Press for Higher Gas Prices for Ukraine](#)

17.04.2006 11:56 MSK, MOSNEWS.COM

[UK Mulls Merger Rules Changes to Block Russia’s Gazprom Bid to Take Over Centrica](#)

02.04.2006 12:38 MSK, MOSNEWS.COM

[Schroeder Govt Guaranteed Credit for Russia’s Gazprom, Report Confirmed](#)

31.03.2006 10:48 MSK, MOSNEWS.COM

[Russia to Sell Gas to Belarus at European Market Prices from 2007 – Gazprom](#)

12.02.2006 12:57 MSK, MOSNEWS.COM

[Russia Seeks More Gas Links to Europe, May Ease Pipeline Access](#)

08.02.2006 15:43 MSK, MOSNEWS.COM

[Italy's Eni Says Russian Gas Supplies to Fall Short](#)

24.01.2006 12:00 MSK, MOSNEWS.COM

[Ukraine Admits Withholding Russian Gas Meant for Europe](#)

21.01.2006 12:58 MSK, MOSNEWS.COM

[Uzbekistan to Raise Gas Price for Russia, Moscow Agrees – Source](#)

13.01.2006 11:07 MSK, MOSNEWS.COM

[Gazprom Capitalization Exceeds \\$210Bln After Ring Fence Removal](#)

11.01.2006 13:35 MSK, MOSNEWS.COM

[Putin, Yushchenko Meet in Wake of Russia-Ukraine Gas Crisis](#)

10.01.2006 13:07 MSK, MOSNEWS.COM

[Gas Row Sends a Signal](#)

06.01.2006 15:32 MSK, MOSNEWS.COM

[Bulgaria Refuses to Review Gas Transit Contract with Russia's Gazprom](#)

03.01.2006 18:39 MSK, MOSNEWS.COM

[Russia, Ukraine Agree to Resume Gas Talks](#)

03.01.2006 13:22 MSK, MOSNEWS.COM

[Russia Restores Gas Supplies to Europe, Still at Odds With Kiev](#)

02.01.2006 17:54 MSK, MOSNEWS.COM

[Russia Accuses Ukraine of Diverting Gas, Supplies to Moldova Halted](#)

02.01.2006 17:24 MSK, MOSNEWS.COM

[Putin's Critics Blast Russian Gas Cut to Ukraine](#)

02.01.2006 14:17 MSK, MOSNEWS.COM

[Ukraine Says Russia Seeks to Destabilize Its Economy, Calls for New Talks](#)

02.01.2006 13:22 MSK, MOSNEWS.COM

[Europe Suffers Gas Import Cuts Following Russia's Move](#)

01.01.2006 12:40 MSK, MOSNEWS.COM

[Russia Cuts Off Gas Supply to Ukraine](#)

31.12.2005 19:29 MSK, MOSNEWS.COM

[Russia's Putin Offers Ukraine Reprieve in Gas Price Row](#)

31.12.2005 14:16 MSK, MOSNEWS.COM

[Russia Reiterates Threat to Cut off Gas Supplies to Ukraine](#)

29.12.2005 15:30 MSK, MOSNEWS.COM

[EU Expects Quick Settlement of Russia-Ukraine Gas Dispute](#)

23.12.2005 12:20 MSK, MOSNEWS.COM

[Gazprom Liberalization Expected on Dec. 28 – Paper](#)

MOSNEWS.COM

[NEWS](#) | [INTERVIEW](#) | [FEATURE](#) | [COLUMN](#) | [COMMENTARY](#) | [MONEY](#) | [MN-FILES](#) | [IMAGES](#) | [WEATHER](#) | [GUIDE TO RUSSIA](#)
| [ABOUT](#)

Write us:
info@mosnews.com
Copyright © 2004
MOSNEWS.COM
Designed by **motka**

[About](#) | [Legal](#)
[Notice](#) | [RSS Feeds](#)
[Partners](#) |
[Advertise with us](#)

sound: on/off

THE FART BUTTON



press it.
YOU KNOW YOU WANT 1