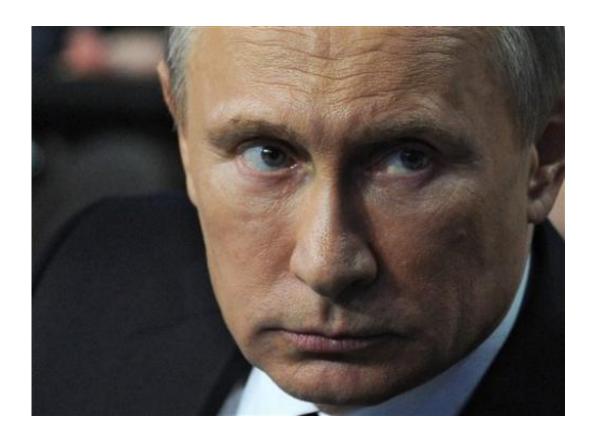# Russia's Putin calls the Internet a 'CIA project' (Update)

April 24 2014, by Nataliya Vasilyeva

Russian President Vladimir Putin attends a media meeting organized by the Russian People's Front in St. Petersburg, Russia, Thursday, April 24, 2014. Russia's President Vladimir Putin has mocked the Internet as a CIA project and pledged to protect Russia's interest in the online industry. (AP Photo/RIA-Novosti, Mikhail Klimentyev, Presidential Press Service)

President Vladimir Putin on Thursday called the Internet a CIA project

and made comments about Russia's biggest search engine Yandex, sending the company's shares plummeting.

The Kremlin has been anxious to exert greater control over the Internet, which opposition activists—barred from national television—have used to promote their ideas and organize protests.

Russia's parliament this week passed a law requiring social media websites to keep their servers in Russia and save all information about their users for at least half a year. Also, businessmen close to Putin now control Russia's leading social media network, VKontakte.

Speaking Thursday at a media forum in St. Petersburg, Putin said that the Internet originally was a "CIA project" and "is still developing as such."

To resist that influence, Putin said, Russia needs to "fight for its interests" online.

A Russian blogger complained to Putin that foreign websites and Yandex, the web search engine which is bigger in Russia than Google, are storing information on servers abroad, which could be undermining Russia's security.

In his reply, Putin mentioned unspecified pressure that was exerted on Yandex in its early years and chided the company for its registration in the Netherlands "not only for tax reasons but for other considerations, too."

Although Putin's comments didn't include any specific threats to Yandex, one of Russia's most successful tech companies, its shares plunged by 5 percent at the Nasdaq's opening on Thursday.

In a statement Thursday, Yandex said the company got registered in the Netherlands "solely due to the specifics of corporate law," not because of the low taxes there and added that its core business is based in Russia and "practically all the taxes are paid in Russia."

Reacting to Putin's claims that Yandex was under "pressure," the company said it got its first investments from international funds and investors, "which is the usual practice for any online start-up in any country."

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