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SOURCE: ENG.MIL.RU

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RUSSIAN-INDIAN MILITARY PARTNERSHIP: MILITARY DRILLS AND WEAPONS PURCHASE

The Indian government strives to intensify its armaments cooperation with Russia disregarding the U.S. warnings. Russian naval vessels and missiles seem very desirable equipment for the state's army. It is just a matter of time when India and Russia will seal next deals, especially after the visit of the Indian navy commander to Russia. Following a certain period of cool diplomatic relations with Moscow, India has now upgraded its defense ties with Moscow, becoming the largest purchaser of Russian military equipment and weapons.

The Indra-2018 joint military exercises officially ended on November 28. This year's edition was held in the Indian state of Uttar Pradesh. The drills, officially launched on November 18, were attended by 250 soldiers from Russia's Eastern Military District and 250 servicemen from India. Shortly before the end of the maneuvers, the Chief of the Naval Staff of the Indian Navy paid a three-day visit to Russia. Admiral **Sunil Lanba** held bilateral talks on Russian-Indian military and armaments partnership with his Russian counterpart Admiral Vladimir Korolev as well as he met with a number of Russian officers.

Ahead of Lanba's trip to St. Petersburg, it was informed that Indian Defense Ministry inked an agreement on assembling two Admiral Grigorovich-class frigates. The deal is said to be worth 500 million dollars. The Project 11356M-class frigates are likely to be built from scratch at the Goa Shipyard Limited (GSL). The contract concluded with Russian defense major Rosoboronexport provides for transferring all necessary technology to the Indian shipyard. The construction of the ships will begin in 2020; the first platform will be ready in 2026 while the second one is expected to be deployed a year later. The 3.620-ton and 124.8-meter Admiral Grigorovich-class is an upgraded version of the six Talwar-class frigates that Russia built for the Indian Navy between 2003 and 2013. The Indian warships can be armed with the BrahMos supersonic cruise missile systems. In addition, India signed yet another $950 million contract with Russia, under which Moscow will dispatch to the country two more warships. The two Admiral Grigorovich frigates destined for the Indian Navy will be constructed at Russia's Yantar Shipyard in the Kaliningrad Oblast. The warships will be equipped with Ukraine-made turbine engines, which were the object of a separate procurement.

The visit of the Indian admiral to Russia occurred shortly after Vladimir Putin's stay in India. During the New Delhi meeting, India signed an agreement with Russia to purchase a batch of S-400 air defense missile systems at a cost of around $5 billion. The first missile system is expected to be dispatched to India by the end of 2020. The Indian government intends to seal a new 10-year framework deal for the construction and upgrade of at least a dozen types of Russian weaponry systems, including fighter aircraft, artillery guns, and missile launchers. India keeps signing new arms agreements with Russia disregarding warnings by the United States of sanctions. The U.S. presidential administration imposes sanctions against any countries that carry out military transactions with Russia's defense sector.

10 December 2018

RUSSIA'S GRU: NEW CHIEF, SAME GOALS

Vice Admiral Igor Kostyukov is the first naval officer nominated to head the Main Directorate of the General Staff of the Armed Forces of the Russian Federation. He was appointed the acting head of the Russian GRU following the death of his predecessor Igor Korobov on November 21, 2018. His nomination will not introduce any changes to the core domains of GRU's activities. First and foremost, it should be expected that Russia's military intelligence will continue its hitherto offensive actions targeted against the West.

The former head of Russian military intelligence, **Igor Korobov**, died at the age of 62 after a long illness on November 21, 2018. He was the second GRU chief to die while performing this function as his predecessor, General Igor Sergun, suddenly died on January 3, 2016, of a reported heart attack. Previously, Kostyukov, as the immediate deputy of Korobov, attended the 100th-anniversary ceremony of the GRU in November this year. Shortly thereafter, that is after Korobov's death, Kostyukov was designated to carry out the duties of the chief of service while the official nomination was to take place at the end of last week.

Vice Admiral **Igor Kostyukov**, born February 21, 1961, initially served as a navy officer. He later graduated from the Military Diplomatic Academy, after which he came to serve in the GRU. As one of the top officers of Russia's military intelligence, he exercised control over the Russian military operation in Syria. In addition, the vice-admiral was awarded the title of Hero of Russia. In late December 2016, he was placed on the U.S. sanctions list. He is yet another high-rank participant of the Syrian military operation to take the helm of one of the most important positions in the state's armed forces. It is noteworthy that at the aforementioned ceremony held on November 2 in the Kremlin, President Vladimir Putin praised GRU officers, emphasizing their outstanding merits in Syria. His enthusiasm

SOURCE: KREMLIN.RU

could be interpreted as support for Kostyukov's candidacy while Vice-Admiral was sitting right next to the president.

The fact of charging the Vice Admiral with new duties, followed by his official nomination, seems to corroborate Putin's trust for the GRU that was not undermined even by the recent series of mishaps reported on by Western media. Russia's military intelligence is unlikely to change its hitherto plans, acting in both an active and aggressive way, thus increasing the likelihood of potential errors. For instance, Kostyukov will be tasked with improving GRU's relations with its civilian counterpart, the SVR. It is not a secret that in recent years they have deteriorated. Following Kostyukov's appointment, Russian media immediate reported that **Sergei Naryshkin**, the head of the SVR, had sent a cordial congratulatory telegram to the new GRU chief.

11 December 2018

MORE INFORMATION ABOUT MONTENEGRO COUP TRIAL IS REVEALED

One of the suspects on trial over a failed 2016 coup attempt fled to the Serbian Embassy. Branka Milic is among the twelve people whose trial is currently taking place in Podgorica while two alleged suspects, officially identified as Russian GRU military intelligence officers, are to be judged in absentia for organizing the failed coup plot. Media recently reported on the real personal details of the second of them.

Podgorica's High Court opened a trial of people accused of the alleged coup d'état in October 2016. Montenegrin authorities claimed that Serbian and Russian nationalists intended to attack the country's parliament and kill Prime Minister **Milo Djukanovic**, thus dissuading Podgorica from joining NATO. The coup was to be organized by two

SOURCE: KREMLIN.RU

Russian GRU officers, both of whom had already been identified. Nonetheless, due to their escape, they are now being judged in absentia. 12 others were supposed to stand trial yet some of them were agreed to be released on their own recognizance. Among them is Branka Milic who holds dual Montenegrin-Serbian citizenship. On November 23, she provided her testimony in the court. At some point, she walked out of the courtroom, complaining that her rights had been violated. Podgorica's High Court later ordered Milic to be detained yet she had managed to flee to the Serbian Embassy. Montenegro's Foreign Affairs has summoned the Serbian ambassador, seeking more explanations. The state authorities in Podgorica said they requested Belgrad's official position on the matter.

The Milic case may contribute to the further deterioration of mutual Montenegrin-Serbian relations. Russia's military intelligence service GRU managed to prepare and carry out an operation targeted against pro-Western authorities in Podgorica both from Serbia's territory and with the participation of Serbian nationalists. Yet the operation failed as one of the plotters had informed Montenegrin services about their intentions. Some of the putschists were ultimately detained while others, including GRU officers, playing key roles in the conspiracy, managed to flee to Serbia. They were both accused in absentia while the real name of one of them was quickly identified. The name of the first Russian officer indicted in the Montenegro coup trial was Eduard Shishmakov (alias Shirokov). Back in 2014, he was expelled from his post as Russian Deputy Military Attaché in Poland after being accused of espionage. After two years, it was finally possible to determine the identity of the second GRU conspirator. He turned out to be Vladimir Moiseev who worked in Poland at the same time as Shishmakov alias Shirokov.

Nevertheless, many more people could be involved in the plot as the network included Russian agents, Serbian right-wing extremists, and Montenegrin opposition activists. According to investigators, in the night ahead of the foiled coup, as many as 50 GRU agents crossed the Serbian-Montenegrin border in order to provide support to the participants in the putsch. Regardless of the trial of the fourteen suspects, the prosecutor's office and service keep establishing more information on the activities of the putschists.

SOURCE: ENG.MIL.RU

14 December 2018

RUSSIA SENDS ITS BOMBERS TO VENEZUELA

Russia has long backed the Venezuelan leftist regime, mainly by granting oil-backed loans from the state-owned giant Rosneft, a step that provided Moscow with a loyal ally in its conflict against the United States in the Western Hemisphere. Yet cooperation between Caracas and Moscow has recently taken on completely new forms, including Russia's increased military support. Due to their favorable location, Cuba and Venezuela may support Russia in its ongoing political and military rivalry with the United States.

Only a few days after Maduro's trip to Moscow, **four Russian aircraft**, including two strategic Tu-160 bombers (capable of carrying conventional or nuclear-tipped weapons), an An-124 Ruslan cargo plane and a long-range Il-62 jet airliner **landed at Maiquetia airport just outside the Venezuelan capital**. While greeting a 100-person Russian delegation on December 10, Venezuela's Defence Minister Vladimir Padrino Lopez announced that both countries are to hold joint military drills. However, it is neither known whether Russian Tu-160 strategic bombers are armed nor for how long they will be deployed to the country.
A week earlier, Russia's Defense Minister **Sergei Shoigu** had declared at a meeting with his Venezuelan counterpart that Russian aircraft and vessels could still make stopovers in Venezuela's airports and naval ports as part of the bilateral agreement. In its turn, **Padrino Lopez** said that Caracas expected Moscow to offer help while modernizing military equipment.

Moscow's decision to send nuclear-capable strategic bombers was immediately criticized by U.S. Secretary of State **Mike Pompeo** who condemned actions undertaken by Russian and Venezuelan authorities, referring them to as "two corrupt governments squandering public funds, and squelching liberty and freedom while their people suffer." His stance was commented on by Kremlin spokesman

Dmitry Peskov, according to whom it was "absolutely inappropriate" for Pompeo to call the Russian government corrupt. Furthermore, the United States has expressed its concern over Russian initiatives in Latin America. It was only recently that Venezuelan and Cuban leaders paid visits to Moscow. Speaking of the latter country, there have recently been some voices about plausible Russian military facilities to be set up on the island. In addition, Russia keeps subsidizing both Cuba and Venezuela. Yet the latter is currently grappling with serious problems, including U.S. and European sanctions that sought to isolate the country on the world stage. Maduro-led Venezuela is on the brink of civil war while its the state's economy has plunged into a deep crisis. A possible economic collapse was eventually prevented by both Chinese and Russian substantial support; as for the latter case, it is mostly thanks to financial aid provided by a state-run oil giant Rosneft, a firm managed by Igor Sechin.

15 December 2018

ENEMY AT THE GATES AS RUSSIAN DELEGATION PAYS VISIT TO AMERICA

Not incidentally, Russia keeps conducting its ever-increasing military and political activities in Latin American countries, being hostile to the United States. Thus, in the light of the failed "Trump-is-Ours" strategy and extremely tight U.S.-Russian bilateral relations, the Kremlin is making attempts to pose threats. Such recent events as deployment of Russian strategic bombers to ally Venezuela, trip of Russia's intelligence service to Cuba and revived discussion on military facilities in Cuba came amid the U.S. plans to pull out of nuclear arms treaties. Yet the Kremlin's attempts to frighten Washington with placing military assets in the region seem to corroborate the fact that Moscow does not dispose of any other arguments. It is rather about a political intrigue that will not translate into any plausible military perspectives.

On December 10, while a Russian military squad landed at the airport outside Caracas, The Director of the Foreign Intelligence Service of Russia (**SVR**) paid a visit to Havana. **Sergey Naryshkin** met the leaders of Cuba's security and intelligence agencies and First Secretary of the Communist Party of the ruling Communist Party, **Raul Castro**, thus denoting the great political significance of his stay. Though, Moscow's serious plans are more likely to be linked to Venezuela, its second biggest ally in the region. Russian nuclear-capable strategic bombers arrived on December 10 at Maiquetia airport outside Caracas after a 10,000-kilometer flight. The pair of Tu-160 aircraft was the "Nikolay Kuznetsov" (No. 2) and the "Vasily Reshetnikov" (No. 10), deployed to Venezuela from their home airfield in the Russian city of Engels. Both jets returned to their home base on December 14. Russian bomber aircraft flew over the Caribbean sea during a 10-hour training session while being escorted by Venezuela fighter jets. It was the third time Venezuela has hosted Russian Tu-60 bombers as they had already been deployed to the country in 2008 (when they also landed in Nicaragua) and 2013.

SOURCE: KREMLIN.RU

Furthermore, the Organization of American States (OAS) expressed its "greatest concern" over the arrival of Russia's strategic bombers capable of carrying nuclear weapons in Venezuela. In a statement released on December 12, the OAS General Secretariat said that the visit violated the Venezuelan constitution, under which any foreign military missions needed to be authorized by the state's parliament. The aircraft were not armed with nuclear weapons, Russian Defense Ministry stated. The deployment of the Tu-160 strategic bombers to Venezuela revived the idea of setting Russian military facilities on the island of La Orchilla located about 200 kilometers northeast of Caracas. The Caribbean island is currently home to the Venezuelan naval base and military airport. In 2008, **Hugo Chavez**, who was the president at that time, offered Russia the use of La Orchilla military airfield to base its long-distance strategic bombers. The island was visited by Russian experts and air forces commanders. Nonetheless, **Dmitry Medvedev**, the then Russian president, eventually declined Chavez's proposal. During his last trip to Moscow, President Nicolas Maduro was promised financial aid worth 6 billion dollars, a feasible price for letting Russian air forces station on Venezuelan soil. Though, the Venezuelan law prohibits any countries from setting up permanent military bases while permitting to establish temporary facilities.

Sending Russian strategic bombers to Venezuela aimed to make Americans aware of Putin's readiness to use the country's nuclear arsenal if necessary as this kind of weapons constitutes the only domain in which Russia may feel free to claim rights to equal treatment between Moscow and Washington. This seems particularly important today as the Trump administration is trying its utmost to withdraw from subsequent disarmament treaties with Russia. Generally speaking, these deals are believed to limit U.S. undertakings, mainly in the light of the ever-growing Chinese threat.

SOURCE: IOOC.CO.IR

16 December 2018

SECHIN'S ROSNEFT WITHDRAWS FROM IRAN

Russia's state-run oil giant Rosneft has recently decided to pull out of investment projects in the Islamic Republic. It is another Russian company to reconsider its involvement in the country due to U.S. sanctions imposed against Tehran, which proves the effectiveness of the American measures. Activities conducted by Russia's Rosneft cannot be referred exclusively to as a business venture as the corporation is mostly tasked with pursuing the Kremlin's policy. Thus, the concern's latest declaration is not only of an economic nature, but it also conveys a strong political signal. Despite all previous announcements, it has turned out that Russia does not intend to risk its neck to protect its cooperation with Iran.

Last year, Rosneft's CEO **Igor Sechin**, one of Russia's top influential people, discussed a roadmap for strategic cooperation in oil and gas in Iran to be implemented jointly with the **National Iranian Oil Company** (NIOC). According to Sechin's estimations, all investments in projects may reach a total of 30 billion dollars, expecting their oil output to be about 55 million tonnes per year. Even though, Rosneft quit talks with its Iranian partner in the summer of this year. The initial Russian-Iranian deal was not binding for the Russians, meaning that the recent decision will not exert any financial impact on the company. Such an unexpected plan may originate from various reasons, Russian media quoted the source as saying.

Vedomosti, a Russian newspaper, informed that Rosneft made a decision to pull out of Iran due to a general change in the company's strategy. The company allegedly seeks to focus on developing its business ventures in Russia. When taking into account the firm's other foreign commitments and their political significance (as evidenced by the

Venezuelan case), it is hard to believe that Sechin's firm would easily pull out of non-domestic markets. According to some experts, the company's withdrawal from Iran may be linked to Moscow's plans to develop its political alliance with Saudi Arabia. Though, such an explanation can hardly come as a feasible one. In fact, one could recently observe the Saudi-Russian rapprochement yet the Kremlin does not intend to abandon its hitherto ally in the Middle East (Iran) for the benefit of a new one (Saudi Arabia).

The corporation's alleged focus on the domestic market or political calculations towards Riyadh constitute nothing more than just a search for a credible explanation for reasons behind Rosneft's decision. In fact, the oil firm fears potential U.S. sanctions. In early November, the United States imposed restrictions on Iran's oil sales that had been abolished after sealing a nuclear deal in 2015. U.S. restrictions against Iran include an embargo on purchasing crude oil and carrying out any transactions with Iran-based banks. Nonetheless, as Sechin's company is already grappling with the sanctions introduced following Russia's annexation of Crimea and aggression against Ukraine, it has no intention to expose to U.S. punitive measures. Yet Rosneft is not the only firm to reshuffle its plans: in November 2018, **Lukoil**, Russia's second-largest oil producer, announced its intention to put plans to develop projects in Iran on hold. In addition, such a decision may be also taken by **Gazpromneft** and **Tatneft** as evidenced by the case of foreign-based companies, including French energy giant Total.

16 December 2018

GAZPROM'S SHARES DROP AS US CONGRESS AND EU PARLIAMENT CONDEMN NORD STREAM 2

As evidenced by the latest U.S. Congress resolution, even non-binding political manifests are able to exert an impact of Gazprom's financial condition, not to mention tensions around the Nord Stream 2 project. Shares of Russian state-owned gas giant dramatically fell after the U.S. House of Representatives and the European Parliament had approved two bills expressing opposition to Nord Stream 2 during only one day.

Trump's position on the construction of the **Nord Stream 2 gas pipeline** has long been known, additionally enjoying support from the U.S. establishment. This was corroborated by a non-binding resolution passed on December 11 by the U.S. House of Representatives aiming to **call for European governments to reject the project**. According to the bill, Nord Stream 2 is likely to boost Russian control over the European energy market. In addition, other arguments against the project were that it acts to the benefit of dividing EU states, considered as Russia's geopolitical goal, and that it translates into a drastic reduction in gas transport via the existing Ukrainian transmission system, a step that would hit the authorities in Kiev with whom Moscow has been conducting an undeclared war. U.S. Congressmen have been in favor of imposing sanctions against the gas pipeline project, as provided for by Countering America's Adversaries Through

SOURCE: EUROPARL.EUROPA.EU

Sanctions Act (**CAATSA**).

Kremlin spokesman said the U.S. resolution constituted "part of a US campaign to bully Europe into buying American energy supplies." While speaking of the gas pipeline project, **Dmitry Peskov** accused the United States of resorting to the "unfair competition" strategy. Moscow has come back to its hitherto narrative, according to which Nord Stream 2 is a purely commercial project while the American opposition results exclusively from the country's plan to conquer the European market with LNG supplies. Interestingly enough, less than twenty four hours after the U.S. Congress vote, yet another resolution aiming to condemn Nord Stream was adopted by the European Parliament. The document chiefly concerns the EU-Ukraine association agreement and reforms in the country while also including an amendment added by Polish MEP Anna Fotyga (Law and Justice) party that condemned the construction of the Nord Stream 2 pipeline. Under the regulation, the venture is considered essentially as a political undertaking threating Europe's security and efforts to diversify energy supplies. Once the U.S. House of Representatives and the European Union adopted the resolution, Gazprom's shares began to drop. The firm's capitalization on the Moscow stock exchange decreased by 1.8 percent on December 12. Gazprom's shares opened down on December 13 following the parliament motion to hit a 1 percent-lower level than before Washington and Strasbourg had adopted their respective resolutions.

SOURCE: KREMLIN.RU

17 December 2018

RUSSIA BOOSTS ITS ARMAMENTS PRODUCTION, US REMAINS GLOBAL LEADER

Russia became the world's second largest arms producer, according to an annual study by the Stockholm International Peace Research Institute (SIPRI). Russian companies seemingly surpassed the United Kingdom, though ranking behind U.S. manufacturers. World's weapons production keeps increasing every year while two top countries seem to reflect the existing political reality, with particular regard to the arms race between the United States and Russia.

In 2017, Russian arms sales increased by 8.5 percent compared to 2016, **rising to 37.7 billion dollars**. This accounts for a significant growth in sales while such a tendency has continued unabated since 2011. Russia's outstanding results stem from the consolidation of the domestic market, a fact that can be observed for over a decade, and its activity on foreign markets, mainly related to Moscow's political offensive and its search for new allies and partners. Both political and economic agreements are usually accompanied by arms deals as weapons systems are most attractive for Moscow's partners if to take into account the price-quality ratio. Furthermore, the country's weapons industry benefits from modernization program for the army as it submits large arms orders. Importantly, Russia's state-run armaments company Almaz-Antey, which produces modern air defense systems, has for the first time made it into SIPRI's Top 10. In 2017, Almaz-Antey sold arms worth a total of 8.6 billion dollars, boosting its profits by 17 percent. There are also three other Russian companies to report an increase in their weapons sales of more than 15 percent. Among them are United Engine Corporation (25 percent), High Precision Systems (22 percent) and Tactical Missiles Corporation (19 percent).

In 2017, the world's weapons production rose for the third consecutive year whilst sales of the world's top 100 armaments companies amounted to 398.2 billion dollars, increasing by 2.5 percent compared to 2016. American firms still dominate over world's weapons market as they account for 57 percent of global arms sales while Russian manufacturers – 9.5 percent. Russia has overtaken the United Kingdom to become the world's second largest weapons producer, a position that had been occupied by the Britons since 2002. There are 42 U.S. companies listed in **SIPRI Top 100**, compared to only 10 Russian ones.

SOURCE: KREMLIN.RU

17 December 2018

RUSSIAN ULTIMATUM: LUKASHENKO VERSUS MOSCOW – PT. 1

The world community has recently witnessed yet another escalation of tension between Russia and Belarus. In response to Alexander Lukashenko's expectation that Moscow would maintain the actual subsidizing of the Belarusian economy, Russian Prime Minister Dmitry Medvedev gave him a real ultimatum, under which economic aid will be maintained while Minsk must agree to unfreeze the two countries' integration process within the Union State. If all the provisions of the 1999 deals are to be implemented, Belarus will basically risk the loss of its sovereignty. Such an ultimatum met with an extremely sharp reaction of the Belarusian President. In this context, a meeting between Russian and Belarusian leader, scheduled for December 25, may appear decisive.

In fact, Russia has financially backed the Belarusian economy since 1996. Each year, Minsk receives up to 10 billion dollars of Russian financial aid that takes forms of cheap gas supplies, duty-free oil products, open Russian market, military equipment, and loans. Without such substantial support, Belarus's budget would be plunged in a permanent deficit. In the summer of this year, Russian authorities suddenly announced that aid for the Belarusian economy would be from now directly linked to Minsk's readiness to develop the Union State, a supranational union consisting of Russia and Belarus. It is about the Agreement on Establishment of the Union State of Belarus and Russia, signed in 1999. Nonetheless, the integration process came to a standstill in 2007 while Moscow and Belarus discussed a possible currency union. There have begun nervous negotiations in maintaining subsidies for the Belarusian economy. Apparently, no progress has been made; during the summit of the Eurasian Economic Community in St. Petersburg on December 6, Lukashenko harshly criticized Russian President **Vladimir Putin**. The former claimed that Belarusian gas consumers were victims of discrimination. The following day, Lukashenko told Russian journalists that he had later apologized to the head of the Kremlin for his "poor condition" while publicly arguing about gas prices. The second contentious issue is Belarus's loss emerging from the so-called tax maneuver in the Russian oil sector. In a consequence, Belarusian refineries will be obliged to pay a lot more for raw material. And yet the processing of cheap Russian oil for fuels, sold later to foreign markets at much higher prices, has long constituted a source of most important additional inflows to the state budget. The oil losses of Belarus could amount to 10.8 billion dollars by 2024, Lukashenko claimed. Furthermore, Belarusian President threatened to quit both the Union State and the Eurasian Economic Community.

Yet Moscow had no intention to made any concessions. On December 11, Russian Deputy Prime Minister Dmitry Kozak held a meeting with a Belarusian delegation. The Russian official refused to discuss compensation for losses from the tax maneuver and potential gas discounts. In this opinion, both states needed first to "make fundamental decisions on the further integration of Russia and Belarus within the framework of the Union State."These were presented in the form of an ultimatum by Russia's Prime Minister **Dmitry Medvedev** at the meeting of the Council of Ministers of the Union State in Brest. He suggested two variants; its "conservative" version excludes further development of the Union State while keeping the Eurasian Economic Community as main integration center. Under such an option, Minsk could no longer count on any preferences in its bilateral relations with Russia as all problems should be tackled within the framework of the EAEC. Speaking of the second scenario, it involves establishing one customs service and a court, which would be equivalent to pushing integration processes that were frozen back in 2007. Though Medvedev did not mention other provisions of the 1999 agreement, including one army, one central bank, and one president. Such state of affairs basically translates into Russia's annexation of Belarus.

SOURCE: KREMLIN.RU

18 December 2018

RUSSIAN ULTIMATUM: MINSK EXCLUDES RUSSIA'S "INCORPORATION" PLANS – PT. 2

The world community has recently witnessed yet another escalation of tension between Russia and Belarus. In response to Alexander Lukashenko's expectation that Moscow would maintain the actual subsidization of the Belarusian economy, Russian Prime Minister Dmitry Medvedev gave him a real ultimatum, under which economic aid will be maintained while Minsk must agree to unfreeze the two countries' integration process within the Union State. If all the provisions of the 1999 deals are to be implemented, Belarus will basically risk the loss of its sovereignty. Such an ultimatum met with an extremely sharp reaction of the Belarusian President. In this context, a meeting between Russian and Belarusian leader, scheduled for December 25, may appear decisive in this matter.

Lukashenko's words came only a day after the summit of the Union State in Minsk, during which Russian Prime Minister **Dmitry Medvedev** mentioned two plausible options for further integration. Instead of being just a proposal for Belarusian authorities, they constituted rather a form of blackmail, some Belarusian experts have claimed. Medvedev said that there were currently two variants for the development of the Russian-Belarusian integration processes, one of which he referred to as "conservative" while the second would take into account increasing the integration's level to the degree provided for in an agreement signed by Russia and Belarus in 1999. Lukashenko's statement indicates that Moscow gave him an ultimatum, according to which the Kremlin would continue to subsidize the Belarusian economy whilst expecting Minsk to agree on an unacceptable integration model. Belarusian President has accused Moscow of attempting "to incorporate" Belarus into Russia while using its oil and gas leverage and under the pretext of "deeper integration". Worse still, Lukashenko stated, Moscow is now envisaging plans to establish a monetary union with a common central bank, yet such an idea would be equivalent to "to creating the union from the roof, not from the basis". According to Lukashenko, some claim that Russia is ready to incorporate six Belarusian regions into its territory. He stressed that this would even happen as "sovereignty is a sacred thing for Belarus."

Unofficially, Belarusian media published information that a few days earlier Lukashenko had held a closed conference meeting with the state's top officials, during which they discussed Belarusian sovereignty in the light of Russian pressures. All participants allegedly backed the idea of defending Belarus's independence at all price. During a traditional annual conference for Russian journalists, Lukashenko took a very hard position. For instance, he stated that Belarus did not intend to establish any Russian air bases on its territory, assessing that "no one would need such facilities" and arguing that Belarus has at its disposal several air bases where Russian aircraft could be stationed. It may thus be concluded that the state authorities do not take into account the possibility of hosting Russia's forces on its soil without controlling their activities. Importantly, while mentioning that two Russian military facilities on Belarusian soil operate undisturbed, Lukashenko stated that their lease was soon about to expire. It is about **Hantsavichy Radar Station** located near Baranavichy and the Vileyka communications center. Under the provisions of the Partnership and Cooperation Agreement from 1995, Belarus agreed to host Russian military facilities until 2020. This may mean that the lease extension will be included in Russian-Belarusian negotiations on integration and subsidies.

Belarusian leader announced that during his meeting with **Vladimir Putin** scheduled for December 25, he would tackle the issue of Belarus's losses resulting from changes in Russian oil taxation system. It basically means that Belarusian refineries will receive all duties on petroleum products and higher prices for Russian oil. As estimated by Lukashenko, over the past three years, Belarusian budget stands to lose up 3 billion dollars while the amount may rise to 11 billion dollars in a five-year perspective.

19 December 2018

NEW NUCLEAR MISSILES TO BE DEPLOYED IN KOZELSK

One of Russia's missile regiments has currently entered into another stage of its rearming process that took into account replacing old ballistic missiles capable of reaching U.S. targets with the new silo-based Yars, Russian Defense Ministry has informed. Nonetheless, due to some delays, the project does not proceed as planned. Yet there are reportedly related to slow infrastructural development, thus having nothing to do with missile manufacturing.

Russia's Defense Ministry informed that the first **Yars missiles** entered combat duty. Interestingly enough, the army had informed some three years later that the division was on the active list. According to the most feasible scenario, the regiment was expected to be fully operational in 2015 yet wielding only six missiles. Once the army was equipped with

SOURCE: WIKIPEDIA.ORG

another two pairs of missiles, it managed to assume full combat readiness. Even though, the regiment will have to face serious delays, especially bearing in mind that they received a pair of missiles per year. And yet the Kozelsk regiment was set to be fully armed in 2017. Nonetheless, reasons for such suspension remain unknown while according to some, they may be closely linked to delays in the construction of missile silos. Problems related to the delivery to the Yars missiles constitute yet another example of holdbacks in schedules for updating Russian nuclear arsenal, as exemplified by the case of the Bulava and Sarmat ballistics.

The **Kozelsk regiment** is the first division of Russia's Strategic Missile Force to be equipped with the Yars system. Previously, that is since 1982, the Kozelsk regiments disposed of the UR-100N missile (NATO codename: SS-19 Stiletto). The first pair of the Yars ballistics was deployed to the regiment in 2014; as previously announced by the Commander of Russia's Strategic Missile Force **Sergey Karakayev**, the Yars ICBMs will be delivered to four missile regiments in the Kozelsk, Yoshkar-Ola, Novosibirsk and Irkutsk divisions. The solid-fuel RS-24 Yars is an intercontinental ballistic missile is ejected from an underground silo. It has a maximum range of 11,000 kilometers being capable of carrying up to 6 independent nuclear warheads. The first such missiles entered into combat duty in 2010. The brand-new ICBMs are supposed to replace its older counterparts: SS-19 and SS-18 Satan. The Yars missiles will constitute the very core of Russia's nuclear land forces until 2050.

SOURCE: KREMLIN.RU

20 December 2018

RUSSIAN GAME WITHIN OPEC+ STRUCTURES

The group of OPEC members and other oil producers, including Russia, intends to reduce the total oil output in response to a sharp decline in the resource's prices. The agreement adopted in early December acts to the benefit of Moscow while being much less favorable for OPEC's smaller producers. This is chiefly due to the Kremlin's more powerful negotiating position. Russian firms are unlikely to be affected by such drop in oil prices as Russia's tax system and the rouble's weak exchange rate make such giants as Rosneft more resilient to similar problems on the market. OPEC and Russia account altogether for more than half of the world's oil production.

In early December, **OPEC+** agreed to limit its oil output by 1.2 billion barrels per day, starting from January 2019. Non-OPEC members include Russia, Mexico, Azerbaijan and Kazakhstan, a total of 25 countries. The OPEC+ group was founded in 2016 once its member states concluded the first agreement on limiting oil extraction. Yet the Russian-Saudi duo is at the forefront of the organization, with Moscow intending to strengthen its position. The oil alliance is doing well as evidenced by cordial talks between Russian President **Vladimir Putin** and Saudi Crown Prince **Mohammed bin Salman** behind the scenes of the G-20 summit in Buenos Aires. During the meeting, the latter reaffirmed his country's commitment to a future within OPEC+. However, a few days after his political declaration, all member states needed to discuss purely economic issues.

Saudi Arabia, OPEC's informal leader, urged Russia to significantly reduce its hitherto oil output to prevent further drops in prices. These essentially come as a result of intensified production by the world's leaders. Since October, oil prices decreased by one-third while as early as at the beginning of December a barrel of Brent crude oil hit all-year low under 60 dollars. During the 175th Meeting of the OPEC Conference, held on December 6-7 in Vienna, member states reached an agreement to cut output. And yet this issue needed to be agreed with Russia. During the two-day summit in Vienna, Russia's Energy Minister Alexander Novak made a short flight to Russia in order to meet Putin and discuss Moscow's involvement in reducing oil output.

Finally, OPEC and their non-OPEC allies determined to cut production by 1.2 million barrels per day. In the light of the deal, OPEC members are bound to reduce its output by 800,000 barrels per day while Russia and non-OPEC countries committed themselves to decrease production by 400,000 barrels. Furthermore, they accepted the October 2018 production level as a baseline. According to the agreement, OPEC countries may cut crude output by 3 percent while their allies are expected to reduce supply by 2 percent. Iran, Libya, and Venezuela have all secured the cutting oil production under the deal.

Riyad aims to tighten its cooperation with Moscow while making it more institutionalized, which was rather strongly regretted by OPEC's smaller members as they feel marginalized. Yet it was Russia that managed to do the best deal. It agreed to cut output by 230,000 barrels a day from its October output level of 11.42 million. In such a manner, that would reduce its production to 11.19 million barrels a day. This is only 15,000 barrels below its initial 2016 baseline, thus when OPEC+ was founded, meaning a cut of just 1 percent. Contrast that with OPEC member Algeria, which produces around a tenth as much oil as Russia, is now expected to produce 1.023 million barrels a day. That is a cut of 66,000 per day or 6.1 percent below the 2016 baseline when OPEC+ was established.

Russian firms may even find it profitable to limit oil output; due to weather conditions, oil production in Russia traditionally hits its low between March and May. Last year was very successful for Russian companies. Oil's all-time high stems from rising prices, as they reached the top in the autumn of this year, and reduced production due to OPEC+ regulations adopted in June. Combined profit of Russia's three largest companies jumped by 40 percent, amounting to 13.9 trillion roubles. The net profit has almost doubled as it hit as much as 1.2 trillion roubles. Rosneft, the country's most indebted company, took advantage of the cash inflow to reduce its financial liabilities by 12 billion dollars. Given Russia's current tax system and the rouble's weak exchange rate, companies may be able to withstand extremely low oil prices, which amount even to 15 dollars per barrel, even for many years. Naturally, this will look different if one takes into account the state budget. Russian Finance Minister **Anton Siluanov** said that Russia will need an oil price of about $40 a barrel to balance its budget in 2019.

20 December 2018

U.S. SHARP REACTION TO NORD STREAM 2

The U.S. Congress is preparing nearly a dozen new bills against Russia's energy sector and its export capabilities, aiming to reduce Europe's dependence on Russian oil and gas. The initiatives are being closely monitored by the U.S. State Department whose officials voiced support for the EU resolution condemning the construction of the Nord Stream 2 pipeline and urging Germany to withdraw from the project.

SOURCE: NORD-STREAM2.COM

First, U.S. congressmen are bound to consider a resolution, in the light go which the **Congress voices opposition to the Nord Stream 2** pipeline. If implemented, the venture will allow Russia to double its gas supply to be sent along the Baltic Sea bed directly to the German shore while bypassing Ukraine. The pipeline is scheduled for completion no later than in 2019. The estimated transit capacity of Nord Stream 2 is 55 billion cubic meters of gas a year while its overall cost shall amount to 9.5 billion euro. Russia's gas giant **Gazprom** is the sole shareholder in the project, shouldering 50 percent of its total value. Its partners are Germany's Uniper and Wintershall, Anglo-Dutch group Royal Dutch Shell, France's Engie and Austria's ÖMV.

Furthermore, the Department of State has again stressed that **Nord Stream 2 is a Russian tool for increasing the dependence of importing countries and putting pressure on them**. The U.S. administration reiterated that energy diversification is the key to Europe's energy independence.

For instance, they listed a series of projects whose main intention is to reduce European dependence on Russian gas, including the Interconnector Greece-Bulgaria (**IGC**), plans to synchronize Baltic energy network with the ones of continental Europe as well as the LNG terminal on the Croatian island of Krk. First and foremost, the latter project would be of great importance for Hungary. In addition, the Department of State urged Germany to "heed the concerns of the many neighbors" and pull out from the venture. The U.S. diplomacy backed the EU resolution, under which the construction of the pipeline along the Baltic Sea bed, which would bypass Ukraine, poses a threat to the European energy security and can be referred to as a Kremlin's political project. It was the EU resolution on Ukraine, adopted on December 13. A day earlier, the U.S. House of Representatives adopted a bill agreeing to impose sanctions on Nord Stream 2 participants and urging European countries not to take part in a project that hits Europe's energy security.


SOURCE: KREMLIN.RU

21 December 2018

SPECULATIONS OVER RUSSIA'S NEW GENERAL STAFF CHIEF

Chief of Russia's General Staff is soon expected to leave the service at the statutory age. Thus, there emerges the question of who is going to replace him. It is almost certain that his post will be taken by one of the generals who gained their combat experience during the Russian operation in Syria. Vladimir Putin has clearly favored this group while promoting officers to army's most important positions for at least a year. Among them are the commander of the Russian Aerospace Forces Colonel General Sergey Surovikin and head of the Western Military District Alexander Zhuravlyov. Particular attention should be drawn to the latter as the Western Military District plays a key role in Russia's strategy in a potential war with Western countries. In addition, Moscow recently invested large sums of money in its development.

Moreover, nothing is known about the future of Army General **Valery Gerasimov**, standing behind a famous doctrine of "hybrid warfare" and Russia's military successes in Ukraine and Syria. He just turned 63; under Russia's law, he can serve until he is 65. However, it is possible to change current age limits. Further decisions depend on two major issues. First of all, it is not known when Russian President will need a chief of General Staff who could have some front experience, a question about a potential armed conflict involving Russia. Secondly, Gerasimov was a candidate of **Sergei Shoigu**; back in 2012, Defense Minister appointed Gerasimov who replaced **Nikolai Makarov**. If Shoigu is to be dismissed, Gerasimov will no longer be able to maintain his position as there are already a few generals who seem ready to assume his responsibilities.

Russia's public opinion has long observed a tendency to promote commanders who gained their combat experience in Syria. Last year, President Vladimir Putin announced major reshuffles in the leadership of the Russian army. It turned out that generals who have served in the Russian operation in Syria are the real winners: Colonel General **Alexander Zhuravlyov** was appointed the commander of the Eastern Military District, replacing Colonel General **Sergey Surovikin**, who was transferred to head the Russian Aerospace Forces. As for General **Alexander Lapin**, he became the chief of the Central Military District. In November 2018, Vladimir Putin made Colonel General **Alexander Zhuravlyov** Commander of the Western Military District. Zhuravlev replaced General-Colonel **Andrey Kartapolov** who became Deputy Defense Minister and Chief of the Main Directorate of the Russian Armed Forces. Yet the officers have something in common as both have served in Syria. Zhuravlyov, who had commanded Russian forces in Syria in 2017, was awarded the title Hero of the Russian Federation by a decree of President **Vladimir Putin**. Zhuravlyov was appointed the commander of the Russian forces in Syria where he had earlier served as chief of staff. Previously, he had performed duties of the deputy chief of the General Staff as well as he had commanded forces of the Eastern Military District during the Vostok 2018 military drills. Colonel General Alexander Zhuravlyov was born in the Tyumen Oblast (Siberia), in 1965. In 1986, he graduated from the Chelyabinsk Higher Tank Command School. Ten years later, he served in the Far Eastern Military District, where he was appointed chief of staff of a tank regiment before being promoted to a commander of a motorized rifle division. In 2008, Zhuravlyov completed his training in the General Staff Academy while two years later, President Putin appointed him to command the 2nd Guards Tank Army in the Volga-Ural Military District, later known as Central Military District. In early 2015, Zhuravlyov became Chief of Staff, First Deputy Commander of the Central Military District. Given the District's responsibility for conducting military operations in Syria, he was later sent to the country as deputy commander of the operation since its very beginning in September 2015. He was in charge of heading the forces in the second half of 2016 and later on, in 2018. He served for a while in Russia's Eastern Military District before being transferred to the Western Military District. While considering Zhuravlyov's hitherto career, it should be expected that his experience in heading the Western Military District will pave his way for becoming the Chief of the General Staff, Russia's most important military position. He has a number of assets: in addition to his relatively young age and the title of Hero of the Russian Federation, he fought in Syria and commanded both the army and military districts.

So who is among a handful of candidates ready to assume Gerasimov's responsibility? His post is likely to be taken by Russian officers who had gained combat experience in Syria. Colonel General Sergey Surovikin, 52, is in charge of commanding Russia's Aerospace Forces. He was born in the Siberian city of Novosibirsk. In 1991, he took part in the August Coup, which may appear problematic for his career advancement. He was captain and commander of the Guards Tamanskaya Motor Rifle Division whose soldiers were responsible for killing three demonstrators and Yeltsin supporters. Arrested and held under investigation for seven months, Surovikin was later released while all charges against him were eventually dropped. He also headed the Eastern Military District while, more importantly, he skillfully commanded Russian military operations in Syria. Another Russian general who can boast of his Syrian experience is Andrey Serdyukov; however, he never commanded a military district. Colonel General Andrey Kartapolov, 55, is currently Chief of Main Directorate for Political-Military Affairs of the Russian Armed Forces; due to his young age, he may come as yet another candidate. Alexander Dvornikov, 57, was the first commander of Russia's troops in Syria, currently in charge of the Southern Military District. Earlier, he had been given the title of Hero of the Russian Federation. He is a strong candidate; nonetheless, one should also take into account two new commanders of Russia's Military Districts. Born in 1964 in Kazan, Alexander Lapin commands the

Central Military District while Gennady Zhidko is in charge of the Western Military District. He began his military career in an armored unit. Before being appointed commander of the Central Military District, he performed his duties as the chief of staff and Surovikin's first deputy in Syria. Zhidko was a chief of staff in Syria; furthermore, he served a year as a deputy head of the General Staff. He was also awarded the title Hero of the Russian Federation.

SOURCE: KREMLIN.RU

21 December 2018

VENEZUELA RECEIVES FINANCIAL AID FROM RUSSIA

Russia's international policies have no longer taken into account any economic consideration. Instead, Moscow does not mind losing even billions of dollars in order to be able to further pursue its political and military goals, as evidenced by the Moscow-Caracas alliance. Yet the state, whose ex-president Hugo Chavez developed strong relations with the Kremlin, is currently facing the worst crisis in its history. Russia has long subsidized Venezuela's regime, mainly by granting loans and trade agreements and securing investments in the crisis-wracked country. In return for its financial aid, it may thus urge Caracas to make concessions, both related to mining sector and military forces. Venezuela's readiness to receive Russian aviation, fleet or permanent military facilities on its soil may further expose Caracas to the hostile actions of the United States. Nonetheless, Maduro has no other choice if he seeks to maintain authority in the country, a fact that is used by Russia whose authorities intend to prevent pro-American Venezuelan opposition from seizing power.

Venezuela is a typical petrostate whose oil dependence may be a blessing yet it is more often referred to as a curse, especially when its prices are dropping sharply all over the world. The state's oil sales account for 98 percent of all export earnings, amounting to a half of Venezuela's GDP. The extraction of raw materials has dramatically plummeted, reaching an all-time low in 2018. Venezuela's GDP is therefore expected to decrease by double digits for the third straight consecutive year. Venezuela's hyperinflation has already hit more than 50,000 percent as millions fled Venezuela, escaping rampant crime, violence, hyperinflation and constant shortages of basic necessities. The crisis in oil-rich Venezuela began in 2010 and was mostly induced by left-wing policies led by **Hugo Chavez** and his successors as well as low oil prices and U.S. sanctions. Nonetheless, the leftist government has no intention to introduce any changes while persecuting members of opposition parties. As a result, approximately 90 percent of the population live in poverty. Without any financial assistance from the outside, it will be difficult to maintain such a state of affairs for a long time. In this respect, Maduro may account on both China and Russia, with particular regard to the latter.

In 2017, Russia offered its support by restructuring Venezuela's debt to Moscow following Maduro's trip to Russia in October. This time, Venezuelan President traveled to the country specifically to ask Putin for help. **Vladimir Putin** hosted his Venezuelan counterpart Nicolas Maduro at the Novo-Ogaryovo state residence outside Moscow on December 5. During the talks, both leaders discussed Moscow's financial aid for the crisis-wracked Caracas. Russian presidential aide **Yury Ushakov** said they will also hold talks on cooperation on oil and gas development. Ushakov declared Moscow will also express its support for peaceful dialogue in Venezuela, adding that the country's "internal political problems must be settled through an open dialogue between political forces." Furthermore, Russia expects Maduro to establish a dialogue with the state's opposition, mostly due to image-related reasons.

The meeting appeared very successful. Maduro announced that both countries had inked investment deals worth more than 6 billion dollars. They will account for increasing oil (5 billion dollars) and mining production (1 billion dollars). Venezuelan leader explained that he signed a contract which guarantees "Russian investment to raise oil production " to almost a million barrels" per day. The deals provide for developing the mining industry, primarily in gold. According to Maduro, a group of Russian experts and entrepreneurs will soon pay a visit to Venezuela in order to explore the possibilities of investments in diamond mining. The problem of a severe shortage of basic commodities should be at least partially resolved with a supply of 600,000 tons of Russian wheat, aiming to cover the country's 2019 needs.

Naturally, Russia neither intends to offer aid for free nor it is about gaining shares in the oil or mining sectors (gold and diamonds). Not incidentally, Russia's Defense Minister **Sergei Shoigu** held a meeting with his Venezuelan counterpart, General **Vladimir Padrino Lopez**, in Moscow. A few days later, Russian strategic bombers landed at an airport outside Caracas. There reemerged the issue of setting Russia's military base in the Caribbean Sea.

SOURCE: KREMLIN.RU

22 December 2018

RUSSIA AFRAID OF INF TREATY'S END: PUTIN BOASTS OF NUCLEAR ARSENAL

Russian President Vladimir Putin has recently repeated that Russia disposes of a weapon that will ensure the state's security for decades to come. However, Moscow seems nervous about the U.S. withdrawal from the INF Treaty, as evidenced by Putin's declarations during his annual Q&A session. Russian President bragged about modern weapons, describing them as "unattainable for hostile defense services", which should be perceived in terms of over-time assertions. When assessing statements by Russian officials, one may deduce that the Kremlin's ideas to dismiss the INF and New START treaties will put Russia at a disadvantage, increasing the U.S. military benefits.

Speaking at his annual press conference on December 20, Putin warned against the U.S. pulling out of the INF treaty, calling it "the collapse of the international system of the arms race." According to the President, it is difficult to imagine how the situation is likely to develop after the U.S. withdrawal from the Treaty. When speaking about Russia's brand-new missile defense, Putin reiterated that Moscow sought exclusively to maintain balance. Yet his speech delivered two days ahead of the conference sounded much more fierce. On December 18, Putin took part in the Russian Defense Ministry's annual board meeting where he expressed hope that Russia's new nuclear weapons "will force those who got accustomed to militarist rhetoric to think."

Putin noted that successful tests of Russia's most advanced Sarmat ICBMs have been carried out while informing about serial production of Avangard hypersonic missile systems. Russian leader mentioned also Peresvet combat lasers and Kinzhal air-launched precision hypersonic weapons. The latter was presented by Russia's Defense

Minister **Sergei Shoigu**, according to whom, Kinhzal-armed aircraft have flown 89 patrol missions over the Caspian and the Black Seas this year. During an October meeting in the Black Sea resort of Sochi, Putin announced that his country is not afraid of any conflict as its army is equipped with modern weaponry. Russian leader stressed that his country will not be the first to carry out a nuclear attack while remaining in readiness to perform such an action in response to potential aggression. When addressing members of Russia's Federal Assembly on March 1, Putin stated that Russia intends to get a cruise missile capable of delivering a warhead at any spot of the globe while not being hit by anti-aircraft defense systems. Nonetheless, it later turned out that the president's speech was illustrated by a computer simulation that had been prepared some 11 years earlier where a Sarmat ICBM hit Florida's territory. Putin may brag about the Sarmat missile while it should be remembered that the weapon is currently in its first testing phase. In May, CNBC television reported that the cruise missile was tested four times between November 2017 and February 2018, each resulting in a crash.

At the Defense Ministry's annual board meeting, Putin stressed that Russia's advanced weapons, which will ensure the country' security for decades to come, has no analogy in the world. adding that Moscow will be forced to respond to the planned U.S. withdrawal from the INF Treaty. Russian President stressed that the state neither breached nor it has the intention to violate the Treaty on Intermediate-range Nuclear Forces. The United States does not have a defense infrastructure that would be able to detect Russian and Chinese supersonic weaponry. And yet the Russian army does not have such weapons in active service. This year Moscow has already reported on a successful launch of a supersonic missile, capable of carrying nuclear warheads while circumventing the enemy's anti-aircraft defense.

SOURCE: FLICKR.COM

23 December 2018

PUTIN WELCOMES U.S. WITHDRAWAL FROM SYRIA

If confirmed, Donald Trump's recent announcement to withdraw U.S. troops from Syria will mean Moscow's great success. Since the beginning of Russian military intervention in Syria, Putin-led policy did not take into account defeating the Islamic State, which served as a comfortable excuse, instead hoping to ensure al-Assad's victory in the Syrian civil war. The Kremlin has long disdained the U.S. military presence in Syria; given Moscow's point of view, it is not difficult to guess why. The U.S. Army and Syrian services backed the Kurdish militia in the SDF, strengthening the buffer zones in northeastern Syria and making it difficult for Iran to deploy its troops and aid for the al-Assad regime and Lebanon-based Hezbollah. The American military presence was making it impossible to divide the Syrian territory and announce al-Assad victory while posing difficulties to Russia's military operations and preventing Turkey from annihilating Kurdish resistance. Speaking of the last one, this was the reason why Ankara did not rush to leave the Idlib province in the hands of Moscow and the Syrian regime's forces. Importantly, territories remaining under control of the Kurds and the Syrian Democratic Forces (SDF) are most rich in oil and gas reserves. If they are to be controlled by al-Assad's military forces, the regime will be provided with a stable source of income while giving opportunities to make a deal with a company owned by Yevgeny Prigozhin. The agreement will enable the oligarch, who belongs to Putin's inner circle, to claim rights fo one-third of Syria's hydrocarbon deposits.

Russian President **Vladimir Putin** stated at his annual news conference on December 20 that the presence of American troops is not required there. He referred to it as illegitimate due to the fact that the U.S. military contingent neither arrived in Syria under a resolution of the UN Security Council nor at the invitation of the legitimate Syrian Government in Damascus. **"Donald Trump was right about withdrawing his troops from Syria. As concerns the defeat of ISIS, overall I agree with the President of the United States"**, Putin said. Trump's decision is a real Christmas gift for Russia as Moscow's allies in Syria, namely Iran and Turkey, will be granted more leeway to act. If abandoned by the United States, the Kurds will seek support elsewhere. In order to avoid Ankara's offensive, Syrian Kurds may probably seek to enter into an agreement with al-Assad or to hope for Tehran's protection. Alternatively, they may ask Russia for help even if Moscow aimed to tighten its ties with Ankara.

The U.S. decision to withdraw from a partnership with the Kurds undermines Washington's credibility as allies, which clearly acts to the benefit of the Russians. interestingly, they had already used Kurdish support to fight against ISIS. Without support from SDF ground forces, it would be impossible to attain this goal while carrying out only air bombing attacks. Speaking of propaganda reasons, Russia will be able to depict the U.S. withdrawal as its victory, both on the international and domestic arena. As for the former, Moscow will remind that, unlike the United States, it never leaves its allies alone while a new geopolitical success is expected to increase Putin's low popularity ratings. Moscow's current position is additionally fostered by the impact of Trump's decision exerted on U.S. relations with top European countries. Yet even Washington's actions in Syria are unlikely to change negative ties between the states. This seems to act to the detriment of U.S.-French mutual relations; Paris had already announced its plans to retain its military presence in the international coalition's fight against the Daesh terror group. In addition, London is yet another European capital to disagree with the U.S. decision. It does not come as a surprise as the threat of ISIS to be reborn, which has particularly increased after Trump's decision, both France and the United Kingdom may be important targets of terrorist attacks.

24 December 2018

RUSSIA'S "PAPER DIVISIONS"

There is no doubt that the Russian army is getting stronger, posing an increasing threat. And yet the processes of its personal professionalization and arming do not conform to the state's official plans. As a result, a significant part of the new units, which the defense ministry periodically boasts about, can be referred to as "paper" ones. In many cases, they dispose of enough members of the commanding staff while lacking ordinary soldiers. Arms supply constitutes yet another problem. The conclusion is simple: Russia's armed forces are constructing their combat potential at a much slower pace than previously announced. It means delays in catching up with the United States, Moscow's main opponent, and postponing the date of Russia's final readiness for a conflict that may eventually pose a threat to the West.

On December 18, Putin took part in the Russian Defense Ministry's annual board meeting. At the briefing, Defense Ministry **Sergei Shoigu** presented a report whose

SOURCE: ENG.MIL.RU

main part was devoted to the U.S. military preparation. First and foremost, the Russian official mentioned the increasing capabilities of the U.S. Army to redeploy troops to Europe as well as Washington's consent (?) to send an armored division to Poland. What is the response from the Russian army? At the meeting, it was announced that in 2018, 10 military units (brigades and divisions) were established while 11 groupings are said to be brought to life in 2019. If summarised, at least 40 groups of such type have been formed since 2014. However, the number of Russian troops is decreasing. Speaking at a briefing of foreign military attaches in early December, Chief of the General Staff of the Armed Forces of Russia **Valery Gerasimov** said that Russia continued to work at manning its military forces at 95-100 percent of their authorized level. "The number of servicemen on a contract has reached 384,000", he added. Surprisingly, the same figures were provided by Defense Minister Sergei Shoigu almost exactly two years ago while the Ministry's announced goals were 425,000 contractees by the end of 2017, and 499,000 by 2020. Given Gerasimov's recent statements, Russia needs to grapple with serious problems when recruiting new soldiers to replace those who cannot renew their contracts. However, it is not the end of the story.

On December 18, Putin declared that as many as 60,000 contract personnel have been admitted to the Russian army in 2018. Interestingly enough, only two days earlier, Deputy Defense Minister **Nikolai Pankov** had announced that the Russian army would add 50,000 contract personnel every year. The Russian army currently counts 260,000 conscript soldiers, compared with 274,000 a year ago. Nevertheless, the main issue is the lack of the commanding staff. Russian military academies have seemingly accelerated their hitherto program as the training period has been shortened to 4 years. As a result, lieutenants' graduation ceremony takes place twice a year, in March and November. What is the final result of such changes? Newly formed military units comprise of more officers than privates. As a result, there are more and more "paper" divisions and brigades whose commands are well-trained while there are no troops to fight.

SOURCE: GAZPROM-NEFT.RU

25 December 2018

GAZPROM NEFT'S EXPANSION TO THE ARCTIC

Gazprom Neft, the oil arm of Russian state-controlled group Gazprom, has recently acquired licenses in two oil-producing regions of the Arctic. In addition, the company has been granted the second icebreaker, built as part of its Arctic program. The firm, which belongs to Russia's top three oil corporations, aims to develop its ventures in the Far North.

Russia's Gazprom Neft oil company is ready to kickstart exploration in the Arctic. The firm acquired the license to two fields in the Gydan and Yamal Peninsulas where it hoped to find large oil deposits. Gazprom Neft is proactively developing the Arctic, even despite harsh conditions and lack of adequate infrastructure, as its recent ventures in the area eventually turned out to be successful. In 2017, Gazprom Neft's oil output in the Arctic amounted to 10.2 million tonnes. The license to explore and drill reserves at the Leskinskoye field on the Gydan Peninsula cost Gazprom Neft 500 million roubles. On November 28, the company paid twice as much to secure hydrocarbon exploration, development and production rights to a field located in the southern part of the Gulf of Ob.

The Leskinskoye field is located in the northern part of the Gydan Peninsula, bordering the shore of the Kara Sea. It occupies a total of 3,650 square kilometers. Results obtained from geological surveys indicated that the field may hold 110 million tonnes of crude oil. Nonetheless, the company claims that the deposit's total capacity is much higher than initially expected. Gazprom Neft intends to complete drilling of its first well in 2020. The company believes the latter field to hold up to 400 million tonnes of oil. In early November, Novatek won the license to the nearby South-Leskinskoye area, a purchase that cost the company as much as 2 billion roubles. Gazpromneft and Novatek are the only companies to operate in the Arctic region while purchasing rights to subsequent licenses and conducting geological surveys. Yet it is all about land fields and shallow waters as they are not affected by the sectoral sanctions imposed by the United States and the European Union while their exploration seems much easier than any operations carried out on the Arctic shelf.

Gazprom Neft announced a decade ago that the Yamal Peninsula was likely to become its new major priority area. Since that time, the oil firm began to implement three large projects in the area. And yet Gazprom Neft is not the only one Russian oil company to be aware of the peninsula's capacities. In order to make a given oil deposit fully profitable, it needs to account for no less than 65 million tonnes of extracted oil per year. Shortly after informing about Gazprom Neft's new ventures in the Arctic, the firm announced that the Andrey Vilkitsky icebreaker had been launched in the firm's fleet, apart from the Alexander Sannikov icebreaker and six oil tankers. Icebreaking vessels are expected to perform operational activities, mostly by providing support for Gazprom Neft's tankers transporting oil from the company's reserves in the Gulf of Ob. The Andrey Vilkitsky icebreaker was constructed to operate in the Arctic areas, which are covered by up to two to 2.5 m of ice for 200 days of the year.

Gazprom Neft's management board includes among others Andrey Patrushev, the son of the secretary of the Russian Security Council and the former head of the FSB, Nikolai Patrushev. Furthermore, the firm's board of directors is composed of well-known figures of Gazprom's management committee, including Alexei Miller, Valery Golubev and Mikhail Sereda. Russian oil producer Gazprom Neft is a subsidiary of Gazprom, which owns 100 percent of its shares. The company has recently joined Russia's top three oil firms (first two positions were assumed by Rosneft and Lukoil respectively), accounting for 62.3 million of total annual oil production. It is mainly tasked with developing the Arctic's oil deposits as well as the Badra field in Iraq.

26 December 2018

RUSSIA TEMPTS GREECE WITH GAS PROMISES

Three years passed since Greek Prime Minister Alexis Tsipras paid a visit to Moscow. Furthermore, traditional close ties between Russia and Greece have recently deteriorated; it was the Kremlin's fault, though, as Athens is upset with the ever-growing Russian-Turkish defense alliance, including the S-400 system deal. Nonetheless, a crisis sparked in the summer of 2018 when Greece expelled Russian diplomats accused of meddling in the state policy. Tsipras's trip to Russia seems to prove that both sides are now seeking to put an end to the bad period in their bilateral relations. Interestingly enough, Russian gas may emerge as a solution to the problem.

Russian President **Vladimir Putin** announced at the meeting with Greek Prime Minister on December 7 that Moscow could potentially consider including Greek companies in its infrastructure projects envisaging gas supplies to Europe via the southern route. First and foremost, it is about the **Turkish Stream** project that envisages the construction of a gas pipeline across the Black Sea to the European part of Turkey while one of its branches may be extended further to EU countries. Back in November, Russia's state-run gas giant Gazprom completed the construction of the offshore section of the Turkish Stream gas pipeline. According to the Russian leader, one of its branches may supply

SOURCE: KREMLIN.RU

gas to Turkey while the second string could potentially allow the transit of Russian gas to the countries of Southern and South-Eastern Europe. Greece is proactively interested in taking part in the venture while **Alexis Tsipras** stated that the European Union "puts obstacles in the extension of the Turkish Stream towards Greece and Italy." Furthermore, Greek Prime Minister was in favor of letting the Trans-Adriatic Pipeline (**TAP**) receive Russia's "blue fuel", while the line was initially designed to transport Azerbaijani gas to Europe.

Tsipras's friendly trip to Moscow may thus be perceived as the end of a diplomatic row that came amid Russia's spying activities in Greece. Putin expressed hope that "this chapter has already been closed" while Athens may restore its trust to Moscow thanks to some steps undertaken by the new head of Russia's military intelligence service (**GRU**). Vice Admiral **Igor Kostyukov** had served as a military attaché to Greece for five years. Now he may be in charge of alleviating a scandal that sparked in August 2018 over Athens's decision to expel two Russian diplomats while barring two others from entering the country. Before, Russia had allegedly tried to use the Greek Orthodox Church to influence Athens's policy regarding a deal that would allow Macedonia to change its official name. And yet, this is not the only reason for Greece's particular concern. Tsipras expressed worry over Moscow's plans to sell its S-400 air defense system to Turkey.

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