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SOURCE: PRESIDENT.GOV.UA

2 April 2019

RUSSIA IS WAITING FOR THE SECOND ROUND OF UKRAINE'S PRESIDENTIAL ELECTION

According to the Russian media and a certain group of politicians, Moscow may potentially deny recognizing the final results of the recent presidential election in Ukraine. Such a scenario seems more likely if Petro Poroshenko is elected for his second term of office yet from the Kremlin's perspective, none of the two competitors who have entered the second round is favorable for Russia's interests. Naturally, the Kremlin fears that Poroshenko is reelected to a second term while Zelenskiy's victory may be viewed by the Russian authorities as a completely new opening in the bilateral negotiations on Donbas that have long remained frozen.

Interestingly, Russia will focus both on the results of the presidential elections and that of the parliamentary voting, scheduled to take place later this year. And in Ukraine's presidential-parliamentary system, the Verkhovna Rada has a powerful influence on forming the government. The Kremlin would be, therefore, most interested if a dual power emerges in Kiev, with the presidential administration being forced to cooperate with a parliamentary majority from yet another political group.

Russia's official factors seem yet to hold back an unambiguous assessment of the first round of the presidential elections in Ukraine while the Kremlin so far has refrained from declaring overt support for one of the two main candidates, instead of seeking to undermine the entire electoral process. And it is to be expected that Moscow will concentrate on the last aspect during the next three weeks, especially given that it made considerable efforts to destabilize the campaign. Also, political provocations are soon likely to

intensify, with the use of far-right groups and a fuelled Russian-Ukrainian conflict around the Orthodox Church. Moscow's actual attitude to Zelenskiy and Poroshenko may, in fact, be reflected by media reports in pro-Russian media, including 112 Ukraine and NewsOne TV channels, owned by a politician and businessman, Viktor Medvedchuk.

Regardless of whether Moscow issues an adequate declaration, the Kremlin sees Zelenskiy's victory in terms of the lesser of the two evils. This is due to the fact that little is known about his anticipated policy, behind which a political game may be run. Also, Zelenskiy has no experience in politics; his election as Ukraine's next president will shake the state's domestic affairs while implying reshuffles among the oligarchs. Naturally, this may worsen the situation of a country that remains in the state of war with its neighbor. However, if Poroshenko wins the election, Moscow's attempts will focus on fostering a new balance of power in the parliament, whose members are to be elected in October this year, that will prevent Ukraine from pursuing a stable policy. Speaking of the parliamentary elections, Moscow has considerably more room for maneuver, ranging from the Kremlin's advice on halting gas transit after the current agreement expires in 2019 and threats posed by a pro-Russian camp, among whose members are Viktor Medvedchuk and Yuriy Boyko, who came fourth in the presidential election, securing a two-digit score.

4 April 2019

LOCAL AND STATE AUTHORITIES FOSTER NOVATEK'S LNG EXPANSION

Investments led by Russia's largest private-run gas firm Novatek are backed both by the Kremlin and regional authorities. The company's plans to set up further liquefied natural gas (LNG) facilities in the Russian Far North is to serve multiple purposes: increase LNG output in the country, improve Novatek's results while boosting Russia's shares in the global LNG market, and provide an economic stimulus to the areas located in the close neighborhood of the Northern Sea Route, where Novatek's liquefied natural gas is expected to be shipped to both Asian and European markets.

Novatek remains the unquestionable leader of the domestic LNG segment in Russia's Far North. The gas giant is currently involved in a process of developing several LNG projects based on the huge resources of the Yamal Peninsula and nearby Gydan and the Kara Sea. Also, the Novatek-operated Yamal LNG export facility is fully operational after extending its annual capacity to 16.5 million tons. The Arctic LNG 2 project is currently being developed, with the annual capacity scheduled to reach 19.8 million tons. It will be based on the hydrocarbon resources of the Utrenneye field. Another large project, yet in its planning stage, is Arctic LNG-3. Most LNG produced in the Far North will be shipped by a new fleet of tankers that will be able to operate under harsh weather conditions in Europe and Asia.

Novatek intends to construct plants for construction of platforms for upcoming LNG projects close to the port of Murmansk. Novatek is in the process of building major plants in Belokamenka, a site on the western bank of the Kola Bay. Construction started

SOURCE: KREMLIN.RU

in the summer of 2017. In a meeting with President Vladimir Putin on February 26, the owner of Novatek Leonid Mikhelson said that his company is investing in Murmansk about 120 billion rubles (€1.62 billion). The first buildings are expected to be ready by mid-2019. A few days ahead of her dismissal, Murmansk Governor Marina Kovtun made a decision to provide financial support to Novatek. At the meeting of a regional Investment Council, she stated that the company would get its income tax and property taxes in the region slashed by 11.8 billion roubles (€159 million). The tax breaks will cover the period until 2023 and 2024 while Murmansk expects that the regional budget will get a 30.8 billion rubles (€415 million) hike in revenues from the Belokamenka project. This is to take place even despite the above tax cuts. In addition, several thousand new jobs will be created and big new orders will be provided for the regional construction industry. The new plant will produce the platforms that Novatek intends to use while constructing its Arctic LNG-2 project. Platforms will be more than 300 meters long, 150 meters wide and 70 meters high. They will be dispatched from Murmansk and all the way to the production site in the Gulf of Ob.

Russia's Far North cities hoped that large Novatek-operated LNG projects in the Yamal Peninsula and its close neighborhood will give momentum to the region's economic development. The authorities of Chukotka informed about their intention to develop infrastructure in the town of Pevek for deliveries of LNG to the site. The new infrastructure includes six LNG fueling stations for vehicles, Deputy Governor Mikhail Sobolev said. Also, local cars and trucks will be capable of fuelling liquefied natural gas. This also includes all vehicles that will be engaged in the Peschanka project, a major copper mining initiative. Also, the city of Arkhangelsk hopes for the coming of LNG yet the liquified natural gas will be produced in the region, and not shipped from the outside. In mid-March, Governor of the Arkhangelsk Region Igor Orlov signed an agreement with state company Rostech on the building of an LNG plant. As a result, up to 120,000 tons of LNG can be produced by the plant, making it possible to replace old facilities that are currently fueled by diesel, heating oil and coal. The total cost of the project is estimated to reach more than 14 billion rubles (€192 million) and due to be completed by 2024.

Founded in 1994, Novatek has experienced a sharp rise in development over the last few years. Most of the firm's gas fields are located in Russia's Yamalo-Nenets Autonomous Okrug. In 2018, Novak chairman and Russia's wealthiest man Leonid Mikhelson earned as much as 4.4 billion dollars while

a company's shareholder and Putin's friend, Gennady Timchenko, managed to secure 4.1 billion dollars.

SOURCE: KREMLIN.RU

9 April 2019

NETANYAHU HEADS TO MOSCOW AS ISRAELIS PREPARE FOR ELECTIONS

Israel's Prime Minister Benjamin Netanyahu visit to Moscow five days before parliamentary elections, confirmed Vladimir Putin's interest in keeping the Israeli politician in power. Also, the Russian army has recently discovered in Syria the remains of an Israeli soldier missing since the 1982 Lebanon War. The incident had a tremendous emotional significance for many Israelis and, as some claim, might have helped the Likud Party to take over votes for other right-wing parties just before the elections. Drawing minimal attention to distinct approaches to Iran's military presence in Syria was a step meant to portray Netanyahu's visit as a success while confirming his political aptitude for leading effective foreign policy, which was to give him an advantage over his domestic rivals.

Unquestionably, Netanyahu's trip to Moscow can be seen as a remarkable element of the electoral campaign led by the Prime Minister and his party. The Israeli politician, who was hosted by U.S. President Donald Trump on March 25, proved that no one could take his duties in Israel's domestic politics. His meeting with Vladimir Putin was an attempt to win the support of potential electors originating from former

Soviet republics, a vast majority of whom so far have backed the Yisrael Beiteinu faction led by former Defense Minister Avigdor Lieberman. Earlier, Netanyahu's electoral strategy provided for both securing Likud's best possible results and paving the way of minor right-wing political parties, viewed as Likud's future coalition partners, for winning Knesset seats. Netanyahu's visit to Moscow, along with his radical declarations to be revealed later this week, may yet mean a shift in his hitherto strategy. He might have considered chances of a few less powerful parties, including Yisrael Beiteinu, insufficient to cross the electoral threshold, instead opting for gaining considerable support for Likud, as a result of which a small number of right-wing votes would be wasted. Netanyahu's talks with Putin may have translated into greater support for his party, given the latter's widespread popularity among a group of Russian-speaking Israelis. Also, his working visit coincided with handing over the body of Zachary Baumel, an Israeli soldier missing since the 1982 Lebanon War, to Israel by Russian officials. This has generated emotional excitement among the Israelis while providing Netanyahu with some additional support as he had sought Putin's help in discovering the remains of the soldier already two years before. This step was aimed at depicting Netanyahu's political effectiveness.

The chief of Russia's General Staff Valery Gerasimov and Israeli Prime Minister Benjamin Netanyahu (who yet served that day as Israel's defense minister) attended a ceremony to honor Sergeant First Class Zachary Baumel, exemplifying successful efforts to enhance their mutual relations. They deteriorated in late 2018 after Syrian forces shot down a Russian military plane after an Israeli airstrike on Syrian territory. The incident caused tensions in Russia-Israel relations as the Kremlin blamed the Israelis for conducting a deliberate provocation, ultimately leading to a political crisis. Putin and Netanyahu finally met to hold talks in late February. Nonetheless, improved Russia-Israel military relations did not translate into solving the burning issue of Iran's armed presence in Syria. Israel requires Moscow to provide its help in withdrawing such direct threat to the state while the latter is, however, either inept or unwilling to do perform such operations. The status quo is so far to be remained, which gives Israel free hand to strike Iranian targets in Syria.

10 April 2019

RUSSIA SEEKS TO BOOST OIL OUTPUT DESPITE OPEC+ DEAL

Russian commitments to cut oil output under the OPEC+ framework have recently experienced some delays. Moreover, facing the pressure from Russia's major oil producers, with state-run Rosneft at the forefront, the government will probably be likely to boost production starting from the middle of the year. Final decisions are yet to be made after talks with Saudi Arabia as the oil-rich country is keener to overcome constraints depending on global prices while paying little attention to a rigid agenda.

For his part, the CEO of the Russian Direct Investment Fund (RDIF) Kirill Dmitriev said that Russia will insist on terminating output cuts by June 2019 as jointly agreed upon by OPEC+ members. This is when the current agreement expires, obliging Moscow to diminish its oil output by 228,000 barrels a day by the end of the first quarter of 2019, down from the October 2018 levels. Moscow claims that positive trends on the global

SOURCE: KREMLIN.RU

market are favorable to relaxing present output discipline while shipping more raw materials to the market. Russian suggestions have already been commented on by Saudi Arabia, Moscow's main partner under the OPEC+ format. Saudi Energy Minister Khalid al-Falih told journalists that it is too early to predict whether the agreement will be extended. Important decisions are to be made at the May's meeting of the Joint Ministerial Monitoring Committee, a body composed of energy ministers of the OPEC+ countries. It is also known that state-owned Rosneft, along with other domestic oil producers, pushed for Russian decision-makers to suspend its participation under the OPEC+ framework and to almost immediately boost oil production. For its part, Saudi Arabia has adopted a distinct standpoint, seeking to convince OPEC countries and its partners to maintain current production at a curbed level until the price of Brent barrel hits $70 for more than only a day.

Although Moscow has submitted regulations intended to deepen curbs in domestic oil production, overall production did not fell to the level stipulated by the OPEC+ deal. Russia's overall oil output at the end of March was 190,000 barrels a day below October 2018 levels, adopted by the authorities as a starting point for further cuts, Russian Energy Minister Alexander Novak informed. Excluding Russia's oil output under PSA deals, also within the framework of projects implemented jointly with international partners such as Exxon Mobil, the national production amounted to 225,000 barrels below the October level by the end of March. Interestingly, this was the first time the Russian authorities have mentioned PSAs when estimating the size of its oil cuts. This seems, however, to obscure Moscow's duties under the OPEC+ agreement. Among PSA projects are Sakhalin-1 with Exxon Mobil Corp as operator, Sakhalin-2 with Gazprom PJSC-led Sakhalin Energy as administrator and the Khariaga oil deposit run by Russian state oil producer Zarubezhneft JSC.

Novak assured that April would be the first full month this year that Russia will reach full compliance with its 228,000 barrel a day cuts as admitted back in October 2018. This was accomplished in early April, the Ministry has informed. Under the OPEC+ deal, Russia agreed to reduce its crude output by 228,000 barrels a day from its October 2018 baseline in the first quarter of 2019. This resulted in slight impediments in fulfilling Russian commitments, though. Russia accelerated the pace of cuts in March when its average production hit 130,000 barrels a day below October, compared with 97,000 barrels in February.

SOURCE: KREMLIN.RU

11 April 2019

LNG AND NORTHERN SEA ROUTE: PUTIN SETS GOALS FOR THE ARCTIC

Russian President Vladimir Putin has outlined general plans for the Arctic expansion. Speaking at the International Arctic Forum in St. Petersburg, Putin committed to developing naval ports and routes while expanding the energy sector (LNG) and the Northern Sea Route as a safe and economically viable route for international maritime shipping. He also urged Russia's foreign partners to take active participation in the Arctic development. This is, however, doubtful to ease concerns expressed by other countries, worried about the Kremlin's planned military buildup in the region. Also developing the Northern Sea Route has deemed doubtful as the lane is said to be unavailable for foreign shipping companies and ships sailing under foreign flags.

The annual conference of the International Arctic Forum in St. Petersburg took place between April 9 and April 10, bringing together both countries and private leaders interested in the current situation in the Arctic. This year the event was attended by the heads of Finland, Iceland, Norway, and Sweden, to whom President Vladimir Putin addressed his words, calling Moscow's foreign peers for cooperation in building ports to become Arctic's shipping hubs.

Addressing the audience at the plenary session on April 9, Putin announced his intention to adopt a new strategy for the development of the Russian Arctic until 2035. Under the plan, the Kremlin seeks to stimulate new investments in the region; as estimated, the Russian Arctic accounts for 10 percent of all Russian projects. One of their key priorities would involve hydrocarbon extraction, which seems to explain why Putin invited all Russia's colleagues to "take part

in joint projects in shipbuilding, navigation safety, environmental protection, minerals production, and bioresources harvesting." Western sanctions, imposed on Russia after 2014, dramatically limited Moscow's access to cutting-edge technologies that had yet sought indispensable for extracting resources from the Arctic seabed. This is why the Russian leader mentioned the idea of establishing "international research teams and alliances of high-tech companies" as Moscow expects to take advantage of some of the Western technology on the pretext of scientific cooperation. In his address, Putin said that Western restrictions, which "do exist" and "are harmful," will by no means hinder Moscow's plan for upgrading the Arctic facilities. As he pointed out, Russia's domestic liquefied natural gas (LNG) sector has been developing despite major obstacles while the first shipment from Yamal LNG facilities, launched back in December 2017, was successfully exported to the United States.

Putin paid most attention to addressing intentions to develop "the global transport corridor that includes the Northern Sea Route" and "which will be functioning without fail year round." Russia is the world's only country to dispose of a fleet of nuclear-powered icebreakers, and it has informed about its plans to increase their number from four to nine by 2035. It also has four nonnuclear vessels in its inventory. The main aim is to make the Northern Sea Route "safe and commercially feasible." Putin has set a goal for the amount of cargo carried across the shipping lane to rise to 80 million tons by 2025, from the 20 million tons transported in 2018. Russia has invited its foreign partners to join it in their "efforts to create hub ports at the endpoints of the route" to be set up in Murmansk and Petropavlovsk-Kamchatsky. Also, Putin has announced a series of facilities for investors.

Referred to as conciliatory and focused on economic issues and partnership with other countries, Putin's speech was aimed at appeasing its foreign peers who have voiced deep concern over the Kremlin's plan to militarize the Arctic region. The goal is both to dislocate new military units to the area and to modernize and expand already existing Soviet-era bases across the region. Furthermore, the Kremlin seeks to establish its fifth military district, covering with its scope the Far North in the European part of Russia and Arctic islands stretching along the coast, to the Kamchatka Peninsula in the east. Back in 2017, Jim Mattis, who served as the U.S. Secretary of Defense at that time, warned against Russia's growing military potential in the region, saying that "the Arctic is key strategic terrain" and "Russia is taking aggressive steps to increase its presence there." At the Arctic forum, Russian Foreign Minister Sergei Lavrov defended Moscow's military buildup, saying that it poses no threat to anyone while intending to ensuring sufficient defense capabilities given political tensions around the country's borders. The shrinking polar ice in the Arctic region is in the long run expected to offer new opportunities for resource exploration and the development of new shipping lanes, involving Russia, the United States, Canada, Denmark, and Norway into a competition for jurisdiction in the region.

SOURCE: KREMLIN.RU

11 April 2019

PUTIN-ERDOGAN MEETING: TURKEY SHIFTS TOWARDS RUSSIA

Turkey's President Recep Tayyip Erdogan arrived in Russia for his third meeting (and second in Moscow) this year with his Russian counterpart Vladimir Putin. During his trip, the Turkish head of state confirmed his intention to purchase Russian S-400 anti-aircraft missile system despite the mounting pressure from both Washington and NATO allied countries. Also, as evidenced by the Putin-Erdogan meeting at the Kremlin, the Syrian-Russian joint offensive against Syria's rebel-controlled Idlib enclave is still to remain suspended. So far, Erdogan has made a successful attempt to hinder the liquidation of Syria's last rebel-held bastion. Ankara sees it as an essential bargaining chip in the game whose goal is to neutralize a threat posed by the Syrian Kurds.

On April 8, Russian President Vladimir Putin hosted his Turkish counterpart at the Kremlin. Both leaders met to hold talks on the situation in Syria, the sale of Russian S-400 air defense missile systems to Turkey and other economic deals. This was Erdogan's third visit to Russia this year, marking ever-closer cooperation between Moscow and Ankara as well as Erdogan's tenacity against U.S. pressure.

Greeting Erdogan at the beginning of their talks at the Kremlin in Moscow, Putin said that they will discuss the delivery of S-400 air defense missile systems to Turkey. The Russian leader referred the deal to as the highest priority for Russian-Turkish partnership. As he notified, discussions are ongoing to seal other arms deals. Moscow hopes to carry out this transaction for geopolitical reasons as it would be a blow to NATO unity. In terms of

its volume and importance, Turkey's purchase of Russian-made S-400 missile systems is the first deal of that kind to be ever concluded by a member of the Alliance. Ankara has ignored Washington's demands to pull out of the deal. For his part, U.S. Vice President Mike Pence warned Turkey that it risks its membership in the North Atlantic Alliance and its participation in the F-35 program. A few days prior to his arrival in Moscow, Erdogan confirmed that deliveries of the S-400s will begin in July. The Turkish leader noted that Washington had offered Ankara the U.S.-made Patriot air defense system, however saying that Washington's offer is not as favorable as Russia's. The United States and other NATO allies claim the S-400s are not compatible with the Alliance's weapons systems. For its part, Washington has expressed concerns that their use by Turkey could present a threat to the security of the U.S. F-35 fighter jets that Turkey intends to acquire from the United States.

At the Kremlin meeting, both parties held talks on the completion of a pipeline that will carry more Russian gas to Turkey (and may possibly be extended farther, to the Balkans), Moscow's plans to construct a major electric plant in Turkey while mentioning other economic projects. Erdogan bragged that the number of Russian tourists who visited Turkey in 2018 reached a record high of 6 million. The Turkish leader has also announced that the two countries plan to note a fourfold increase in their annual trade volumes, from $25 billion to $100 billion. Vladimir Putin said the offshore part of the Turkish Stream pipeline running through the Black Sea has been almost completed and is scheduled to become operational later this year.

Moreover, Russia and Turkey have closely coordinated their moves in Syria where the last year's agreement on the ceasefire in the rebel-controlled Idlib region is still in force. A few weeks ago, joint Russian-Turkish patrols began to control some parts of the demilitarized zone around Idlib. Both Turkey and Russia are also in hopes of Washington's withdrawal from Syria. The Idlib enclave has remained the main point of contention. Although Ankara-loyal rebels are gradually losing their influence in favor of al-Qaeda Islamists, Erdogan has long pushed for obstructing the offensive, preventing al-Assad's goal from being implemented. If the Idlib-based rebels surrender, Ankara will lose an important argument in their negotiations on solving the problem of the Kurdish autonomy in northern Syria.

12 April 2019

SUDAN COUP: WHAT'S NEXT WITH RUSSIAN "ADVISERS"?

Although the Sudanese army has seized power in the country, this has not put an end to social unrest that sparked a few months before. Sudan's dictator Omar al-Bashir has been put under house arrest while the opposition did not allow a military junta to assume power in the country. Bashir's political demise may thus put an end to Moscow's hopes for making Sudan its strategic stronghold in East Africa. Much will develop on the future development of the situation. It seems that the best option for Moscow will be now to maintain military power.

President Omar al-Bashir was ousted by his nation's military after a few months of mass protests that had sparked off in the country. In the night from April 10 to April 11, Sudan's military forces came to power in a coup, toppling President al-Bashir. While

SOURCE: STRUCTURE.MIL.RU

countries of the civilized world have long recognized al-Bashir as a criminal, Moscow considered him a close ally, the cooperation with whom has been regarded as prospective, especially in recent years. Russian and Sudanese officials have recently discussed a plan to build a permanent military base for Russian aircraft and naval vessels on the Red Sea coast. Also, al-Bashir authorized a company owned by Yevgeny Prigozhin, a close friend of Vladimir Putin, to conduct an exploration of gold mining in Sudan. The country has emerged as a crucial point on the gold and diamonds trafficking route from the Central African Republic to Russia. Russian instructors were also training local security services, as confirmed in late January this year by the Russian Foreign Ministry. Interestingly, as reported by the Ministry itself, these are both state and private advisers. This prompts the presence on Russian mercenaries on Sudanese soil, believed to belong to the so-called Wagner Group. Up to 80 Wagner contractors might have been deployed in Sudan, Western sources have reported. In Sudan there is also a group of 30 Russian military instructors yet little is known about their current activities.

Even if they had earlier provided military training for Sudan's National Intelligence and Security Service (NISS), including the branches tasked with dispersing anti-government demonstrations, it does not seem that the Sudanese military–which has finally stood up against repression by the NISS–would anyhow rebel against Moscow. Russia and Sudan have tightened their military partnership. In its first reaction after Sudan's military coup, Russian Foreign Ministry said that "Moscow expects all Sudanese political forces and power-wielding structures to act with utmost responsibility aiming to stabilize the situation as soon as possible and to prevent its further deterioration." From the Kremlin's perspective, it seems most advantageous to stabilize the current situation in Sudan as, under the military junta's regime, the country will make no sudden shift towards the West. Possibly, the army will appear more open to cooperate with Moscow while receiving Russian arms supplies that al-Bashir's regime. Also, retired Major General Awad Mohamed Ahmed Ibn Auf, who serves as the leader of Sudan's military junta, has been accused of war crimes and genocide in the region of Darfur. A persona non grata in the West, he will naturally seek an agreement with Russia, and the Kremlin is keen to enter into an alliance with isolated criminals. It cannot, however, be ruled out that Sudanese opposition will ultimately seize power, introducing democratic rules in the country. This might emerge as a challenge for the Kremlin, obliging its top officials to take seriously reports that the Sudanese opposition establishes ties with the Russian authorities by ensuring them that all changes

currently taking place in the country remain in Moscow's own interests.

SOURCE: STRUCTURE.MIL.RU

15 April 2019

RUSSIAN FLEET HOLDS MILITARY DRILLS IN THE NORTH ATLANTIC

Recent nuclear drills carried out by Russia near Norway's Lofoten archipelago confirms Moscow's intention to expand its military activities to the Norwegian Sea, able to pose a threat to NATO strategic maritime corridor running through the United Kingdom, Iceland, and Greenland. Oslo has been aware of a growing threat from Russia while boosting its military forces in northern Norway for the fear of land-attack operations from the Russian Kola Peninsula.

Heavy nuclear missile cruiser "Peter the Great" and the cruiser "Marshal Ustinov" of Russian Northern Fleet took part in nuclear drills in the vicinity of northern Norway, some 100 nautical miles northwest of the Lofoten archipelago. This was far beyond Russia's traditional area for holding military exercise; never before has the Russian (or Soviet) army performed combat training missions in the Barents Sea, both north and east of the Kola Peninsula. Military drills were held between April 11 and April 14. A naval group formed out in the Barents Sea included both cruisers and submarines that sailed south into the Norwegian Sea. This was also where the units had carried out a series of shots from the artillery of both cruisers as well as from the Kinzhal missile system. Pairs of Tupolev Tu-142 and Tupolev 22M3 aircraft were scrambled to perform drills in the region. This means that Russia is capable of threatening NATO forces in the region stretching between northern Scandinavia and Iceland. Russia has never conducted such large-scale maneuvers

in this area. It could be intended to send a signal that Russia is capable of conducting operations all the way to the Greenland-Iceland-UK (GIUK) gap.

Russia's military show-off came only two days after Prime Minister Erna Solberg met President Vladimir Putin at the International Arctic Forum in St. Petersburg. Moreover, this is another Russian provocation targeted against Norway whose most strategic military facilities were within reach of the Northern Fleet. Also, Oslo has proof that Russia may have intentionally disrupted GPS signals before and during Western military exercises held in Finnmark and Troms in the autumn of 2018, presenting a threat to commercial flights over the Arctic. On March 31, five USAF B-52s made their way over the Norwegian Sea. At the same time, Russian strategic bombers Tupolev Tu-160 and Mikoyan MiG-31 were deployed in the area. After having approached the British airspace, they were intercepted by RAF Typhoons. In early March this year, a group of three naval vessels from Severomorsk successfully conducted training in the waters of the Norwegian Sea. Among them were the newest frigate "Admiral Gorshkov" and the two support ships that were training submarine hunting.

16 April 2019

GAZPROM'S SELEZNEV FIRED AMID CORRUPTION CHARGES

Kirill Seleznev, a close associate of Gazprom's CEO Alexey Miller and Director General of Gazprom Mezhregiongaz, has been relieved of his post as a Gazprom board member. Seleznev's dismissal may emerge as an outcome of the infamous Arashukov case, having links to the recent decision to relieve Chechnya's gas debts. He is the fourth member of Gazprom's management board to have been sacked over the past few weeks. This will, however, not hit Miller, all the more so that Seleznev has been replaced by his former deputy.

In an official statement published on April 12, Gazprom informed that Kirill Seleznev left the post of a member of the management board and Director of Gazprom Mezhregiongaz. Earlier, he also headed Gazprom's Department for Marketing, Processing of Gas and Liquid Hydrocarbon. He is to be named Director General of RusKhimAlyans; the company has recently become the operator of the project for the creation of a $20 billion integrated gas and chemical complex in Ust-Luga (to be developed jointly with Arkady Rotenberg's RusGazDobycha) and the Baltic liquefied natural gas (LNG) project, from which the British-Dutch company Shell eventually withdrew. As officially reported, Seleznev has been dismissed due to the expiration of his contract as a Director General of Gazprom Mezhregiongaz. And yet, in 2017, his contract as a member of Gazprom's management board was renewed by five more years.

Regarded as one of the closest business partners of Alexey Miller, Seleznev has been working for Gazprom since 2001. He was 28 years old when he joined Gazprom's board of directors only a year later. In 2003, he was named Director General of Gazprom Mezhregiongaz, Gazprom's subsidiary tasked with managing regional gas distribution companies. Seleznev's dismissal has marked the largest personnel reshuffles within the company's structure since 2002 when Alexey Miller became the head of Russia's state-run gas giant. He is, however, likely to retain his

SOURCE: GAZPROM.RU

position as the CEO of Gazprom. Seleznev's responsibilities as a member of Gazprom's management board and head of Department 314 have been taken by Gennady Sukhov, who had served as chief of the said department. For his part, Sergey Gustov, former Director General of Gazprom LNG Saint Petersburg, has been designated Director General of Gazprom Mezhregiongaz. Seleznev is the fourth member of Gazprom's management board to have been released from his post within the last month of the time period. In late February, Miller fired two of his deputies: Alexander Medvedev (head of exporting business) and Valery Golubev (who was in charge of the domestic gas market). On April 1, Andrey Kruglov was relieved of his post as a Gazprom chief financial officer and was elected Russian Deputy Finance Minister.

Seleznev might have been sacked due to the Arashukov scandal; Raul and Rauf Arashukov have been suspected of embezzling natural gas worth in total 31 billion roubles. As for the former, he had overseen various departments of Mezhregiongaz in the North Caucasus since Miller and Seleznev were given top positions in the firm's management. He served as an advisor to Seleznev. While working for him, Arashukov created adequate mechanisms for gas stealing. Moreover, Seleznev's reputation suffered after Chechnya's gas debt had been canceled. Grozny city court ruled that the regional branch of Gazprom should write off most of the republic's gas debt, worth the total of 9 billion roubles. Russian firm filed the appeal to the court, as a result of which Chechnya's Supreme Court reversed the district court's ruling. The arrests of Rauf and Raul Arashukov, the dismissal of Seleznev and Golubev, Gazprom's officials responsible for the domestic gas market and cancelling the court's decision to write off Chechnya's gas debts (though the Kremlin must have directly pushed for Kadyrov in this matter) were part of Gazprom's policy of tightening up its finances. Also, this might have attempted to show the firm's ambition to reduce the degree of gas corruption at the regional level – all that at the expense of Gazprom's central structures. As of December 1, 2018, total regional debts to Gazprom Mezhregiongaz amounted to 137.1 billion roubles, or 26 billion roubles more compared to the previous year.

SOURCE: ENG.MIL.RU

19 April 2019

PUTIN (AGAIN) ANNOUNCES END OF COMPULSORY MILITARY SERVICE IN RUSSIA

On April 12, Russian President Vladimir Putin pledged his intention to abolish military conscription in Russia, yet saying that both time and sufficient funds will be necessary to carry out such a revolution. Putin's declaration is "nothing new under the sun" as the Russian leader has reemphasized his commitment at least several times. None of these promises have been kept so far as the Russian army's professionalization has emerged as an impractical undertaking. So what is the reason behind this sudden shift? This was one of Putin's declarations aimed at improving his falling approval ratings.

The Russian leader has discussed this topic since he became president. In 2001, he gave his go-ahead for the government's draft on moving away from the compulsory military service model while replacing it with a contracted military service. Once supported by Putin, the plan was initially to be implemented by 2010. In 2002, he admitted, however, his aim to professionalize Russia's military provided that there was a growth in the state economy. He subsequently reiterated his projects in 2007, 2012, 2017, and 2018. All these declarations, alongside the most recent one, seem to have much in common.

The Kremlin's intention to abandon the compulsory military service to the benefit of a regular army is the best solution yet needs both an adequate plan and funding.

Russia's moving away from the conscription army towards a professional military has been ongoing for many years while Russian national armed forces no longer rely upon draftees who are being increasingly replaced by professional or contracted soldiers. Until 2016, the number of conscripts was almost equal to that of recruited troops whereas the Russian military consists now of 260,000 draftees and 370,000

contracted soldiers. Notwithstanding these figures, the Russian army is unlikely to make a prompt tilt towards an entirely professional military model or even to introduce such a solution at all. This is due to Russia's vast territory along with its geography, both of which dramatically boost costs of maintaining a professional army, capable of fulfilling military goals set by the Kremlin. Given Moscow's aggressive policy, a similar undertaking seems already doomed to failure. Nevertheless, according to some, the United States, viewed as another big country to pursue a foreign policy with a clear military component, much earlier introduced a conscript-free army. Such a transition was possible thanks to substantial financial commitment as there is no point in comparing the size of the U.S. and Russian economies. If Moscow seeks to some extent to keep up with Washington as a military power, it has no other option than to maintain its current compulsory service model because it requires lower expenditure than a professional army. An average Russian draftee is paid 2,000 roubles ($30) per month while a professional military – 25,000–35,000 roubles ($400–600). Also, the latter may still count on some extra benefits. The decision to shift towards a conscript-free army would act against the Russian tradition while hampering the interests of a powerful lobby gaining a substantial financial advantage from the current system, considered both inept and corrupt. For example, massive sums of money are paid in bribes every day by potential draftees to avoid being recruited into the army.

Instead, it is to be expected that the highest possible percentage of contracted military personnel will be recruited both to most critical types of armed forces as well as to important military units. They will be additionally accompanied by a reserve component that will consist of potential draftees, all of whom could be quickly mobilized in the event of armed conflict. Once introduced, "symbolic" conscription would involve annually no more than 50,000 potential candidates, or six times less than it is now. Putin's latest declaration to abandon the compulsory military service may be therefore viewed as an attempt to boost falling ratings. If adopted, the Kremlin's decision would satisfy most Russians, from military experts, who enumerated advantages of such a solution, to average citizens, afraid of being drafted into the army.

24 April 2019

MOSCOW IS ESCALATING ANTI-WESTERN RHETORIC

Traditionally, the annual Moscow Conference on International Security serves as a forum for revealing anti-Western rhetoric. Seen in a way as a competitive event to the Munich conference, the summit was attended by Russia's allies from all over the world. Participants of the conference voiced sharp criticism over NATO's activities, including its latest efforts to strengthen its eastern flank. Russian officials used the forum as an occasion to recall some earlier claims while making accusations toward the West.

The eighth Moscow Conference on International Security was held in Moscow on April 24. At the opening ceremony, Russian foreign and defense ministers delivered their speeches, in which they conveyed a strong verbal attack on the North Atlantic Alliance. This move has fitted into the Kremlin's recent escalation of anti-Western sentiments. Moscow has nervously reacted to the Alliance's latest activities that

SOURCE: KREMLIN.RU

encompassed the increased presence in the Baltic and Black seas, NATO's strategy to advance a military buildup in the latter region or its full support for the United States related to Washington's withdrawal from the INF Treaty. This was echoed in statements delivered by both Shoigu and Lavrov. The former was quoted as saying that "NATO's infrastructure near Russia's border" and its increased activity in the Black and Baltic seas will eventually lead to escalated tension and require Moscow's response.

Also, participants of the Conference discussed the issues of the U.S. anti-missile shield in Europe and of Western support for Ukraine. Shoigu pointed to an openly anti-Russian character of the Ballistic Missile Defense (BMD) project, also aimed at destabilizing security. Furthermore, he reiterated Moscow's thesis, under which parts of U.S. anti-ballistic shield will not guarantee sufficient protection for Washington's allies, making them more vulnerable to attacks from Russian missiles. Also, the Russian official recalled Moscow's cutting-edge superweapon capable of challenging U.S.-made ballistic protection systems, warning that Russia is ready to "develop and put them into service in a short time." For his part, Sergei Lavrov devoted much room to the Ukrainian issue, accusing Washington and Brussels of "provoking and supporting the anti-constitutional coup" in Ukraine in 2014. Russian Foreign Minister saw that as another proof of violating international law by Western countries and giving grounds for instability. He also made it clear that Moscow will not agree to introduce changes to international peace talks on Donbas in the Normandy format. Russia has clarified its stance, also towards Ukraine's newly elected president, which excludes any further adjustments in the Minsk agreements or peace discussions mechanisms.

SOURCE: SYRIA.MIL.RU

24 April 2019

RUSSIAN-SYRIAN TALKS: MOSCOW STRENGTHENS MILITARY PRESENCE IN SYRIA

Russia is set to finalize by the end of April a deal to lease Syria's sea port of Tartus for 49 years while the upcoming round of peace talks within the framework of Astana Format is scheduled to take place in Kazakhstan. Both these topics have been covered during recent discussions held between Syrian President Bashar al-Assad and a Russian delegation.

On April 20, al-Assad hosted in Damascus a group of Russian officials; following the bilateral meeting, both Russian and Syrian media reported that Moscow is soon set to finalize a deal to lease Syria's naval port of Tartus. Syrian leader held talks with senior Russian officials, including Putin's special envoy for Syria Alexander Lavrentiev, Deputy Foreign Minister Sergey Vershinin, Deputy Prime Minister Yury Borisov and several representatives of the Russian Defense Ministry.

Right after his meeting with al-Assad, Borisov was quoted as saying that the new Tartus deal is expected to be signed within a few days. Back in December 2017, Russia's Federation Council ratified an agreement between Moscow and Assad's government on Russian forces' access to the naval base in Tartus. Under the deal, the Russian navy was entitled to deploy and expand its technical and logistics facilities in the sea port while Russian-flagged vessels gained free access to Syrian territorial and internal waters and naval ports. However, the agreement was later into force for no more than a year. It will be valid for 49 years when the lease is officially signed, with possible extensions by 25-year periods. The Tartus naval facility is one of two Russian-operated military bases on Syrian soil, alongside the Khmeimim Air Base in Latakia. Once signed, the deal will expand Moscow's military presence both in Syria and its

neighborhood while cementing the Kremlin's ties with al-Assad. Starting from the autumn of 2015, Moscow's military involvement in the region, along with its air strikes launched on al-Assad's opponents, helped to turn the tide of the Syrian civil war. Al-Assad has already managed to restore control over most of Syria's territories.

In addition to Russia's plans to lease the Tartus base, the Damascus talks also focused on trade issues and the upcoming round of peace talks under Astana Format. Diplomats from Syria, Russia, Iran, and Turkey are set to meet for talks in Kazakhstan, scheduled for April 25 and 26. The status of Syria's rebel-controlled Idlib province may emerge as one of the major topics to be covered during the summit. Syria's last rebel-held enclave has not fallen yet due to Turkey's veto to a planned armed offensive of Syrian, Iranian and Russian forces. For its part, Ankara is making efforts to negotiate the most favorable conditions for abandoning its rebel allies in Idlib.

24 April 2019

PUTIN-KIM SUMMIT: WHAT ADVANTAGES FOR THE KREMLIN?

North Korean leader will meet the Russian president for the first time, which is what seems most important about the negotiations scheduled to take place in the Russian city of Vladivostok. Yet no one should expect any groundbreaking conclusions to be made during the summit, a fact that even Kremlin officials seem aware of. This event should, however, be viewed in a general context of Russian-U.S. relations.

North Korean leader Kim Jong Un departed for Vladivostok early morning on April 24 by private train, a day before the summit scheduled for April 25. Vladimir Putin is only the fourth world leader to hold talks with his North Korean counterpart; since he assumed office in 2011, he has had several meetings with Chinese president Xi Jinping and South Korean leader Moon Jae-in. Also, he has met twice with U.S. president Donald Trump. The Putin-Kim meeting may, therefore, prove to be the most interesting in the context of talks between Pyongyang and Washington though should have no decisive impact on the further development of the North Korean-U.S. negotiations on denuclearization. It is noteworthy that this topic, as well as probably that of the forthcoming summit, was broached by U.S. Special Representative for North Korea Stephen Biegun who had visited Moscow between April 17 and 18 for talks.

Nevertheless, the Vladivostok summit is not expected to bear concrete fruits, serving instead as the first occasion for negotiations. North Korean dictator seeks to balance Chinese influence while Russia has neither potential to become a key player in the region nor is it likely to endanger Beijing's current position. It is doubtful for the Kremlin to put at risk its relations with Beijing at the cost of uncertain achievements in Pyongyang, though. After meeting Kim in Vladivostok, Putin is set to fly to Beijing for another summit scheduled to take place between April 26 and 27. His plausible role as a mediator between Kim and Trump does not look bright, either, which is due to the dramatic rupture in Russian-U.S. relations. Putin's goal consists of getting a guarantee that his country will not drop out from the negotiations on the North

SOURCE: KREMLIN.RU

Korean nuclear program. Globally, the North Korean issue is seen as a challenge where U.S. and Russian interests do not necessarily to deem as mutually exclusive. Both countries are in hopes of maintaining the status quo and denuclearizing the Korean Peninsula while avoiding the rivalry with China. Also, Moscow's constructive role is fostered by its ambition to sustain friendly relations with South Korea, viewed as Russia's key trade partner. Moscow and Washington hold divergent views on sanctions against North Korea; the former has made several attempts to circumvent the existing restrictions while calling on Western countries to relax sanctions. Naturally, the Kremlin intends to show the Trump administration that no key international issues cannot be solved without Moscow's intervention, an attitude that is likely to be insisted on by Russian media and state officials.

25 April 2019

RUSSIA'S BALTIC LNG: GAZPROM STAYS, SHELL QUITS, ROTENBERG BROTHERS ENTER THE GAME

Russia's Baltic LNG has recently experienced a sudden and radical change in the line-up of partners committed to implementing the gas project. Russia's state-owned Gazprom has removed its European partner from a joint investment, yet welcoming a firm run by the Rotenberg brothers. Modifications have been introduced to the project itself, with Baltic LNG devised to become a more complex undertaking than just an LNG export terminal, as initially planned.

The British-Dutch company Shell has published its decision to stop its involvement in the Baltic LNG project. Since the autumn of 2015, the oil company served

SOURCE: GAZPROM.RU

as Gazprom's sole partner in the liquefaction plant near the Ust-Luga complex in Leningrad Oblast. In February, Shell representatives said about their plans to increase the production capacity of plants, up to 13-13.5 million tonnes of LNG per year. The final concept of the terminal has confirmed these forecasts, yet without Shell's participation. As read in the firm's official statement, it ultimately decided to step away from the project, referring to its concluding development stage as unacceptable. However, rumor has it that Gazprom has done its utmost to get rid of the British-Dutch company. At the end of March, Gazprom announced that it would combine this investment with the construction of gas processing plants. This shift would involve the participation of the RusGasDobycha company, formally owned by Artem Obolensky, a Russian businessman who has close links to Arkady and Boris Rotenberg. Under current estimates, the concept of the Baltic LNG plant is envisaged to have an annual processing capacity of 45 billion cubic meters (bcm) of gas. Also, the facility will be set to deliver 13 million tons of liquefied natural gas, 4 million tons of ethane and 2.2 million tons of LPG annually. Also, up to 20 million bcm of gas will be shipped through the Nord Stream 2 pipeline. The total cost is estimated at more than 700 billion roubles ($10.7 billion) while plants are scheduled to become operational between 2023 and 2024.

Moscow's determination to substitute business partners is aimed at stimulating the project's completion while fitting into Gazprom's strategy of entering the LNG sector, earlier neglected by the Russian gas giant. By ousting a foreign partner and involving business entities with links to an influential oligarch belonging to Putin's inner circle, Gazprom is in hopes of the timely implementation of the project and its enhanced potential. And yet the question arises about how Moscow could enter into possession of all demanded technology. For its part, Shell has no intention to share its gas liquefaction technology except for all projects in which it holds stakes. Little is known about who is set to become a possible license provider for the technology necessary to put the plan into action. The question is whether the project will eventually emerge as economically viable. Kremlin officials might have decided to make Baltic LNG yet another mechanism to withdraw vast sums of state money onto bank accounts belonging to Putin-friendly oligarchs, with Rotenberg at the forefront.

Gazprom's unpredicted shifts in its gas strategy must have been triggered by its losing battle with the private-run firm Novatek to gain control over the domestic LNG sector.

Although Baltic LNG has not been operational yet, the Yamal LNG plant has already been put into operation. Also, work is currently underway to develop the Arctic LNG 2 project while Novatek has declared plans to build the third LNG terminal. Gazprom, which accounts for sending Russian-sourced gas to Europe via pipelines, has become aware of the growing popularity of LNG supplies, including U.S. shipments as well as those provided by its domestic rival.

SOURCE: ENG.MIL.RU

25 April 2019

RUSSIA PERFORMS A MILITARY BUILDUP ON ITS WESTERN FLANK

Russian Defense Ministry has declared its plans to boost its military buildup in the Baltic part of the Western Military District. Although Moscow claimed such intention to serve as a defensive response to the Alliance's activity in the Baltic region, both composition and deployment of Russian forces may imply their aptness to be used in the event of a war. The Alliance is solidifying its movements in the Baltic region while boosting its multinational battalions in Estonia, Latvia, and Lithuania. Yet NATO's vital plan is to strengthen its western flank in fear of a threat represented by Russia.

As for the Baltic region, the Western Military District has at its disposal the 6th Army, whose structures were restored back in 2010, and the 1st Guards Tank Army (reinstated in 2016). Russia's Leningrad Oblast is home to the 138th Guards Motor Rifle Brigade while the Pskov Oblast hosts the 25th Motor Rifle Brigade, the 9th Guards Artillery

Brigade, and the 26th Rocket Brigade. In early March, Russian Defense Minister Sergei Shoigu said that several armed groups in some of the country's regions are currently awaiting further reinforcements, including an air defense missile regiment to join the Western Military District by the end of 2019. This step is aimed at boosting the security of military and state facilities in the Baltic operational direction by up to 40 percent, Russian staff officials claimed.

Earlier in March, the S-400 Triumph defense system entered service with the regiment based in Moscow's Baltic exclave of Kaliningrad. Strengthening anti-aircraft defense systems in the Baltic region is one of the critical priorities of the Russian army, aimed at both securing strategic facilities and tracking the activity of NATO-flagged aircraft and helicopters close to the Baltic region and all the three Baltic states. For their part, the Russians remain committed to closely monitoring all steps of their rival in the Baltic Sea; each unit of the Alliance is followed by its Baltic Fleet counterpart, yet keeping a safe distance. Russia has claimed its obligation to develop the military buildup in the Baltic region in response to NATO's intensified capabilities of performing offensive actions. Both Shoigu and his generals have repeatedly insisted on NATO's alleged provocations, a reason that seems to explain Moscow's large-scale armed group in the region. Moscow said its intention to mobilize large and robust military units in the areas to deter NATO forces. In fact, Russian troops concentration, whose core consists of military branches tasked with taking part in military offensives, proves Moscow's preparations before hitting the Baltic states.

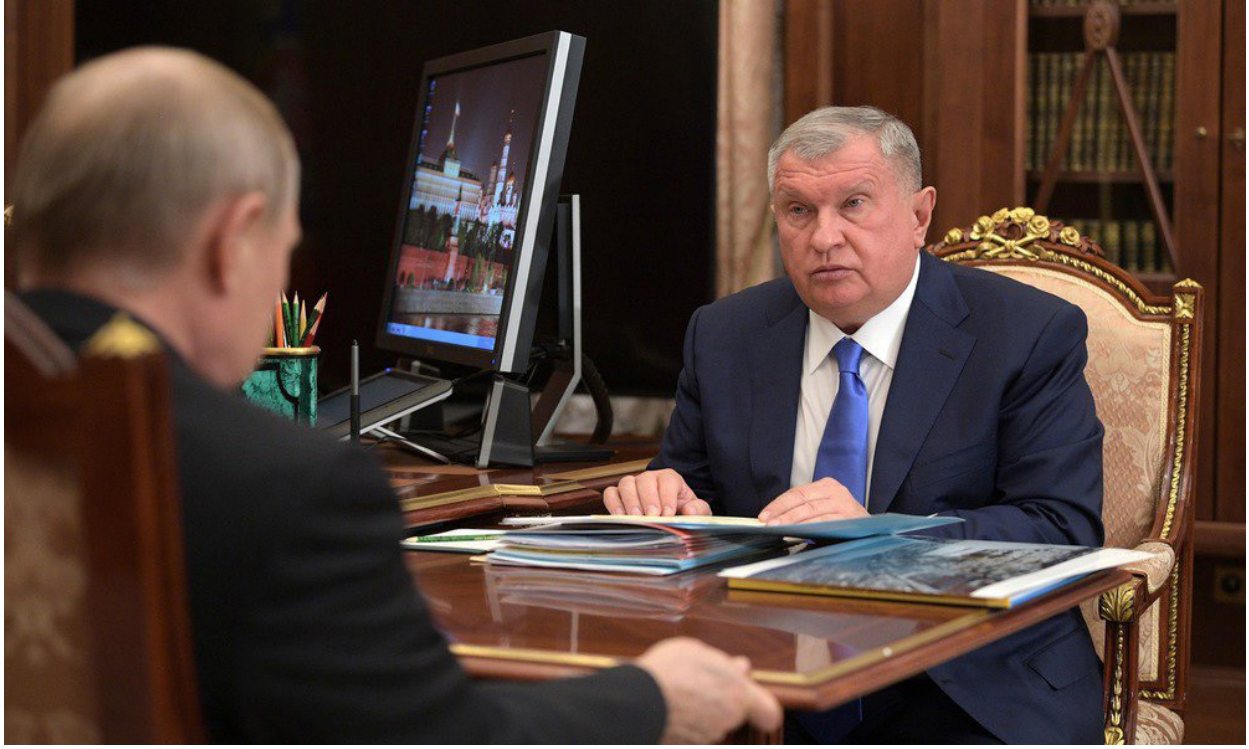
26 April 2019

ROSNEFT'S SECHIN MAKES PROMISES FOR THE ARCTIC

Russia's largest oil company Rosneft has recently made a formal offer to make the country's Northern Sea Route a strategically important and economically viable maritime shipping lane. Its development should be partially possible thanks to Rosneft's increased mining activity in Russia's Far North. Sechin's firm has declared its readiness to invest in the Arctic provided that it gains solid guarantees from the Kremlin.

Rosneft's ambition is to amplify its activities in Russia's Far North, a step aimed at increasing maritime shipment in the Northern Sea Route. Rosneft's CEO Igor Sechin has submitted a formal offer to Russian President Vladimir Putin, for whom further economic development of the Russian Arctic has arisen as a top priority. Speaking at the International Arctic Forum in St. Petersburg, Putin outlined a detailed and ambitious strategy for the region.

Rosneft intends to create an oil hub whose central part will be an oil pipeline running from the Vankor oil deposit to the Arctic coast. Once built, a 600-kilometer pipeline from Rosneft's Vankor oil fields to the Kara Sea town of Dikson will be capable of transporting 25 million tons of oil per year. The Vankor fields are estimated to include oil reserves of about 500 million tons. In 2018, its annual output amounted to 17.7 million tons. Sechin claimed the project to become operational by 2024; as scheduled, in 2030, up to 100 million tons of oil will be annually shipped through the pipeline. Oil supplies will be then transported by tankers navigating on the Northern Sea Route. Rosneft is now



SOURCE: KREMLIN.RU

in the process of opening several adjacent resources in the Far North, among them the Suzunskoye, Tagulskoye, and Lodochnoye fields. Over recent years, the Northern Sea Route has experienced an increase in maritime shipping, mostly due to new LNG projects launched by the private-run firm Novatek. Without Rosneft's oil supplies, the Vankor deposit is unlike to attain Putin's goal to ship 80 million tons of cargo by the end of 2024. In 2018, no more than 18 million tons of freight were sent through the route, marking an increase by two-thirds compared to the 2017 figures.

Although Sechin has made an offer to the Kremlin to fulfill the latter's strategic goal, he is in hopes of being granted "favorable investment conditions" that include tax reliefs, a set of facilitations from state regulatory authorities and long-term guarantees. Sechin informed Putin that Rosneft must obtain a firm guarantee that conditions will not be subject to further modification for the period between 30 and 50 years. Also, he made it clear that, given no alternatives shipping lanes to access the Northern Sea Route, Rosneft should be granted a guarantee of its economic viability. Though Sechin did not mention it in official talks, he will also hope that Moscow will provide his company with priority treatment compared to other key players in Russia's Far North. This was exemplified by a row between private-owned Lukoil and state-run Rosneft over the Varandey facility. Located in shallow Arctic waters 21 kilometers from the coast and owned by Lukoil, the terminal serves to ship oil supplies from nearby tundra, from where it is further sent to crude oil facilities near Murmansk. In 2016, Rosneft managed to seize control over two oil fields in the region, gaining a possibility to deliver raw material to the terminal. And yet Sechin's group considers Lukoil's handling fees in Varandey too high; Alekperov's firm charges $38 per ton while Rosneft seeks to pay no more than $12 or 13. The case has been submitted to Russia's Federal Antimonopoly Service (FAS) which issued a favorable verdict for Rosneft. In turn, Lukoil appealed against the decision to the court; as a result, the case will be addressed on May 30.

SOURCE: KREMLIN.RU

26 April 2019

NO MORE "TEFLON" PUTIN: LATEST POLLS SHOW PRESIDENT'S PLUNGING POPULARITY

A recent poll showed a negative tendency for the Russian regime, revealing the fall in Putin's popular support and giving no prospects for enhancing the public image of the president. The Kremlin has yet much time to reverse the unfavorable trend, though. The problem is that the present-day slump in Putin's approval ratings differs from comparable periods under his rules in the past. Unlike earlier circumstances, the Kremlin has no longer any political aces in the pocket that earlier had aided to boost the president's popularity.

55 percent of respondents would cast their vote for Vladimir Putin if presidential elections were held now according to a new Levada Center poll. The popularity of the Russian president has dramatically dropped compared to the situation before the presidential elections in March 2018. In January 2018, about 70 percent of people declared their trust for the president. In March, Putin won almost 77 percent of the vote. The sharp decline in Putin's popular trust may pose a grave problem for his administration before 2024, viewed as a landmark year for the Russian policy, linked to the end of Putin's second term in office in a row and last one, under the Russian constitution.

Nonetheless, the decline in Putin's approval ratings are by no means to be linked with the growth in support for other Russian politicians, neither these belonging to the opposition camp nor members of Russia's "systemic opposition." Recent surveys said that there is no prospect of intensified protests in the foreseeable future, showing that Russian

citizens have yet plunged into a deep apathy, expressing their tiredness of a politician who has ruled the country for over two decades. Russian society feels, however, tired of having no alternative, which yet emerges as good news for Vladimir Putin. Facing such a challenge, Putin will find it easier to regain at least some of its previous popularity than part of this support was granted to his political rivals. Under the worst-case scenario, it will trigger a loss in voter turnout but guarantee almost certain victory to Putin or any other candidate promoted by the current ruling team. Although Russian Defence Ministry Sergei Shoigu and leader of the LDPR party, Vladimir Zhirinovsky, are among politicians who enjoy the highest popular trust, their approval ratings are not compared to that of Vladimir Putin. Also, Dmitry Medvedev's popular trust declined to a historic low, preventing the Kremlin from falling back on the initial alternative of making him president after Putin's term in office expires in 2024.

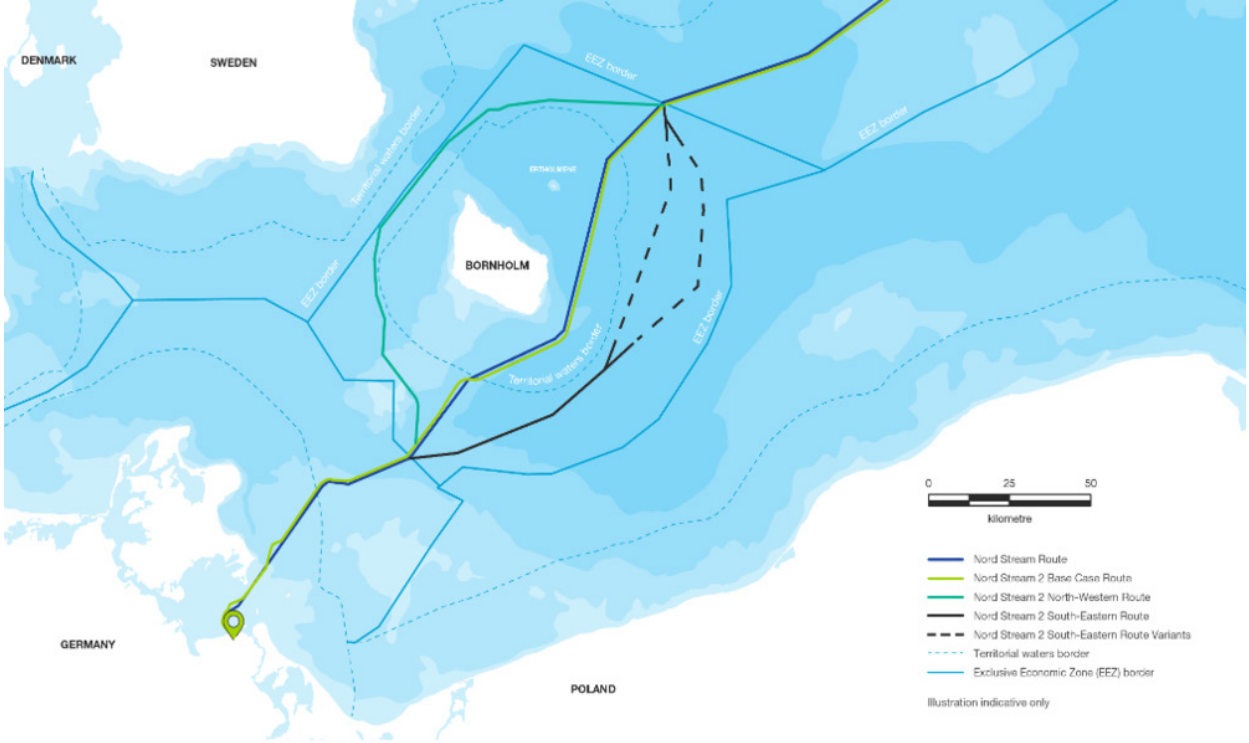
More attention is paid to the dynamics to the ratings, though, which is more disturbing for Putin himself. Earlier, Putin's popularity had fallen to the all-time low in April 2014, reaching no more than 60 percent. Initial euphoria arising from Moscow's annexation of Crimea rapidly gave place to further social discontent, as evidenced by 66 percent of people who positively assessed Putin's policy in January 2016 and 62 percent in April 2017. In June 2018, a breakthrough happened after the Kremlin's decision t raise the pension age, a step that ultimately stimulated the tendency that had emerged back before the summer of 2018. After the apogee of Putin's popularity between 2014 and 2015, his popular trust came to a gradual drop; interestingly, this was not at all due to any economic or social tensions in the country. Further decline eventually managed to be brought to a halt before the 2018 presidential election. It seems that Putin has lost his "Teflon coating," though the Russian leader managed to retain his top position regardless of all circumstances. As earlier seen, Putin's downs did not last for a long while the Russian head of state sooner or later regained his lost popularity.

27 April 2019

DENMARK HELPS UKRAINE TO MAINTAIN CURRENT GAS TRANSIT LEVELS

Copenhagen's latest declaration to delay granting permission for the construction of the Nord Stream 2 gas pipeline in Denmark's exclusive economic zone in the Baltic is bound to translate into a delayed implementation of the project. This has arisen as relevant information for Kiev. After a Russian-Ukrainian gas transit contract expires at the end of 2019, Gazprom will be prevented from drastically lessening the amount of gas exported to Europe through the Ukrainian pipeline network. Such a move is likely to weaken Moscow's stance in the upcoming negotiations over a new transit arrangement.

The Nord Stream 2 operator said it had submitted an application for a third route option for the gas pipeline running through the Danish economic zone. Earlier, Denmark had refused to allow permissions for the two initial options while it is now expected to assess a third possibility, under which Nord Stream 2 is set to run through its exclusive economic zone in the waters south of the Bornholm island. Gazprom's problems with



SOURCE: NORD-STREAM2.COM

receiving consent from Denmark will affect the pipeline's commissioning as initially scheduled by Russia. Back on March 31, Gazprom CEO Alexei Miller stated that construction work will be finished by the end of 2019. Distinct route options will, however, delay the project implementation by up to nine to twelve months.

According to the Russian strategy, two large gas pipelines were to be built to bypass the country, with TurkStream in the south and Nord Stream in the north, before the transit agreement expires. And yet Gazprom will be unable to abandon the Ukrainian transit, though the amount of gas shipped across its territory would be smaller compared to the current level. As it has recently turned out, more gas will be yet pumped through Ukraine while the delay in implementing the Nord Stream 2 pipeline will give Kiev an advantage over Moscow to negotiate better transit conditions. Gazprom needs to fulfill its obligations related to shipping gas supplies to Europe. Even if the Russian gas giant ultimately managed to launch both lines of the TurkStream pipeline while employing the Trans Balkan pipeline, it will be forced to ship across Ukraine up to 68 billion cubic meters of gas starting from January 2020 if it intends to maintain the 2018 level or send even more raw material to Europe. In 2017, Gazprom shipped 93 bcm of gas, which means a drop by one third. And yet this option emerges as much more beneficial than what Gazprom had earlier said, warning that gas shipments would be no more than 10–30 bcm per year. Nonetheless, it cannot be fully exploited even if deadlines are met and the pipeline is set to be put into action in 2019. Instead, this is rather likely to happen in 2022. Moreover, given the due date for completing the second string of Turkish Stream, Gazprom will not be able to resign from transporting gas supplies through Ukraine until 2024.

SOURCE: WIKIPEDIA.ORG

27 April 2019

WERE TOP FSB OFFICIALS JAILED OVER OLIGARCHS' STRUGGLE?

A top Russian FSB official in charge in the banking sphere has recently been arrested along with two fellow officers holding positions in the same department. Their detainments may be part of a large-scale operation against Ivan Tkachev, the head of the FSB's Department K. Also, these activities might have been commissioned by a Lubyanka influential officer, reportedly close to the Rotenberg brothers. Tkachev belongs to a group of Sechin's loyal people.

On April 25, the Federal Security Service of the Russian Federation (FSB) informed that Colonel Kirill Cherkalin was arrested on charges of receiving large sums of money in bribes. Also, two of his former colleagues, Dmitry Frolov and Andrey Vasilyev, earlier discharged due to "compromising circumstances," were detained. On April 26, a court in Moscow jailed the three officers for two months.

While serving for the FSB until 2013, Dmitry Frolov held duties of the head of the FSB's Department K economic crimes unit, headed by Viktor Voronin, where he was in charge of overseeing Russia's banking sector. Investigators said that Colonel Frolov was part of an organized criminal group and deceived entrepreneur Sergey Glyadelkin, embezzling 490 million roubles from him while forcing the businessman to transfer them a significant stake in the company Yurpromconsulting which holds construction investments in Moscow. The FSB officers allegedly threatened Glyadelkin to open a criminal investigation against him. Cherkalin managed the second branch of the Department K, oversaw by Frolov. Both men were in charge of providing counterintelligence protection for the Russian financial and banking sector. Also, Cherkalin was a member of an inter-ministerial committee for fighting money laundering,

terrorism financing and proliferation of weapons of mass destruction while the second branch of the Department K, which he was in charge of, accounts for cooperating with the Federal Financial Monitoring Service (Rosfinmonitoring).

The FSB's Department K is headed by General Ivan Tkachev who has close links to Igor Sechin, serving in the past as a powerful FSB officer in the so-called "Sechin's Spetsnaz." Tkachev has many influential enemies in Lubyanka while Cherkalin was seen as one of his trusted men. Recent detainments may prompt an operation aimed at ousting Tkachev. The entire action might have been directed by General Sergey Korolyev, an éminence grise within the FSB structures since 2016, whose one of trusted men is now head of the Internal Security Directorate. Korolyev has also formed an alliance with the head of the Federal Guard Service (FSO) Dmitry Kochnev. Korolev is said to be associated with the brothers Arkady and Boris Rotenberg, Putin's trusted oligarchs. Moreover, he is also said to be highly appreciated by the FSB director Alexander Bortnikov. Also, if he seized authority over the Department K, his position at Lubyanka would significantly grow; hence it is to be expected that his rivals may launch an attack against the mighty officer. Attention should also be drawn to what will be done by Sergey Alpatov, head of the FSB's Directorate M, in charge of the affairs of employees of law enforcement bodies.

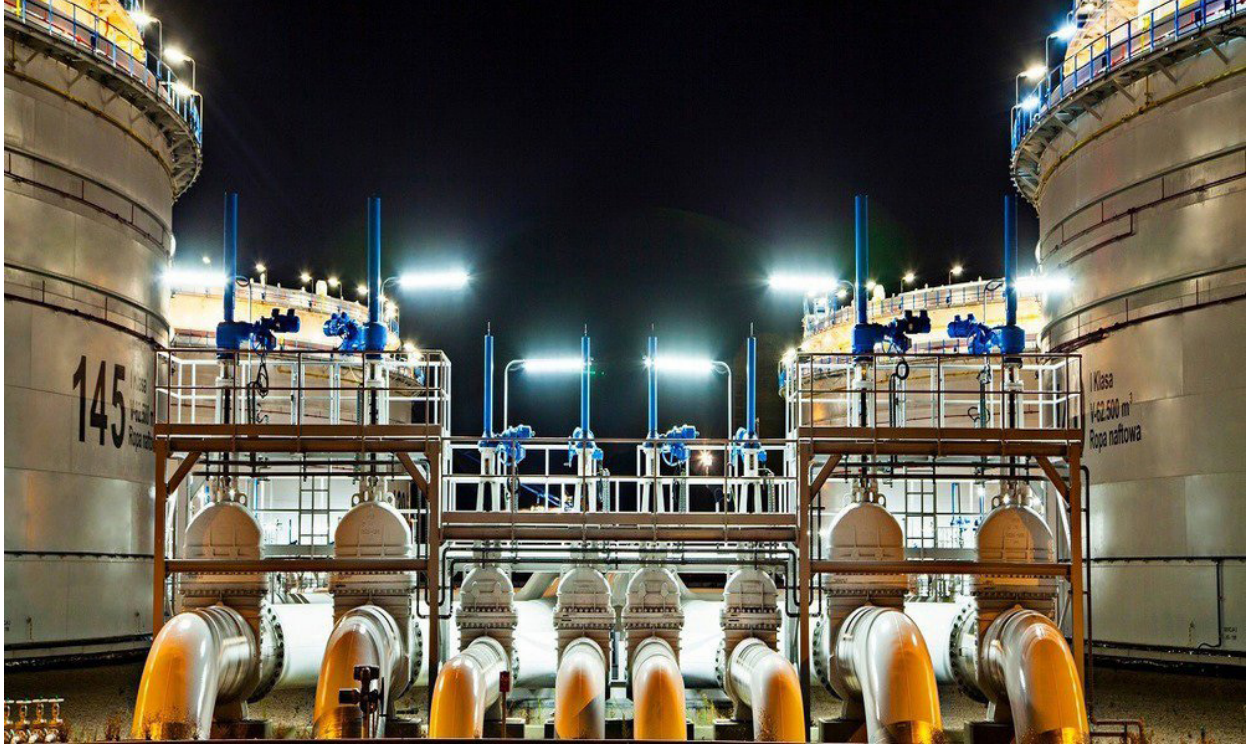
28 April 2019

"DIRTY OIL IN THE DRUZHBA PIPELINE COULD BE SABOTAGE"

At a joint meeting of the operators of the Druzhba (Friendship) pipeline, Russian pipeline monopoly Transneft informed that the oil pollution was intentional. Belarussian refineries were made to halve oil production due to high levels of organic chloride detected in oil while Polish and Ukrainian operators halted oil transit.

Contaminated oil supplies had been running through the pipeline since April 19. A week later, representatives of Belarussian (Gomeltransneft Druzhba), Ukrainian (Urktransnafta), Polish (PERN) and Russian (Transneft) operators of the Druzhba pipeline met in Minsk for joint talks. The urgent meeting was also attended by Russian Deputy Energy Minister Pavel Sorokin and Chairman of Belarus's Belneftekhim. As informed by the Russian side, oil was contaminated as a result of prearranged action. Also, a guilty party has been determined as Transneft said that pollution was detected at the private Samara Transneft-terminal company that receives oil from a number of small producers and analyzes its quality. An investigation was opened over intended contamination of oil shipments. During the Minsk meeting, Transneft claimed it will resume quality oil supplies on May 3.

Contaminated oil, which included high amounts of organic chlorides, was spotted in the pipeline on April 19. Due low-quality oil, Belarussian refineries in Mozyr and Novopolotsk refused to accept supplies, cutting their output by half. This has emerged as a severe blow to Belarus whose authorities gain considerable profits from exporting Russian-sourced petroleum products. The Belarussian side stated that it had incurred about $100 million in losses a week after it discovered tainted oil supplies. What is worse for Belarus, suspended oil transit in all directions, as both Poland and Ukraine has



SOURCE: PERN.PL

turned the taps off on contaminated Russian oil, has stopped in a pipeline on Belarusian soil. Also, there has recently been an increase in economic tensions between Minsk and Moscow. After the severe deterioration in the quality of Russian oil through the main Druzhba oil pipeline was reported, some maintained that it was Moscow's deliberate activity. Over many years, Moscow has turned off oil or gas supplies to other countries under the pretext of technical failures, as evidenced by Russian decision to stop shipping oil to the Lithuanian refinery of Mazeikiai after it had been purchased by Poland's Orlen, putting a higher bid that Russian Lukoil. Not surprisingly then, shortly after the problem was identified, Russian Energy Ministry informed that it is "unrelated to the issues being discussed with Belarusian partners about oil and gas sector relations in the medium and long term." And yet, such a coincidence seems suspicious while blaming a private-owned company based farther in Russia may mean that this might have been made up by Moscow to punish recalcitrant Belarus.

The Warsaw Institute Foundation
Wilcza 9 St., 00-538 Warsaw, Poland
+48 22 417 63 15
office@warsawinstitute.org