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SOURCE: KREMLIN.RU

2 September 2019

MEDVEDEV COMES UNDER FIRE BUT WILL NOT BE DISMISSED BY PUTIN

More and more Russians are saying they are dissatisfied with the political activity of Prime Minister Dmitry Medvedev, as found by polls by several sociological research centers, both state and private. Admittedly, the head of the Russian government has fallen the main victim of unpopular reforms and a plummeting social climate in Russia. While he seems practically absent in foreign policy, a somewhat handy arena for propaganda successes, Medvedev is doomed to ever-growing unpopularity at home. But this is to the liking to the Kremlin, which is why it makes Medvedev safe. Russia's prime minister has a weak supporting cast while obediently following all of Putin's orders, also those in energy policy where oil firms close to the president, such as Rosneft and Novatek, keep enjoying further tax incentives.

Sixty-three percent of Russians surveyed in August by the Levada Center pollster said they disapproved of Prime Minister Dmitry Medvedev, compared to 36 percent of those who were rather positive about Medvedev's job performance. According to the pollster, Russians' trust in the government is slightly higher, with 44 percent being in favor, though there prevail negative opinions (55 percent). The poll showed 60 percent of Russian being

dissatisfied with the parliament. Putin's ratings are traditionally among the highest, with 67 percent of respondents praising his duty performance, contrary to 31 percent of people who spoke negatively. Russians seem aware of the fact that the president holds significant responsibility for the state policy, with the prime minister, government and parliament serving as a facade, as more and more respondents (49 percent) believe that their

country is going in the right direction. Forty-two percent of people think to the contrary.

The poll released by the Levada Center depicts a clear downward trend as for Medvedev's ratings. The survey carried out in June by the state-run VCIOM pollster found that the prime minister failed to have been classified in the top three of Russia's most trusted politicians. The survey showed that Putin was the most trusted politician, with 31.1 percent of respondents pointing to him, followed by Defense Ministry Sergei Shoigu (13.2 percent), Foreign Minister Sergey Lavrov (11.4 percent), LDPR leader Vladimir Zhirinovskiy (8.8 percent) and Dmitry Medvedev who close the rating with 7.6-percent support. It seems that Russia's prime minister has fallen victim to the deteriorating public mood in the country after Vladimir Putin gave the green light to the pension reform in the summer of 2018. Every month sees as a slump in a social situation, with the living standards gradually going down. An increase in the VAT rates has led to higher prices on many goods.

Medvedev's dropping ratings will not boost the likelihood of his dismissal while paradoxically bolstering his chance of staying in office. The prime minister has long served as a "political shield" for Putin, Shoigu and Lavrov. There is no use putting him in a position of a scapegoat, a person to be blamed for Russia's economic troubles. It is pointless to burden him with all responsibility while hoping that his resignation will alleviate the already tense public mood. This simply will not work. Also, what influences the poor assessment of Medvedev's job performance is the fact of not perceiving him as a serious politician. The prime minister's little fortunate image is, however, of crucial importance for authority reshuffles after Putin's term in office comes to an end. Given Medvedev's poor ratings and a series of mishaps that triggered both anger and laughter of his voters, this is unlikely to see yet again what took place back in 2008 when Putin swapped jobs with Medvedev for the four years that followed.

4 September 2019

MOSCOW SHOULD FEEL DISTURBED BY BOLTON'S MISSION IN THE EAST

A several-day trip paid by U.S. National Security Advisor John Bolton shows Washington's increased interest in the countries of our part of Europe. Top three topics on the agenda of Trump's influential aide were Russia, China, and the energy industry. While on tour in Europe, Bolton visited Kiev, Chisinau, Minsk, and Warsaw. Most considerable political significance was given to his meeting with Belarusian President Alexander Lukashenko while culminating Bolton's tour in Warsaw corroborates Poland's crucial role in U.S. roadmap for countries between Russia and NATO. And this is all the more that the necessity of having friendly ties with Warsaw was brought upon in talks that the U.S. representatives held both with Lukashenko and Ukraine's Zelensky.



SOURCE: PRESIDENT.GOV.BY

While Bolton's trips to Kiev and Chisinau were not a big surprise, especially given Washington's cordial relations with Ukraine and Moldova, and how important they are for the Trump administration, his arrival in Minsk was of immense political significance. Minsk has not seen such a senior state official as a national security advisor since former U.S. president Bill Clinton paid a visit to Belarus in 1994, well before Lukashenko came to power. What is more, in 2008 both the United States and Belarus recalled their ambassadors from Minsk and Washington while the United States introduced sanctions against Belarus. Recent times have yet seen a thaw in U.S.-Belarusian relations. Russia's aggression against Ukraine seems to have become a turning point in their bilateral ties, with Belarus active engagement in peace talks and Moscow's mounting pressure on Minsk to deepen further integration. In late 2018 Assistant Secretary of State Wess Mitchell called the sovereignty and territorial integrity of Belarus, Ukraine, and Moldova "a bastion protecting from Russian neo-imperialism." His statement was followed by a series of intensified meetings between lower-level officials. As early as in January 2019 Belarusian Foreign Ministry lifted a limit

on the number of U.S. diplomats allowed in Minsk while talks are underway to restore full-fledged diplomatic ties. All this found its culmination on August 30 during Bolton's trip to Minsk.

And even though it failed to bring any considerable benefits, serving rather kind of a probe test, attention is drawn to cordial ambience around the visit itself. Lukashenko personally arrived in the airport to greet Bolton, a step that was followed by the president's declaration of Minsk's readiness to "renew bilateral relations." No further details have been provided on what Bolton talked about with Lukashenko, but the U.S. presidential aide might have put forward conditions for enhancing U.S.-Belarusian ties, with Lukashenko's offer possibly coming as a reply. It can be assumed that high on the agenda was a long list of topics that went far beyond bilateral ties. There may have popped out an idea of establishing energy cooperation: earlier Minsk had expressed interest, albeit unofficially, to purchase U.S.-sourced crude while an increase in LNG export volumes to neighboring Poland opens new perspectives. Among the topics discussed must have been the conflict in Ukraine's east

(Lukashenko was nothing against including Washington into the Normandy format) and the question of Ukrainian-Belarusian ties as Bolton could have checked how far these two countries had gone when discussing integration issues. Bolton, as for him, said that “regional issues, those related to countries that are geographically remote, but also affect the situation here.” While saying so, he might have meant Belarus’s relations with China and Iran. Washington has been lobbying across the region against developing economic cooperation with China, also in the sphere of a 5G network. Perhaps Bolton sought to find out more on Lukashenko’s stance on medium-range missile proliferation after the actual demise of the INF treaty – whether Minsk will give the nod for fielding Russian missiles on its soil and how it reacts to the U.S. growing military presence in neighboring Poland. Unofficial reports in Russian media outlets say that Bolton stated that the United States will return to its full-fledged relations with Belarus only if Minsk makes an effort to enhance its ties with Poland.

While commenting on Bolton’s visit to Minsk, Russian pro-government media outlets depicted it as a potential threat for Russian interests. The Kremlin refrained itself from providing a broader comment, saying that the meeting was nothing more than Belarus’s matter. The following day, Lukashenko held a phone call with Vladimir Putin. What may be worrying from Moscow’s point of view, though, is that Bolton flew from Minsk to Warsaw, where he still talked with Belarus’s Secretary of the Security Council and Deputy Minister of Foreign Affairs. Also, Poland and Ukraine have been both already involved in these diplomatic exchanges. Not surprisingly, the Russian press has even warned over the U.S. attempts to build somewhat a “sanitary cordon” close to Russia’s western border, with Poland playing a leading role in the undertaking.

8 September 2019

PUTIN VISITED MONGOLIA: NEW TREATY, NEW PROJECTS

Russia keeps strengthening cooperation with Mongolia, with Russian companies getting more and more active on the neighboring market, especially in the areas such as transport, infrastructure and energy. Signed by Russian and Mongolian officials, a new friendship and cooperation treaty confirms both the Kremlin’s interest in Mongolia and Ulaanbaatar’s political strategy that sees Russia as a counterbalance for pressure from China. Besides, Mongolia’s incumbent president is seeking to win as much as possible from his being closer to cooperation between Moscow and Beijing.

Vladimir Putin made a trip to Ulaanbaatar from September 2 to September 3, marking his third presidential visit to Mongolia. Putin previously had visited the country in November 2000 and September 2014. What was the

highlight on Putin’s agenda was the inking on September 3 by the Russian president and his Mongolian counterpart a new permanent treaty on friendship and comprehensive strategic partnership. Once sealed, the new document



SOURCE: KREMLIN.RU

replaced the existing 1993 Treaty of Friendly Relations and Cooperation. Still in Mongolia, Putin also took part in commemorating the 80th anniversary of the two countries' combined victory over Japanese forces on August 20–September 16, 1939, along the Khalkhin Gol River. As he later said, the victory “was one of the reasons why Japan didn’t attack the Soviet Union in 1941 and it delayed its entry into World War II.” But what overshadowed the historical events was business, and Putin arrived in Mongolia with a considerable delegation of Russian businesspeople. High on the agenda during bilateral talks were infrastructural projects, among which was a contract for the state-run Russian Railways company for upgrading the Ulan Bator Railway, Mongolia’s critical transportation artery. Russia “is traditionally a reliable energy supplier for Mongolia,” Putin said, adding that Rosneft “provides most of the country’s demand for oil products.” In 2018, trade between Russia and Mongolia increased by 21 percent over the previous year to reach \$1.65 billion, the Kremlin said. In the first six months of this year, trade grew by 11 percent to \$800 million.

Following his visit to the country, Putin flew to Vladivostok to attend the annual Eastern Economic Forum, an event that took place from September 4 to September 6. While there on September 4, Mongolian President Khaltmaagiin Battulga announced that Vladimir Putin had backed a gas pipeline project whose route will run from Mongolia to China. Beijing, for its part, promised to study the proposal. A year ago Battulga had also mentioned the energy pipeline running through his country’s territory, insisting on building an “energy supernetwork” in northeastern Asia to connect energy systems in Russia, China, Mongolia, South Korea, and Japan. What Mongolia has offered may affect Chinese-Russian bilateral talks on gas connections from Russia to China. Under scrutiny is the route of the Power of Siberia gas trunkline, currently being built, through which gas shipments will be dispatched to China from Russia’s Eastern Siberia and Yakutia, or more precisely its western variant running to northwestern China through Altai. Mongolia’s latest proposal would take into account the modification of the route.



SOURCE: KREMLIN.RU

10 September 2019

RUSSIA'S ECONOMIC DEVELOPMENT MINISTER OPTIMISTIC ABOUT CHEAPER CRUDE'S IMPACT ON RUSSIAN ECONOMY

Russia's economy is buoyed up by the export of raw materials. Profits it makes from selling gas and oil abroad are the top source of revenue for the federal budget. This means that any changes in hydrocarbon prices immediately translate into how much money flows into the budget. Russia's incumbent government says, however, that the budget is less prone to the ongoing economic fluctuations owing to the recently adopted reforms. The Russian economy and budget will still do pretty well even if oil prices drop to \$40 per barrel, Russia's Economic Development Minister Maxim Oreshkin said in a recently published press interview.

In August this year, Russia's Ministry of Economic Development curbed its 2019 oil price forecast from \$63.4 to \$62.2 per barrel. In 2020 it will be even lower, falling from the estimated price of \$59.7 to no more than \$57 per barrel. The oil price will probably go down to \$56 per barrel in 2021, to \$55 per barrel in 2022, to \$54 per barrel in 2023, and to \$53

per barrel in 2024. This year's surplus from crude sales to exceed the level of \$41.5 will be transferred to the National Welfare Fund. But the budget boasts a record-high surplus, a situation that allows Russian authorities to make far more optimistic outlook. Oreshkin added that \$60 per barrel is the benchmark at which Russia can invest in new projects

and develop them, saying that the price of \$40 will complicate things, but even with this price, Russia will not see severe pressure on the financial market and domestic economy from the point of view of the budget. Russia's Economic Development Minister said that due to fiscal policy reforms that have been pushed forward in recent years, this is enough for an oil barrel to cost \$45 to balance the federal budget, compared to \$115 five years ago.

But the situation is far from optimistic, with the Russian economy remaining exposed to fluctuations in oil prices to a greater extent than forecasted by Oreshkin. According to official estimates, revenues from oil and gas sales rarely exceed 50 percent of all revenues to the federal budget, as evidenced by 46.3 percent in 2018 and 41.7 percent in the first six months

of 2019. Independent experts say, however, that this share is likely to increase, especially given a set of various taxes and fees, making the oil prices' impact on the budget far greater than initially argued. But a sharp decline in crude prices would hit much more than Russia's budget revenues. As a result, the ruble would hit a low level against the U.S. dollar. A drop in oil prices to \$50 per barrel will depreciate the ruble, leading to the 70:1 ratio against the U.S. dollar. The situation can only aggravate if a global crisis occurs which is only when Oreshkin said that oil prices will slump to \$40 per barrel. This will make the dollar stronger against all world currencies because investors are more prone to pull out of risky investments. \$40 per oil barrel will be equivalent to 90 rubles for 1 dollar.

13 September 2019

QUALITY CHECK-UPS AND COMPENSATIONS: ROWS CONTINUE OVER DRUZHBA FAILURE

Following massive pollution of oil running through the Druzhba pipeline in Russia, attempts are being made to make settlements and play up financial responsibility for what happened. So far no new mechanisms have been pushed forward to monitor the quality of oil in Russian pipelines in an effort to stop similar failures striking a blow into the entire energy sector in the future.

Russian oil pipeline operator Transneft has spoken out against independent surveyors taking mandatory part in oil quality check-ups. Once established, such an institution would need to 24/7 control quality of oil both received by and shipped from the pipeline network. The pipeline's operator insists that worldwide organizations deal with oil quality check-up shoulder virtually no responsibility for the credibility of results towards customers.

Transneft says that independent specialists could be involved in controlling the oil quality only if such a will is expressed by interested parties, seeking further check-ups to take place, yet voluntarily and at the expense of the entity that orders the service. In this way, the Russian oil pipeline operator responded to a proposal submitted by Chairman of Rosneft's Board of Directors Gerhard Schroeder who had called for appointing independent survey-



SOURCE: TRANSOL.BY

ors charged with monitoring the quality of Russian-sourced oil. While Russia sees public disputes over what kind of measures should be adopted to examine the quality of oil in Transneft's pipeline, Belarus has launched internal testing of Russian oil coming on stream. From August 1, Gomeltransneft Druzhba, which operates the southern branch of Druzhba main oil pipeline in Belarus, perform internal examinations of oil in terms of organic chlorides. An additional workplace of a laboratory assistant was set at Gomel while talks are underway on setting up new oil metering units on the border with Russia and Poland. In a report published, Russian oil company Lukoil said that it received complaints from its customers over tainted oil flows running through the Druzhba pipeline in the second quarter of 2019. The firm's management says

that it is currently assessing the claim's credibility but believes that even their having to compensate for all losses incurred should not have a huge negative impact of the company's financial balance. Lukoil has announced that after evaluating all losses its clients had suffered it stands ready for submitting its claims to Transneft that operates the pipeline network. For its part, Rosneft has informed Transneft about its demands, yet without defining specific amounts to be repaid. As read in the company's statements, it insists that Transneft pay compensation both for damages incurred by dirty oil injected into the pipeline and losses that stemmed from its stoppage. This presented a blow into Rosneft's export capacities while affecting its output levels. In July, the oil firm's production went down by 11 percent from the average production level in June.



SOURCE: KREMLIN.RU

16 September 2019

PUTIN'S ALLIED CANDIDATE WINS IN ABKHAZIA PRESIDENTIAL VOTE

All significant political factions in the breakaway Georgian region of Abkhazia believe in close cooperation with Moscow in a move that is de facto comparable to a Russian protectorate. A presidential election held recently in the self-proclaimed statelet was of great importance for another reason, which was somewhat strife for reclaiming control of Russian subsidies.

The September 8 presidential runoff was slightly won by incumbent President Raul Khajimba who defeated in the second round of the voting his main challenger Alkhas Kvitsiniya, leader of the Amtsakhara opposition party. Though both ran in the election as pro-Russian candidates, Khajimba got official support from the Kremlin. Sometime before the first presidential runoff, he met Vladimir Putin in an apparent show of support. It seems that Moscow earlier had determined that Khajimba was to remain in power while the election was staged to create the appearance of democracy in the separatist Abkhazian polity. Back in May, Khajimba

made his key opponent Aslan Bzhania drop out from the race, and the latter claimed to have been poisoned. Due to his sudden illness, Bzhania resigned from running for office but endorsed Kvitsiniya, the politician who since 2015 had served as Abkhazia's Minister of Emergency Situations.

As for policy matters, Abkhaz political forces do not differ significantly. They all advocate the republic's independence and its pursuit for the tightest possible partnership with Russia. The difference is, however, with whom they are allied in Moscow. This exerts influence on access to funding while granting the possibi-

lity of operating in a corrupt economy. And this is what the ongoing dispute between the opposition and the incumbent authorities is chiefly about. Khajimba has faced accusations of having ineffectively used funds flowing from Moscow.

Incumbent separatist leader Raul Khajimba, 61, has ruled Abkhazia since 2014, enjoying tremendous support from Russian president Vladimir Putin. In the Soviet era, Khajimba served as a KGB agent. In Abkhazia, which stood against Tbilisi's authority and, in the aftermath of a bloody war, has, since 1992, existed on the international stage as a separatist quasi-country, with Moscow's generous

help, Khajimba earlier had served as vice-president, prime minister, and defense minister. Abkhazia declared independence after a five-day war in 2008. It is recognized as a state only by a few world countries, including Russia, Venezuela, Nauru, and Syria. Georgia officially considers Abkhazia its Russian-occupied territory. Moreover, the worldwide community stands almost unanimously for not acknowledging Abkhaz separatism. Starting from the early 1990s, Moscow has employed Abkhazia – like it has played up many other “frozen” conflicts in the former Soviet Union – to destabilize the situation in the Caucasus, mainly in Georgia.

17 September 2019

PM NETANYAHU AND ISRAELI DELEGATION PAY A PRE-ELECTION VISIT TO SOCHI

A few days before the election, Israeli Prime Minister yet again sought to get support from Vladimir Putin. Although during his latest visit to Sochi high on the agenda were the issues of Syria and Iran, it is widely speculated that Netanyahu's trip to Russia may help boost his electoral popularity among the Russian-speaking electorate. And as for Iran, Moscow has no intention of shifting its current policy.

On September 12, Israeli PM Benjamin Netanyahu headed for his third trip to Russia this year. Previously, in April, he had paid another quick visit to Russia, also five days ahead of the planned voting. This time Israeli PM brought to Sochi a considerable group of military officers and heads of the country's special services, but he aimed to show himself up next to Putin in Israeli media outlets.

At first glance this seemed to be a top-level meeting devoted to the security of the Jewish State, with Israeli officials holding talks with

Russian Defense Minister Sergei Shoigu and Russian generals. Included as part of the Israeli delegation to Sochi were two senior IDF commanders: Chief of Staff General Aviv Kochavi and Head of the IDF Operations Directorate General Aharon Havilah. Netanyahu flew to Sochi with Head of the Military Intelligence Directorate General Tamir Hayman and National Security Council Director Meir Ben-Shabbat. Judging by what both sides said following the Sochi meeting, no key decisions were made, though. But the very fact of a Putin-Netanyahu bilateral meeting spoke explicitly to the Israeli population, with the issue of



Israeli-Russian ties, and threats posed by Iran or Hezbollah, growing as one of the top stories in the Israeli media. Netanyahu has yet once again managed to show himself off as the only Israeli statesman to boast an extensive network of contacts worldwide that serve to protect the security of the state and its citizens. But what was also important was the message sent to the Russian-speaking part of Netanyahu's electorate. In the upcoming vote, the Likud party will try to drag these voters away from competitive right-wing parties, with that led by Avigdor Lieberman at the helm. While meeting Putin, a politician that enjoys high popularity amongst immigrants from the former Soviet republics, Netanyahu intended to win some extra points

from these voters. A similar tendency resonated not so long time ago in Kiev, Ukraine, a country that boasts a large group of Jewish immigrants that came live on Israeli soil. For his part, Putin reiterated the great importance of Russian-speaking voters, albeit refrained himself from overtly stating his favorite in the election runoff. What served as another important factor behind the Putin-Netanyahu talks was the former's distinguished stance than that presented by the Israeli PM. Not so long time ago, Benjamin Netanyahu said that he would annex the occupied area of the West Bank, seized from Jordan in the 1967 war, if voters returned him to power in the upcoming election.



SOURCE: мультимедиа.минобороны.рф

17 September 2019

TSENTR 2019 AND MORE: RUSSIAN MILITARY DRILLS REACH THEIR APEX

Russia's annual grandiose war games Tsentr 2019 are not the sole military undertaking to take place within the Russian army in the upcoming days. In a couple of days ahead of the planned drills, the Russian and Belarusian militaries had kicked off the joint army exercise Union Shield 2019. Large-scale army exercise is also scheduled to take place in Russia's Far North while massive drills involving the armies of Russia's Southern Military District ended just a few days ago. September this year has marked the peak of the Russian army's training activity. Importantly enough, these drills might be interrelated at a top strategic level, with their secret goals aiming, as it takes place every autumn, to check combat capabilities and test a range of various solutions to be employed in the event of a major armed conflict with the West.

On Monday, September 16, a strategic command staff exercise codenamed Tsentr-2019 officially kicked off that is scheduled to last until September 21. The war games boast their worldwide character to include forces from the regional members of the Collective Security Treaty Organization

(CSTO) as well as the Shanghai Cooperation Organization (SCO). Tsentr 2019 will involve, in addition to Russia, forces from post-Soviet Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) as well as China, India and Pakistan. The drills' biggest foreign participant is China that

dispatched more than 1,600 of its servicemen to take part in the exercise. The Chinese force will consist of mechanized infantry and air-force units. During the previous similar training, the Vostok 2018, the Chinese mechanized units operated within the Russian formations. It is yet unknown whether or not these units are capable of enjoying greater independency while conducting combat operations. Involved in the war games will be 128,000 personnel, 20,000 units of military equipment and artillery, 600 aircraft and helicopters and 15 naval vessels. This year's edition will exceed the scale of its previous iterations of 2015 and 2011; four years ago, the drills gathered 95,000 troops, more than 7,000 pieces of hardware and weapons, 170 aircraft and 20 warships. Russia plans to shift part of the exercise to the proving grounds across Central Asia. In Russia, the drills will be held at training grounds in the Orenburg region, Kurgan region, Astrakhan region, Kemerovo region, Chelyabinsk region as well as in Dagestan, the Altai Territory and on the Caspian Sea. However, the main stage of the Tsentr 2019 exercise will be at the Donguz training ground, in Orenburg, along with the opening ceremony scheduled to take place on September 15. The Russian Foreign Ministry said that the key emphasis is put on coordinating combat activities between the army staffs of Asian countries. The chief goal is to stand prepared for any threats that could arise in Central Asia.

And though the exercise is carried out within Russia's Central Military District, it has traditionally welcome units from other military districts to take part. What stands out as the key advantage of the war games is allowing Russia to test mobilization and dislocation capabilities of military units from all around the country, from Stavropol to Vladivostok. Interestingly, in addition to bolstering the cooperation in Central Asia, Tsentr 2019 will focus on the defense of the Russian assets in the Arctic region.

Tsentr 2019 is far from being the sole Russian military exercise to be conducted between August and September. September 13 saw the beginning of the Russian-Belarusian Union Shield 2019 war games in Russia's western region of Nizhny Novgorod. They involve 12,000 personnel and 950 pieces of military hardware, including combat vehicles, aircraft and helicopters. For its part, Russia sent some of its Western Military District units. The Belarusian Defense Ministry said it had sent 4,000 soldiers, more than 30 tanks, 80 armored vehicles, 50 multiple rocket launchers, and about 15 aircraft and helicopters. In addition to the Tsentr 2019 and Union Shield 2019 war games, Russia performed unannounced combat capability check-ups in the Western and Southern Military Districts. These units are stationed in regions that border Ukraine. Like the Vostok 2018 or Zapad 2017 military drills, war games have in fact been on for a long time, involving many more of the Russian territory and units. For instance, on August 28, a joint command staff exercise with the participation of 8,000 servicemen commenced in Russia's Southern Military District that embraces also the disputed territory of Crimea.



SOURCE: GAZPROM.COM

18 September 2019

GAZPROM'S RESULTS NOT AFFECTED BY LNG EXPORT FIGURES

The liquefied gas segment is doing well in Russia, with LNG exports running high since the beginning of the year. This will undoubtedly translate into the financial results of Russia's private-owned firm Novatek that holds the lead in this respect. The state-run gas giant Gazprom seems unlikely to record higher results stemming from the growing results in the LNG segment as it does not trade significant LNG volumes abroad. And these figures are almost sure to drop compared to the 2018 level.

Over the first seven months of 2019, revenues from Russia's top LNG projects surged 75 percent on the year-to-year basis, with the two plants being in a spotlight: the Novatek-owned Yamal LNG processing plant and Gazprom's Sakhalin Energy facility, data published by the Federal Customs Service (FTS) shows. In the six-month period, from January to July 2019, Gazprom's and Novatek's combined sales revenues totaled \$4.961 billion. Russian LNG exports surged 62.1 percent over this period to reach 34.2 billion cubic meters (bcm). In July alone, Russia exported 4.8 bcm of its LNG reserves, worth some \$471.8 billion, which was 16.7 percent more than in June.

But a hike in the LNG segment failed to affect Gazprom's overall export data significantly. Over the January–July 2019 period, gas export revenues decreased by 5.3 percent compared to 2018, amounting to \$25.74 billion. Shipments of LNG export volumes shrank by 2.5 percent to 126.8 bcm of raw material. Mikhail Malgin, an official at Gazprom's exporting arm Gazprom Export, told earlier its gas exports to Europe would decline in 2019, hitting the 2017 level of above 192 bcm. Gazprom sees its 2019 output to stop at 495.1 bcm. In 2018, Gazprom extracted 497.6 bcm of gas, and its export stock still at 201.9 bcm. A year before, Gazprom's output was 472 bcm, while its export figures were 194.4 bcm. Even if the gas firm succeeds in boosting in the export figures, its financial

data do not necessarily need to follow suit. For its part, Gazprom has informed that the 2019 price of gas had dropped compared to 2018, yet still being higher than that in 2017. Russia's Ministry of Economic Development has lowered its forecasts as for an average export price for Russian gas shipments in 2019 from the April level of \$249.8 per 1,000

cubic meters to no more than \$207. Also, the ministry revised its previous forecasts regarding subsequent years while taking into account a steady decline rate: from \$218.7 to \$199 in 2020, from \$216.5 to \$198.3 in 2021, from \$211.2 to \$191.8 in 2022, from \$206.1 to \$189.2 in 2023, and from \$201.6 to 185.7\$ in 2024.

19 September 2019

PUTIN'S ENVOY MEETS TALIBAN AFTER U.S. TALKS COLLAPSE

Russia has long made efforts to narrow down, or to derail Western, and chiefly the U.S., military troop presence in Afghanistan. Moscow's top goal in Afghanistan consists in becoming a key mediator in the Afghan civil war and securing dominant influence in Kabul. It is therefore vital to eye the Taliban as Russia's allies in its fight against what is called the Islamic State on Afghan soil. This is why Moscow looked hopefully at the U.S.-Taliban talks, and what raised the Kremlin's concern was Donald Trump's decision to break off joint negotiation efforts. The Taliban's talks with Russian President Vladimir Putin's special envoy for Afghanistan seem to corroborate Moscow's mounting willingness to see Washington resuming the negotiations with the Taliban.

A group of Taliban representatives, which visited Moscow on September 13, was headed by Sher Muhammad Abbas Stanikzai, the head of Taliban's negotiation team in Qatar. Their trip to the Russian capital marked the first international visit of a Taliban delegation after U.S. President Donald Trump canceled separate meetings at the Camp David presidential retreat with Afghan President Ashraf Ghani and the Taliban on September 8. Trump refused to take part in peace talks following a deadly terrorist attack in Afghanistan's capital of Kabul that left 12 people dead, of which a U.S. soldier. Initially, peace talks with the Taliban were also scheduled to take place with the participation of U.S. special envoy Zalmay Khalilzad.

Foreign Ministry to hold talks with Russia's special envoy for Afghanistan Zamir Kabulov. High on the agenda of the meeting was the situation after Washington's pullout of the peace negotiations. Russia expressed its concern over this fact, saying that it is vital that the U.S. resume talks with the Taliban. The latter, for their part, upheld their readiness to continue dialogue with Washington. Talking to the Russian state television channel RT, Stanikzai said that the Taliban seeks to hold talks with Washington, but if no agreement is to be concluded, their insurgents can fight the Americans "for 100 years." After the Moscow meeting, the Taliban delegation was originally meant to fly to Beijing, yet it eventually failed to agree upon any talks with China.

When in Moscow, the Taliban negotiating team met in the building of the Russian

This was another visit of the Taliban to Moscow, though a decision to designate the



Taliban as a terrorist organization was made by Russia's Supreme Court in February 2003. Russia is performing mediation efforts between the rebel fighters and the Kabul-based government. Taliban officials had met Afghan politicians in Moscow in November 2018 and February 2019. Russia has long provided support for the Taliban, both politically and militarily, as pointed out by Washington. Moscow has justified its ties with the Taliban

with an exaggerated estimate of the threat from the so-called Islamic State in neighboring Afghanistan, an area of struggles between the Taliban and I.S. fighters. What surfaced as Moscow's strategic goal is to rebuild its influence in Afghanistan, which seems to explain its efforts to forge cooperation with the official Afghan government, also by sending military hardware while offering help in training local troops and army officers.

19 September 2019

U.S. WARNS SECHIN'S FIRM OVER TRADING VENEZUELAN OIL

The activity of Russia's state-run oil firm Rosneft on Venezuelan soil is a matter of mounting concern for the U.S. administration. U.S. Special Envoy for Venezuela Elliott Abrams said Washington could impose sanctions against Igor Sechin's company over its alleged assistance for the Nicolas Maduro-led regime. Following the withdrawal of other oil importers from the Venezuelan market, Russia's Rosneft is for Venezuela the last-ditch solution.

Afraid of violating U.S. restrictions, China National Petroleum Corporation (CNPC) refuses to import Venezuelan-sourced crude for the second month in a row. In August this

year, CNPC, a leading buyer of Venezuelan oil, canceled plans to ship some 5 million barrels of crude. Earlier, in July, Venezuelan oil imports to China shrank by 40 percent



SOURCE: KREMLIN.RU

to reach no more than 700,000 tons, hitting a five-year low. This stems from the U.S. sanctions imposed against Venezuela, a punitive measure that targets the country's oil sector which is basically the sole source of income for the government in Caracas. Russia is taking advantage of the situation by offering help to the allied Maduro regime while gaining from re-exporting oil shipments and filling out an empty slot on the market. Recent months have seen Rosneft as the top trader of Venezuelan oil given that Caracas is grappling with the U.S. restrictions. In July, PDVSA and its partners exported a total of 932,000 barrels per day of crude mostly sent to Asian destinations, with Rosneft taking more than 46 percent of the country's shipments.

Russia's oil company is not afraid of breaching U.S. sanctions because it takes oil as part of debt servicing agreements. Starting from 2014, Rosneft helped the regime in Caracas by making huge prepayments for crude deliveries. PDVSA has debts to state-owned Rosneft of \$6.5 billion. As of 2018, Venezuela's PDVSA managed to repay part of its outstanding financial commitments to Russia, lowering its debts to some \$2.3 billion. Formally, Venezuela records no incomes from trading oil shipments to Rosneft, because these stands as repayment for what remains as a debt. This is why the

U.S. Department of State has not yet objected to these Russian-Venezuelan oil deals. But Washington's patience seems to have reached its apex. The activity of Russia's most prominent oil firm is less and less to the liking of the Trump administration that introduced punitive measures against Venezuela in the hope that this will economically topple the Maduro regime. "I think Rosneft makes a lot of money in Venezuela. I believe that they buy crude oil in Venezuela at a great discount, sell final products to them," said Elliott Abrams. To put in bluntly, Washington is well aware of Moscow's help for Venezuela, and considerable profits it makes. "Over this year, we have witnessed the growing reliance of Venezuela's regime and PDVSA on both the Russian government and Rosneft. More and more Venezuelan oil is being sold to Rosneft. And Rosneft sells these supplies further. I believe that the relocation of the European office of Venezuelan state-run oil company PDVSA to Moscow may be viewed as a symbol of Venezuelan-Russian ties getting stronger," US Special Representative for Venezuela Elliott Abrams was reported as saying. This can be considered the first major warning for Russia. Given that Rosneft will have no intention to drop its imports from Venezuela, Washington's next step will be to take action and hit Moscow-Caracas oil alliance.



SOURCE: KREMLIN.RU

20 September 2019

PUTIN ORDERS GAS LINK BETWEEN YAMAL AND CHINA

The Kremlin is consistently leaning towards boosting cooperation with China while making efforts to build, along with its Chinese ally, the Moscow-Beijing anti-U.S. axis. What stands out as the top assets are hydrocarbon resources that Russia seeks to export in large amounts to the Middle Kingdom, though such a business is less economically viable than trading gas to the European market. It cannot be ruled out Moscow's gas tilt towards Asia is to some extent triggered by fears over mounting competition from U.S.-sourced liquefied natural gas (LNG).

On September 3, a Gazprom delegation, headed by the company's CEO Alexei Miller, arrived in Beijing for talks. These, in addition to the Russian envoys, involved China's deputy prime minister and the chief executive officer of CNPC, Gazprom's top gas partner on Chinese soil. High on the agenda were the prospects for joint energy cooperation, and mostly gas supplies, along with the status of preparatory works before the commencement of gas shipments via what is called the eastern route on December 1, 2019. In May 2014, Gazprom and China

National Petroleum Corporation (CNPC) signed a 30-year agreement for gas to be supplied via the eastern route (Power of Siberia gas pipeline), meant to deliver 38 billion cubic meters of gas per year. In 2015, Gazprom and CNPC inked a letter of intent on delivering gas supplies from Western Siberian fields via a western route (Power of Siberia-2 pipeline). Russia's Gazprom is currently in the process of building the Power of Siberia, a 4,000-kilometer pipeline to connect the Russian Far East with northern China. The trunkline runs through the Russian town of

Blagoveshchensk into the Chinese province of Heilongjiang. Its capacity will be 38 billion cubic meters of gas per year. At the meeting, Miller said that the Chayandinskoye field had been connected to the Power of Siberia gas pipeline in August 2019. Attention was drawn to gas supply projects linking Russia's Far East and China through the so-called western route.

The matter of how the so-called western route should run, along with its gas fields, topped the agenda of the Putin-Miller talks just days after the latter came back from meetings in Beijing. On September 9, Miller visited the Kremlin to discuss with Putin natural gas export to China, including the building of infrastructure for deliveries. The president told Miller that he wanted to see shipments of natural gas flowing to China also from the Yamal Peninsula. A new delivery route can be developed through Mongolia, a solution that Putin discussed with his Mongolian counterpart earlier this month.

This is where the "western" supply lane would be expected to run through. Initially, the so-called western pipeline route between was projected to go through Russia's Altai and into China's Xinjiang province, but now Mongolia has become part of the venture. Upon Putin's request, Gazprom is obliged to submit its plans for this connection. In the wake of the Putin-Miller meeting, deliveries of natural gas from the Arctic Yamal Peninsula could become one of the top sources of supply to China running along the so-called western route. Gazprom holds 32 licenses in the Yamal region and its resource estimates exceed 26 trillion cubic meters. Yamal gas shipments are sent westward, to Europe. Exporting gas supplies to China necessitates a new energy pipeline to be constructed to link the peninsula and the Siberian gas trunkline.

25 September 2019

ROSNEFT'S SECHIN: OIL CLUSTER IN THE ARCTIC ONLY WITH STATE AID

The head of Russia's biggest oil company has no intention to give up in his fight for tax incentives for creating a vast oil cluster in the Arctic. For Igor Sechin, this is to become a vital source of crude for maritime transport via the Northern Sea Route. But the total costs of the project are sky high, and Sechin expects that all companies involved in its implementation will be granted tax exemptions. The problem is that the finance minister has said no to these plans. So as usual, Sechin is trying to sort the things out at the top political level, and he has sent a letter to Vladimir Putin.

Igor Sechin intends to build a 600-kilometer long pipeline that will stretch from the Vankor fields in North Siberia, across the River Ob and all the way to Dikson, on the Taymyr Peninsula, on the coast of the Kara

Sea. It would be capable of carrying about 25 million tons of oil per year and give a boost to shipments through the Northern Sea Route. But development costs are running high, and Sechin hopes for help from the government.



SOURCE: KREMLIN.RU

Rosneft has requested tax incentives worth as much as \$36 billion. That is more than what Finance Minister Anton Siluanov is eager to offer. And, back in July, the government introduced a moratorium on additional tax breaks for new oil projects. A red light from Siluanov for Rosneft's request sparked an outcry from Igor Sechin, who in a letter to President Putin reportedly lambasted the ministry's decision. Rosneft's CEO argued that both Novatek and Gazprom got tax cuts for their Arctic projects.

An Arctic pipeline is a joint undertaking of Rosneft and Neftegazholding, the latter of which is headed by Eduard Khudainatov. Both firms established their joint venture Vostok Oil. Sechin claimed the project to become operational by 2024; as scheduled, in 2030, up to 100 million tons of oil would be annually shipped through the pipeline. Vostok Oil intends to create an Arctic cluster that consists

of four large oil fields that hold in total of 1.9 billion tonnes of oil. Rosneft holds three of the deposits of Rosneft's Suzun, Tagul, and Lodochnoye while Neftegazholding has the Payakh oilfield. All these will be connected to a single pipeline. Sechin has long made efforts to push ahead his plan in the Kremlin. When seeing Putin in April, he insisted that Rosneft's project could help boost the annual capacity of the Northern Sea Route by 2024 to more than 80 million tonnes. Sechin deliberately focuses on emphasizing how crucial his firm's venture is for the further development of the Northern Sea Route, being aware that the shipping lane running through the Arctic is high on Putin's list of priorities. But the situation got a lot more tricky in July when at Putin's request the general moratorium on new tax benefits for the oil firms involved in Arctic projects was introduced.



SOURCE: STRUCTURE.MIL.RU

25 September 2019

MISSILES, BASES AND DRILLS: RUSSIA FLEXES MILITARY MUSCLES IN THE ARCTIC

Within the past two months, Russia has deployed new missiles systems on the territory of the Kola Peninsula. This comes as yet another stage of the country's military build-up in the Arctic, a step that raises concern mainly in Norway. Russia keeps expanding its military infrastructure also east of the Kola Peninsula.

Russian army command has confirmed the S-400 system's readiness for combat duty in Novaya Zemlya. The new S-400 anti-aircraft missile system replaces the older S-300. It has been fielded close to Rogachevo air base, on the southern island of Novaya Zemlya. From there, the S-400 system can hit targets over a large area of the eastern Barents Sea. These waters, west of Novaya Zemlya, are important patrol areas for Russia's ballistic-equipped missile submarines. With a range of up to 380 to 400 kilometers, the S-400

missiles give a significant increase in protected airspace in the Russian Arctic. In addition to its wider range, the S-400's another advantage compared with the older version is its ability to engaging targets within a few minutes. Its radar system is capable of tracking a multiple number of targets, both aircraft, and missiles. Fielded in Novaya Zemla, the S-400s are part of the 45th Air Force and Air Defense Army of the Northern Fleet, a military unit formed in December 2015, a year after Russia established its Arctic Joint Strategic Command

with the Northern Fleet as the core of the new strategic formation. Anti-aircraft missile regiments are also put on full combat duty at the Arctic military camps at the archipelagos of Franz Josef Land, Severnaya Zemlya, and New Siberian Islands. Sometime before, a new battalion equipped with short-range missile systems Tor-M2DT was installed in the Kola Peninsula, in the military bases in the Pechenga valley along the borders to neighboring Norway and Finland. This is only 10 kilometers away from the Norwegian border. Less than 100 km away is located Vardø, the Norwegian town that is home to the Globus intelligence radar system. In late July, Russia's Northern Fleet received the first battalion of the medium-range surface-to-air Pantsir-S to protect the air space over the town of Severomorsk that is home to the Fleet. Still in July, the Bal coastal missile system had been deployed in the Sredny Peninsula on the coast to the Barents Sea. It is capable of targeting both ships and land targets.

For several years, Russia has increased its firepower in the Arctic, and is also increasing the combat capabilities of the units stationed here. On September 18, over 2,000 Russian soldiers from 200. Motorized Infantry Brigade took part in large strategic-level drills scheduled to last a couple of days. Involved in the war games were also 400 pieces of military machinery and weaponry, including Grad rocket launchers, Gvozdika self-propelled howitzers,

as well as drones and new tanks T-80BVM. The T-80BVM is an upgraded version of the T-80BV main battle tank, suited for operations in the Arctic. Early this year, it was announced that more than 20 new T-80BVMs would be delivered to the tank brigades throughout the Kola Peninsula. These were yet another military drills to take place in the area. In late August, another 800 men and 150 units of machinery launched similar military exercises. At the end of August, units from two military districts took part in maneuvers near the strategically important industrial plants of Norilsk Nickel in the Taymyr Peninsula. In Tiksi, a town on the coast of the Laptev Sea, the Russian army is soon expected to complete the construction of another Arctic military facility. In July, the base had its weaponry and machinery shipped. The new Tiksi base is reported to house 100 soldiers. Similar base complexes had earlier been built in the archipelagos of Franz Josef Land and the New Siberian Islands.

A military build-up in Russia's Far North has long been one of the top priorities for the Kremlin, which goes in line with the growing strategic importance that the Russian authorities attach to the Arctic. Large military forces in this area are expected to stand out as an effective counterweight to the North Atlantic Alliance while serving a defensive role for energy and transport infrastructure currently being developed as part of the Northern Sea Route.



SOURCE: DRUZHBA.TRANSNEFT.RU

27 September 2019

ROSNEFT AND TRANSNEFT CONTINUE TO CLASH OVER OIL QUALITY

A new factor has emerged in an ongoing dispute that sparked in front of the domestic and international audience between Rosneft's Igor Sechin and Transneft's Nikolay Tokarev in the wake of the Druzhba oil pipeline failure in April this year. Both companies have been at loggerheads over the quality of oil that runs through a Rosneft-owned refinery via Transneft's pipeline system. The former's CEO Igor Sechin accused the pipeline operator of mixing clean oil volumes with tainted crude, as a result of which the quality of oil that is being shipped to the refinery may pose a risk to the proper functioning of the facility. Tokarev, for his part, has rebuked these allegations, saying that Rosneft is injecting to the system oil with higher pollution levels that Sechin has claimed. The clash, which is now going on with the participation of the country's top officials and that uses press leaks to hit the other side, is dealing a massive blow to Russia's domestic oil industry.

According to press leaks, in early September, Rosneft's CEO Igor Sechin asked Energy Minister Alexander Novak to bar Transneft from blending tainted oil with clean volumes because low-quality crude is

being shipped to Russian oil refineries and goes to the export markets. This runs a risk for Rosneft's oil processing facilities while reducing foreign demand for Russian crude. Sechin has complained that his company

is injecting to the system clean oil volumes with organic chloride content not exceeding 1 ppm while his firm's oil refineries receive crude that is much more polluted than that. On September 2, Rosneft's refineries of Kuibyshev, Saratov and Yaroslavl received oil containing organic chlorides of up to 4.7 ppm, 2.1 ppm and 1.4 ppm respectively. While upgrading its plants, Rosneft expected to process oil with organic chloride content no higher than 1 ppm, Sechin wrote. Once exceeded, such level of contamination may lead to severe ruptures in refinery equipment as well as possible oil output outages. Sechin blamed Transneft for allowing mixing in its pipelines clean oil with contaminated crude volumes that failed to be cleaned up after the April failure of the Druzhba oil pipeline, a step that has not been agreed upon with oil suppliers. Back then, the country's oil pipeline operator withdrew polluted oil volumes on the Russian territory. These were to be blended with clean oil so as not exceed the level of 6 ppm permitted in the Eurasian Economic Community.

Sechin said that if different-quality oil volumes continue to get a blend, Rosneft will take action, asking "competent institutions and bodies" for help. Earlier, the head of Rosneft was reported to have sent similar letters to President Vladimir Putin, Prime Minister Dmitry Medvedev and Deputy Prime Minister Dmitry Kozak who oversees the domestic energy industry. Rosneft CEO's messages to the state's

senior officials were sent a few days after Chairman of the Board of Directors of Rosneft Gerhard Schroeder had submitted its proposal to Dmitry Medvedev to tighten standards for the content of organic chlorides, lowering from 6 ppm to 1 ppm. What came as the other key suggestion was to appoint independent surveyors charged with monitoring the quality of oil being in and out pipelines and storage facilities that are controlled by the Russian oil pipeline monopoly Transneft.

Transneft and its CEO Nikolay Tokarev will not give up in the clash with Sechin's Rosneft, rebuking Schroeder's proposals while seeking greater control of the quality of oil running through the system, though hoping to become a supervisory authority. Also, Transneft says that Rosneft fails to deliver as much clean crude as it claims. On September 23, the Russian oil pipeline operator said that in the period between January and August 2019 Rosneft inserted to the system 131.1 million tonnes of oil with 1.7 ppm of organic chlorides on average. The worst situation was recorded in Udmurtia, Bashkiria, Orenburg Oblast and Central Siberia where Sechin's firm let into the pipeline system oil that shows up the level of 4 ppm. Transneft has argued that Russian oil refineries are ready to process oil of such quality. This is all the more important that oil processing plants underwent modernization at its elementary stages in 2015 when the maximum allowed level was up to 10 ppm.



SOURCE: KREMLIN.RU

27 September 2019

IN THE KREMLIN, VENEZUELA'S MADURO GETS RUSSIA'S FULL SUPPORT

There is no question that Russia will neither reduce nor halt its support for Venezuela. Quite the contrary, in fact – the more sanctions are being introduced by the United States and the European Union, the stronger is Russia's involvement in supporting Maduro's regime. Russia's state-run oil firm Rosneft is safeguarding the government in Caracas by trading its oil volumes, and Maduro's recent visit in the Kremlin blatantly shows that Putin has no intention to abandon his ally. Interestingly, in addition to being Maduro's most prominent diplomatic and military backer, Moscow is now offering its financial help.

Maduro arrived in Moscow on September 24. The next day, he was personally received by Vladimir Putin in the Kremlin. Maduro headed to Russia shortly after U.S. President Donald Trump took on the regime in Venezuela during a speech at the United Nations General Assembly. In their opening remarks, neither Putin nor Maduro broached the topic of Russia's financial aid for Venezuela. But, as the Russian leader said, his country has invested about \$4 billion in the

Latin American country. Russian President Vladimir Putin reiterated after the talks his support for "the legitimate authorities of Venezuela." Maduro's trip to Moscow confirms his willingness to maintain a tough political course in the country. In August, he suspended government's participation in Norway-mediated talks with opposition's representatives to protest Washington's further tightening of sanctions. Six weeks later, Venezuela's opposition said a dialogue had

exhausted. As Maduro left for a state visit to Moscow, a group of Russian military specialists arrived in Venezuela. No details were revealed on how many of servicemen had been deployed. These may be troops dispatched to Venezuela to service military equipment Russia had sold to its Latin American ally.

Involved in the Moscow talks were Russia's top officials: Deputy Prime Minister and Finance Minister Anton Siluanov, Deputy Prime Minister Yury Borisov, who oversees the domestic defense industry, Putin's Foreign Policy Advisor Yuri Ushakov, Deputy Foreign Minister Sergey Ryabkov, and Rosneft CEO Igor Sechin. Maduro went to Russia chiefly to reap economic benefits or, at least in the worst-case scenario, to postpone debt repayment. The reason for the latter seems to explain why Siluanov

was present at the meeting. And Igor Sechin's participation in talks is far more obvious. First, Venezuela has an outstanding debt to Rosneft while the Russian oil giant is becoming more and more involved in trading Venezuelan-sourced crude. The Moscow meeting might have served as an opportunity to discuss further activities in this area. Last but not least, Venezuelan and Russian representatives may have discussed security cooperation, yet being far from asking for military assistance, because Maduro has at his disposal enough troops as well as police and secret service officers. Instead, Moscow-Caracas partnership in this respect could involve Russian services' help for their Venezuelan counterparts, the latter of whom face prosecution for drug trafficking or torturing and persecuting opposition politicians.

30 September 2019

WAYS TO KEEP PUTIN IN POWER

A new voice in favor of changing Russia's constitution. This time, in a press interview, this idea was supported by Sergey Chemezov. The head of Rostec, a state-owned mega-corporation, and Putin's former KGB comrade, is considered to belong to a close circle of the president's co-workers and friends. His statement means that the subject of constitutional changes that could keep Putin in power is still being discussed at the top governmental levels. The speech of Chemezov, previously unknown for such actions, also signals a possible conflict escalation between various interest groups in Putin's environment.

Russia's constitution allows one person to serve for no more than two consecutive terms in office. Currently, one term of office is six years (and used to be four years in the past). Putin returned to the Kremlin in 2012, so his second consecutive term of office will end in 2024. In October 2018, in an article published by the government-owned newspaper Rossiyskaya Gazeta, the Chairman of the Constitutional Court of the Russian Federation Valery Zorkin wrote that

the Basic Law adopted under Boris Yeltsin (1993) is already outdated and no longer responds to the challenges of modern times. In January 2019, during a meeting in the Kremlin, the Chairman of the State Duma, Vyacheslav Volodin, addressed Putin directly, saying that it might be time to start discussing changes of the constitution. Volodin got back to the matter in July in a text published in a parliamentary newspaper – where he even published detailed proposals for solutions.



SOURCE: KREMLIN.RU

In his opinion, the Duma should be permitted to participate in the government formation. This may mean that Putin would retain power by becoming Prime Minister and leader of the ruling party (and, at the same time, the powers of the president would be limited). In short: the chancellery system.

It seems that Russia is flying a kite. Putin himself does not want to admit all this. On the contrary, after his re-election in March 2018, he declared that he “was not currently planning any constitutional reforms.” For this reason, other political actors (Zorkin, Volodin, Chemezov) are making such cautious demands – certainly with the awareness and prior consent of the president. Of course, if changes to the constitution are to be introduced (which seems to be nearly evident),

a procedural question should be posed: in which role would Putin continue to govern Russia? It seems that lifting the legal limitation on the number of terms of office would be too easy. Perhaps, then, Russia’s constitution will include a new position (or body) designed for Putin who, thanks to which, could get even more power than granted to his current role. It is also possible that an already existing body will simply be given more authority. Perhaps it is also about making Putin’s rule no longer dependent on elections. It is possible that the government will only have two years to make these changes. If the ruling party United Russia loses support after the elections to the Duma in September 2021, it may turn out that the parliament has not enough votes to build a constitutional majority.



SOURCE: KREMLIN.RU

30 September 2019

PUTIN MEETS CHINA'S PARLIAMENT CHAIRMAN IN THE KREMLIN

On September 25, Russian President Vladimir Putin received for talks Li Zhanshu who serves as a member of the Standing Committee of the Central Political Bureau of the Communist Party of China and the chairman of the Standing Committee of the National People's Congress of China. Putin's talks with the newly appointed chairman of the Chinese parliament is yet another top-level political meeting between Russian and Chinese officials, a step that confirms ever-closer ties between Moscow and Beijing.

Russia remains open to the biggest Chinese investments possible, as was evidenced by a batch of bilateral deals inked during Xi Jinping's recent state visit to Moscow. The Kremlin sees that the more it has economic ties with Russia, the more durable are its foundation of the partnership with Beijing, and Putin's ambition is even to ally with the People's Republic of China. But this cooperation is chiefly buoyed up by the export of Russian hydrocarbons to China. The Power of Siberia energy trunkline is scheduled to become operational by the end of this year. The Kremlin yet seeks to diversify its economic

ties with Beijing, pushing for becoming for China something more than just a resource base, both at the nation-wide level (gas and oil) and regionally, with chiefly timber resources being exploited by Chinese companies in the Far East. China's investing in various areas of activity of the Russian economy intends to sustain its technological development, as the 5G case has shown, while granting access to Chinese bankrolling for the economy that is currently undergoing severe problems.

Not so long ago, Russia introduced new export tariffs on logs and tightened environmental

protection around Lake Baikal by signing a batch of new protocols. But these steps are by no means intended to narrow down Moscow's economic partnership with China, or a robbery economy pursued by Chinese investors, either in the long-term or strategic dimension. Instead, it is all about cooling off anti-China moods said to be spreading amidst a large part of the inhabitants of the Far East and Siberia. Added to this mounting dissatisfaction with local authorities, often said to stay corrupt and favorable to Chinese investors, even acting against regional interests, anti-China resentments are a threat to the regime, which affects the local election results of the Kremlin-en-

dorsed candidates. The plan is to mitigate anti-China sentiments that ran high amidst a China-backed project to build a facility to bottle water from Lake Baikal that swept throughout the country, with a petition signed by hundreds of thousands of Russians and public figures being involved in upholding environmental protection issues. And secondly, this may be referred to the Russian authorities' urge for pushing forward a stricter control of the Sino-Russian regional economic partnership. It is therefore dubious for China to see its long-term business plans deal a massive blow because Moscow would by no means seek its endeavors to be viewed in such a way.

30 September 2019

RUSSIAN MILITARY PERSONNEL IN MOZAMBIQUE: BRINGING ANOTHER AFRICAN NATION CLOSER TO MOSCOW

According to unofficial reports that have been on since mid-September, Russian military personnel has been deployed to a few of Mozambique's naval ports, a step that might have been taken in the wake of a batch of deals inked by Mozambican President Filipe Nyusi during his August visit to Moscow. Mozambique is yet another African country where Russia has been looking to push forward its economic and military presence.

The general elections will be held in Mozambique on October 15, with the ruling Mozambique Liberation Front (FRELIMO) party and the incumbent leader Filipe Nyusi having an appetite for keeping themselves in power. The recent time has seen them tightening cooperation with Russia. During the official visit of the President of Mozambique to Moscow on August 22, Nyusi and Putin signed bilateral energy and security agreements to bolster Moscow's military and economy commitments in Mozambique. The two countries have historic ties stretching back to the Soviet times when the Soviet Union

supported FRELIMO fighters in their war of independence. Moscow has been looking for FRELIMO to win because its primary political opponent RENAMO remains somewhat skeptical of partnership with Russia.

In August, in the Kremlin, President Nyusi announced that Moscow had agreed to forgive 95 percent of its debt and that Russia would work to increase investment in the East African country. Under the signed documents, Rosneft will be granted the right to study available geological data to examine the potential of a number of Mozambique's onshore and offshore



SOURCE: KREMLIN.RU

blocks, with the opportunity to enter projects on those blocks in the future. But while in the Kremlin, both leaders agreed on deepening their countries' cooperation in the domain of security. In mid-September, reports emerged of Russian military equipment and personnel arriving in Mozambique despite the Russian Embassy denying any Russian military presence. The Mozambican government signed a resolution allowing Russian military vessels to dock at its ports. Unofficial reports say that Russian troops are present at Nacala Port, Nampula Province and in Mueda and Palma, Cabo Delgado Province. Palma is one of the

areas most affected by the Ansar al-Sunna insurgency. In addition to that, it houses a critical LNG production facility. The Russia-Mozambique security agreements pave the way for the Russian military to train and advise their Mozambican peers. The Kremlin is pushing for inking similar deals with other African nations. In addition to armaments deal, Russia is investing in the economy of other African countries, mainly through extracting minerals, or is tightening security cooperation. The Russia-Africa summit is scheduled to take place in the resort town of Sochi in October 2019.

30 September 2019

BELARUS MERGES OIL FIRMS THAT OPERATE DRUZHBA PIPELINE

Starting from October 1, the Belarusian leg of the Druzhba oil pipeline will be handled by one company instead of two, as before. This step was taken to economize operator-related processes and push ahead stricter control of the oil pipeline, a top-priority answer after the Druzhba contamination incident in April. Merging two operators into one may lay the groundwork for talks to restore oil shipments to the Baltics.



SOURCE: TRANSOIL.BY

Two operators of the Druzhba pipeline will join their forces in the Belarusian section of the oil pipeline, Andrey Verigo, the chief engineer at Gomeltransneft Druzhba, the Belarusian operator of the pipeline, said on September 27. The Polotsktransneft Druzhba pipeline operator is due to enter the oil transport company Gomeltransneft Druzhba. Reports on two pipeline operators joining their forces in Belarus gave rise for speculations on restoring the oil shipments in the Baltic direction. Verigo said that this could not be excluded, but is an issue for another day, adding that a decision to resume crude shipments, halted back in 2006, to the Baltics is first and foremost in the hands of Russia, the Baltic states and Poland.

But it will no longer be possible to meet the 2019 planned volumes of Russian oil being shipped through the Belarusian leg of the Druzhba pipeline. Russian oil transit through Belarus via the Druzhba pipeline will reach around 54 million tonnes in 2019. This is over five million tonnes less than initially planned by Transneft, Russia's Druzhba pipeline operator, in its yearly schedule (59.75 million tonnes).

The decline in the amount of oil shipped is an aftermath of the Druzhba pollution incident in April this year. It has only now been possible to restore monthly shipment volumes fully. Over 5 million tonnes were shipped in all the transit directions in September. The same figures are also expected to be reached in October. Increasing tariffs for oil transit through Belarus by 21 percent would help compensate for Minsk's losses over the April incident. However, Belarus and Russia agreed to raise the oil transit tariff through the Druzhba pipeline by 3.7 percent, a decision that took effect starting from September 1. The Belarusian state petrochemical concern Belneftekhim hopes to resume the export of oil and petroleum products by the end of the year. In the wake of the Druzhba incident and a drop in oil output at refineries, Belneftekhim's exports dwindled in the first six months of 2019 to 80.9 percent against 2018. For its turn, Belorusneft forecasts to meet the planned supplies in November 2019.

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General information

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