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4 May 2020

POLAND AND DENMARK BEGIN CONSTRUCTION OF BALTIC PIPE PROJECT TO CHALLENGE RUSSIAN GAS DOMINANCE

Construction of a major gas pipeline from Norway is to begin in the coming days, Polish President Andrzej Duda said in the morning of May 4. On April 30, Polish gas grid operator Gaz-System inked a contract with Italian oil services group Saipem to build a section of the Baltic Pipe between Denmark and Poland. The Baltic Pipe will be operational in October 2022, thus shortly before the expiry of Poland's gas supply deal with Gazprom. Alongside the Świnoujście liquefied natural gas terminal and a new, planned facility in Gdańsk, Poland is making gradual steps towards independence from Russian energy flows. Besides, through the Northern Gate, Poland will in the future be able to reexport gas to neighboring states, including Ukraine. This carries a severe blow to Russia's current position as a leading gas supplier in Central and Eastern Europe. Furthermore, the Baltic Pipe will serve as a key link of the North-South Corridor – as part of the Three Seas Initiative.

“If we talk about full diversification of gas supplies to Poland, and the country's full independence from Russian deliveries, construction of the Baltic Pipe will be such a milestone for Poland,” Polish President Andrzej Duda was quoted as saying. The press conference was attended by Tomasz Stępień, CEO of Gaz-System S.A., and Piotr Naimski, Poland's chief strategic energy adviser. The planned link, which is expected to join Poland and Norwegian gas fields via the Baltic Sea and Denmark, is an infrastructure project developed by Poland's Gaz-System and Denmark's Energinet. The gas link will bring



SOURCE: BALTIC-PIPE.EU

10 billion cubic meters (bcm) of natural gas to Poland each year. Italy's engineering firm Saipem is to build an offshore part of the gas pipeline running from Denmark to Poland. The contract includes the construction of a pipeline beneath the Baltic Sea, microtunneling and civil works – both in Poland and Denmark. The contract comprises the construction of the 275-kilometer-long pipeline between Denmark and Poland in a water depth between 4 and 57 meters to be carried out by Saipem's S-lay vessels. Works under the €1.5 billion contract will begin in the summer of 2021. Poland and Denmark signed a €280 million deal with Italy's Saipem.

The Baltic Pipe comes as part of what is referred to as the Northern Gate. At the heart of the plan is to allow Poland to bring 17.5 bcm of gas into the country through its three sources. Back in 2019, Poland's oil and gas company

PGNiG notified Gazprom it planned to end the gas supply deal in 2022. These three include the Swinoujscie LNG terminal, currently undergoing an expansion program to increase its capacity from 5 to 7.5 bcm per year, the anticipated floating storage and regasification unit in the Gdańsk Bay (with a total capacity between 4.1–8.2 bcm, it is poised to start operating by 2025), and the Baltic Pipe energy pipeline. According to Duda, with the Baltic Pipe will come new interconnectors that will allow Poland to send gas to its neighbors, thus its Three Seas fellow countries and Ukraine. "Poland will be a guarantee of Ukraine's energy security," the president said.



SOURCE: WIKIPEDIA.ORG

8 May 2020

MOSCOW: THE CAPITAL OF RUSSIAN CORONAVIRUS OUTBREAK

Moscow remains by far the biggest Russian coronavirus outbreak despite having introduced timely measures to contain the spread of the virus. City officials said stay-at-home restrictions would remain in place beyond May 12. Even though some businesses are allowed to resume operations, employees must obey extra safety rules, municipal officials said.

Russia confirmed roughly 10,000 new coronavirus infections on May 8 and nearly 100 new victims of the novel virus. There have been 187,859 cases of coronavirus infections reported in Russia so far and 1,723 deaths. As for now, Russia is unlikely to past the apex of

coronavirus infections. Moscow is now the epicenter of the nationwide outbreak with more than half of the country's total positive tests, and roughly 1,000 extra cases recorded right outside the capital. The capital has seen most deaths within the past twenty-four hours, too.

Thus, nothing has altered since the start of the outbreak – Moscow is still most affected, with new cases and fatalities observed on a regular basis. Officially, the novel virus had infected up to 90,000 people before May 8. Quoting results of screening tests on May 7, Moscow Mayor Sergei Sobyenin said that some 300,000 people in Moscow – or between 2 and 2.5 percent of the city's population – have been infected. Though the number of COVID-19 tests in Russia is relatively high, experts say their reliability rate is less than 60 percent. According to some reports a few days ago, hundreds of thousands of Moscow's rapid antibody tests labeled as Dutch-made (in fact, these were Chinese) were proven unreliable at detecting the coronavirus. Restrictions aimed at containing the spread of the novel coronavirus in Moscow and outside have been extended until May 31.

Earlier, city officials had promised to ease restrictions as soon as the situation got better. Sobyenin added companies in Moscow involved in industry and construction would be allowed to reopen on May 12. Workers are obliged to wear masks and gloves. Besides, employers must carry out regular check-ups of at least 10 percent of their personnel. The self-isolation regime of citizens will be extended in the country's capital. Moscow authorities have also launched a digital permit system for people traveling by car or public transport. From May 12 onwards, Moscow residents could be required to wear face masks in all public spaces – otherwise fines will be imposed.

10 May 2020

VLADIMIR PUTIN SUFFERS PRESTIGIOUS FAILURE IN VICTORY DAY CELEBRATIONS

Politically, Belarus is Russia's junior partner while economically, Minsk comes as a vassal state of its larger neighbor that keeps its economy afloat. With all the more satisfaction, Lukashenko seized an opportunity to cut Vladimir Putin down to size as far as the politics of history and public image were concerned. While the big Red Square military parade was postponed due to measures to stifle the spread of the new virus, Belarus held a fully-fledged celebration to mark Victory Day.

Russia – which seeks to be the main heir to the Soviet heritage, including the victory over Nazi Germany – curtailed its own observances, moving them from May 9 to September 3. Lukashenko refused to cancel his military parade, dismissing concerns about

the coronavirus pandemic that took a grip on the country. Belarus boasted of holding the only parade in the former Soviet Union to mark the 75th anniversary of the defeat of Nazi Germany. Regardless of the current WHO recommendations, spectators lined the



SOURCE: PRESIDENT.GOV.BY

parade route as some 3,000 soldiers marched, and then watched a special concert. Among the attendees were also some elderly veterans. Lukashenko grabbed an opportunity to give Putin the needle as they both have been embroiled in some disputes over the plausible Russian-Belarusian economic partnership. Until recently, Lukashenko has been believed to be cast in the role of supplicant, with virtually no room for maneuver.

Much has yet changed since both the novel virus and the record-setting oil crash took hold. While the Russian president took on a defensive position, Lukashenko seeks to portray himself as a far more attractive and braver leader. This, of course, refers to nothing but his public image – as strongly evidenced by the mere fact that the Belarusian president went ahead with the May 9 display despite the coronavirus pandemic. Lukashenko said he wanted images of Soviet veterans and their families to float past on Russian television, while “patriotic Russians would see him.” As Lukashenko was

contemplating a military parade, Putin laid flowers at the Tomb of the Unknown Soldier just outside the Kremlin walls in what could be seen as a watered-down celebration. For the Russian leader, the failure he had suffered is far bigger as this year’s observance was poised to turn into a big political event. Putin had braced for the ceremonies in late 2019 and in January this year, once Russian-Western skirmishing in what is referred to as “memory wars” jumped to a new crescendo as the Russian president made efforts to champion Soviet war accomplishments and its major role in defeating Nazi Germany. Another reason for staging the display in Belarus, which still embraces Soviet mentality more than any other former Soviet state, could be efforts to boost Lukashenko’s popularity ratings right before the August 9 presidential election.



12 May 2020

RUSSIA EASES LOCKDOWN YET OFFERS SUPPORT TO CITIZENS

Russia is gradually relaxing its coronavirus lockdown measures. In a televised address, Russian President Vladimir Putin said some regions might keep tighter controls if necessary and announced a fresh relief package for the crisis-wrecked Russian economy. This is yet not enough, experts say. Just a day after the president's speech, Russia had the second-highest number of confirmed infections worldwide.



SOURCE: KREMLIN.RU

ERS LITTLE

Vladimir Putin says that from May 11 the nationwide coronavirus lockdown would be eased and businesses would go back to work. From now on, Russian regions will be in charge of inflicting social distancing regulations. “Russia will begin to gradually ease coronavirus lockdown measures, but

the whole process will not be quick,” the Russian leader said. Public events are out of the question throughout the entire country and the enhanced safety measures must also remain in place for people over 65 years and for patients with chronic diseases. “Every region is ready and has everything it needs to help people that might suffer from severe complications,” Putin said. Earlier, many Russian regions had said stay-at-home restrictions would remain in place by late May. According to the president, the work restrictions harmed many sectors of the economy. The government has introduced one trillion roubles (\$13.5 billion) of the economic stimulus plan, or the “third package” for businesses to try to shield its economy from the coronavirus shock.

Economists remain skeptical about Putin’s plan, arguing it is not enough to safeguard the country’s economy. What does the new package include? Worst-hit economy sectors are eligible to receive loans. If a company retains at least 90 percent of its employees, it will not have to pay back the loan and interests accrued. If this figure hits 80 percent, this will compel a company to reimburse 50 percent of the amount received. The firms would be allowed to defer tax payments, yet except value-added tax, for the second quarter of 2020. Income tax paid in 2019 will be repaid to self-employed individuals provided that they have run their own business since at least 2019. Also, families will receive a one-off payment of 10,000 roubles per child aged between 3 and 16 years. The benefit to parents with children under the age of 18 months will double. What illustrates the “third package” is that the authorities in Moscow have no intention of adding big sums of money to weather the economic storm, nor they seek to use a “rainy day” fund. The overall relief package in Russia is yet selective, with most of the support aimed at helping families with children and companies that the state sees as most affected by the coronavirus crisis. Even with the “third package” in place, Russian state relief is now just a drop in the ocean.



12 May 2020

ROSNEFT'S SECHIN ASKS OFFICIALS RELIEFS DESPITE RECENT MISHAPS

Igor Sechin, the head of Russia's energy giant Rosneft, was the first to blame for Russia's downfall in the oil price war. Furthermore, he was a key driver of Moscow's exit from the OPEC pact. Oil prices dropped to record-time lows while Russia made a comeback to the cut deal – yet on worse conditions. Nonetheless, the country's biggest oil suppliers were wrangling over how to distribute the



SOURCE: KREMLIN.RU

FOR NEW TAX

country's promised cuts, with Rosneft being in favor of a proportional share. All in all, Sechin's energy group brought on the biggest burden yet hoping to win some state aid instead.

On May 12, Igor Sechin, CEO of Rosneft, met with Vladimir Putin to discuss the current situation in the oil and gas sector. Importantly enough, this marked a rare face-to-face meeting Putin has had just a few over the past few weeks. Also, this was the first conversation since the outbreak of the oil price war when Sechin insisted that Russia abandon the deal in a move that ended badly for Moscow. Their meeting coincided with fresh news reports on Sechin's new request for extra tax breaks. The head of Russia's energy giant Rosneft has asked Prime Minister Mikhail Mishustin to add tax breaks for production at the hard-to-recover Kharampur field in Western Siberia to ramp up the economic condition of the deposit, jointly developed by Rosneft and BP. In late 2019, the total estimated reserves of the Kharampur gas field were around 735 billion cubic meters (bcm).

With a lower mineral extraction tax, Rosneft could save up to 500 roubles per 1,000 cubic meters of gas at an average gas price of 3,500 roubles per 1,000 cubic meters. By 2021, Rosneft could notch up between 7 and 8 billion roubles in sales. The CEO of Rosneft had submitted his request in late March yet this was only recently that independent media outlets informed about the case. In his letter, Sechin wrote his company would need costly technology to produce raw materials and overall output could be unprofitable without any tax incentives. Thus, Rosneft's head suggested reducing the mineral extraction tax (MET). A comparable rate has been in place since 2013 for other hard-to-exploit Rosneft fields. For the time being, few details are known about the impact of Mishustin's infection on Sechin's appeal – as the Russian prime minister is a close ally of the CEO of Rosneft. First Deputy Prime Minister Andrei Belousov is replacing Mishustin in his absence.



14 May 2020

FRADKOV REMAINS AT THE HELM OF THE KREMLIN'S “INTELLIGENCE SERVICE”

On May 13, 2020, Russian President Vladimir Putin signed a decree appointing Mikhail Fradkov director of the Russian Institute for Strategic Studies, in short RISS. This was just a formality – Fradkov has been in charge of the Kremlin-controlled agency since 2017. Yet with the decree, the Kremlin bolstered Fradkov's position, and perhaps the Russian Institute for Strategic Studies will be faced with new, major tasks. Not incidentally, just the next day, RISS announced recruitment plans for “additional human resources” on its website.



SOURCE: RISS.RU

Fradkov has chaired the Russian Institute for Strategic Studies since January 4, 2017. Between 2004 and 2007, he served as Prime Minister of Russia, and he was the head of Russia's Foreign Intelligence Service from 2007 to 2016. From 2004 and 2016, he held a position of a permanent member of the Russian Security Council. The Russian Institute for Strategic Studies, a Russian research and analytical center, was formed by presidential decree in February 1992. In the Soviet Union, the institution's predecessor was the former KGB Scientific and Research Institute of Intelligence Problems of the First Central Board. Not surprisingly, RISS has long served as an auxiliary body for Russia's SVR intelligence agency. It was not subordinated

to the presidential administration until 2009. The Kremlin-endorsed agency has occupied a pivotal role in Moscow's hybrid operations yet formally performing its tasks as a research center. Recent years have displayed its heightened activity in the Balkans. A retired intelligence general Leonid Reshetnikov, who was in charge of the Institute since 2009, had earlier served as the head of the information-analytical department of the Foreign Intelligence Service (SVR). Known as a Balkans specialist, Reshetnikov has developed a vast network of relationships, mainly in Bulgaria and Greece where he once served as a Soviet and Russian intelligence agent, but also among former employers of Yugoslavian special services, maintaining also close ties with the family of Slobodan Milošević. Furthermore, he contributed to a great extent to the victory of a Bulgarian pro-Russian presidential candidate Rumen Radev.

In the autumn of 2019, he was banned from entering Bulgaria for a period of ten years over alleged accusations of building a pro-Russian camp and making efforts to destabilize the domestic situation in Bulgaria. Also, the head of the RISS had put forward an idea to plot an attempted coup in Montenegro. Reshetnikov openly called for overthrowing Milo Djukanović, forecasting bloodshed in the country related to its accession to the North Atlantic Alliance. A few days after information about attempted coup and expelling the GRU officers from Serbia grabbed the headlines, Vladimir Putin dismissed Leonid Reshetnikov, replacing him with a former SVR head Mikhail Fradkov.

19 May 2020

RUSSIA STEPS UP DIPLOMATIC EFFORTS AS KREMLIN AIDE KOZAK VISITS BERLIN

Slowly but steadily, the world is recovering from the hardest blow from the coronavirus – and so are influential actors worldwide that are becoming more active than ever. Russia, which is seemingly fighting an uphill battle to either relax or lift sanctions, is yet again tightening its anti-U.S. narrative while seeking friendly ties with Germany. Of course, these touch upon some energy-related issues, like the Nord Stream 2 ongoing conundrum, as well as the Donbas conflict. The latter must have been high on the agenda of Kozak's surprising trip to Berlin. Putin's new aide on Ukraine met with Germany's Angela Merkel a day after she conducted a phone call with Ukraine's prime minister. Furthermore, even though German has hard evidence Russian military intelligence services staged a 2015 hacking attack on the German parliament's internal computer system, Merkel pledged to build a better relationship with Moscow. It seems that Russian hacking attacks did not prompt Germany to draw any conclusions that could pose a threat to Russia – just like Berlin did not respond after the killing of a Chechen refugee in Berlin last August.

On May 13, Angela Merkel answered questions of members at the Bundestag, the lower house of the German parliament. Germany has “hard evidence” that “Russian services” were behind a 2015 hacking attack in which the chancellor's emails and other documents were compromised. German prosecutors issued an international arrest warrant against a Russian hacker and a GRU officer named as Dmitri Badin. He is already on the FBI's wanted list. “I take it very seriously,” Merkel said. “On the one hand I make an effort on a daily basis to have a better relationship with Russia,” she added. As it later turned out, the German chancellor received a Kremlin aide for talks. Dmitry Kozak, deputy head of Putin's administration, made a quick visit to Germany

on May 13, where he met with Angela Merkel to discuss the settlement of the conflict in Ukraine's Donbas. Russians say the unexpected visit took place at the German side's initiative while Merkel required holding a face-to-face talk with Kozak. Interestingly, Kozak was added to the European Union sanctions list. Russia's former deputy prime minister is now Putin's top aide on Ukraine. He displaced the Kremlin advisor Vladislav Surkov from his long-time role on policy toward Ukraine. Though no details were given, the chief of the Russian president's administration said “agreements were reached on further mutual steps towards a peaceful settlement of the conflict” and the talks will “give an extra impetus to the talks both in the Normandy format and within the Trilateral



SOURCE: KREMLIN.RU

Contact Group on settling the situation in eastern Ukraine.”

Thus, Russia – backed by Germany – has no intention of greenlighting any changes to these formats, contrary to what Volodymyr Zelensky says. In particular, the Kremlin is making efforts to bar the United States from playing a greater role in the whole peace process. In addition to multilateral gatherings, earlier there had been frequent meetings between Surkov and U.S. Assistant Secretary of State Victoria Nuland. Both parties ceased further conferences after Surkov resigned. This is to Moscow’s liking as the Kremlin is embracing

tighter anti-U.S. rhetoric once it realized Washington had no intention of making new concessions. On May 13, thus while Kozak held talks with Merkel in Berlin, Russia’s top diplomat Sergei Lavrov slammed the United States, saying at the meeting of the Shanghai Cooperation Organisation’s foreign ministers that “our American colleagues and their allies continue to try to stir up the confrontation.” Lavrov accused Washington of “using the current situation to impose their point of view, their vision of the future order, which they call the rules-based order.”



SOURCE: GAZPROM.COM

21 May 2020

GAZPROM'S NATURAL GAS EXPORT REVENUE DECLINED DRAMATICALLY IN Q1

The losing streak of Gazprom, Russia's biggest gas company, seems to have no end in sight. So far it has faced numerous delays in the implementation of the Nord Stream 2 gas pipeline and the Balkan leg of the TurkStream energy link. The Russian group has also recently lost international rulings to Poland's oil and gas firm as well as it needs to keep in force transit gas through Ukraine. To make matters worse, the first quarter of 2020 brought disturbing reports on the firm's export figures.

According to the data of the Russian Federal Customs Service, Gazprom's natural gas export volume by pipelines decreased by 24 percent in the January-March period, compared with the same period of the previous year, to 46.6 billion cubic meters, or bcm. The company's revenues dropped 51.6 percent year-

on-year. Russia's energy behemoth sold far less gas abroad – at a much lower price than before. Also, throughout 2019, the Russian gas giant delivered 199.2 bcm of gas to the European Union, Turkey, and China, marking a 1.3 percent drop from record-high 2018 figures. Yet in 2019, it noted a 2.2 percent increase in gas sales to

former Soviet republics, collectively referred to as the near abroad, to 37.7 bcm. With the collapse in its whole export numbers, Gazprom gains bigger profits from selling gas at home. For instance, the average gas price at the Dutch TTF hub is \$67 per 1,000 cubic meters, yet excluding freight costs and customs duties. It is worth taking an insight into the industrial gas prices in a couple of Russian regions. Now in Russia's Southern Federal District, natural

gas trades for 4,859 roubles (\$64.7) per 1,000 cubic meters. From July 1 onwards, gas will trade 5,005 roubles (\$66.6) per 1,000 cubic meters. Thus, Gazprom will reap bigger profits at home than abroad, selling its resources at the TTF hub. Surely the tendency will continue throughout 2020. This year, the average natural gas price will fall 1.5 times year-on-year, hitting \$189 per 1,000 cubic meters. All in all, it is better for Gazprom to sell gas at home than abroad.

21 May 2020

BELARUS RAMPS UP DIVERSIFICATION EFFORTS WITH U.S. AND GULF CRUDE PURCHASES

Minsk's oil price spat with Moscow pushed Belarus's Lukashenko towards an oil alternative. Belarusians have begun importing crude oil from elsewhere. Though it comes as an unlikely alternative for Russian crude, the Kremlin seems somewhat worried over Minsk's further moves, with foreign energy groups marking a bold entry into the Belarusian oil market. This step could mark the end of Russian energy hegemony.

In May, Belarus plans to buy 1.13 million tons of Russian oil, but it will continue to get crude from alternative suppliers, according to Belarus's state energy group Belneftekhim. Belarusian refineries received 2 million tons of oil in April, of which 1.56 million tons came from Russia. In May, the first shipment of U.S. crude oil departed for Belarus. The deal was made by U.S. energy trader United Energy Trading, with the assistance of U.S. firm Getka and their Polish partner UNIMOT. The first tanker will reach the port of Klaipeda in

Lithuania in early June. U.S. Secretary of State Mike Pompeo said that the deal strengthened Belarusian sovereignty and independence. He also urged Belarus to build on the progress it has made to increase the access of U.S. businesses to its market. This is what must grapple Moscow most, and not the upcoming shipment of 80 tons of crude oil that is just a drop for all Belarusian refineries. Belarusian Foreign Minister Vladimir Makei said the current deal was an outcome of previous talks made during Pompeo's talks with Lukashenko



SOURCE: GAZETA.NAFTAN.BY

in February this year. Makei said that U.S. crude shipments are part of the state's long-term strategy to diversify its energy sources from 2020 onwards. After a three-month hiatus, Russia resumed large oil cargoes into Belarus, yet the latter did not abandon its diversification ambitions. As part of these efforts, Minsk has just bought crude from Azerbaijan, Norway, and Saudi Arabia, including 80,000 tonnes of Arab Light crude oil from Saudi Aramco. Belarus started alternative oil purchases via two routes: through the port of Klaipeda in Lithuania, from where these are sent across the rails to the

Novopolotsk refinery. Alternatively, Volumes are slated to move in the originally intended direction from Odessa to Brody, then to use a section of the Druzhba pipeline from Brody to the Mozyr refinery in Belarus. Furthermore, Belarus is now in talks with Poland amid technical possibilities of receiving oil from the west via one of the legs of the Druzhba energy link. Perhaps Belarus will use the port of Gdańsk in Poland as the third plausible route for its oil shipments. Undoubtedly, much will change after a new pipeline between both Belarusian refineries is built by 2023.



SOURCE: KREMLIN.RU

25 May 2020

RUSSIA'S ROSNEFT HAS NEW OWNERSHIP STRUCTURE BUT SAME CEO

Russia's biggest state-run crude oil company Rosneft officially confirmed it saw the shift in its ownership structure – and is now no longer controlled by the state after the Rosneftegaz state holding company had relinquished its controlling stake. This is a step towards handing the Kremlin-endorsed company to Putin's close allies and their foreign partners, all of whom are likely to pump money out of the oil company. Of course, Igor Sechin will be at the helm of this.

Russian energy giant Rosneft re-appointed chief executive Igor Sechin, starting from May 24, 2020, for another five years. Sechin took

the office as the chief executive of Rosneft in May 2012, prior to which he was the chairman of the company's board of directors (a type of

the managing board) for several years (2004–2011). In November 2012, Sechin took on a new role at Rosneft, becoming its chairman. Since June 2013, he served as the deputy president of the Rosneft board, with Germany's former chancellor Gerhard Schroeder being at the helm. It was clear beforehand that Sechin would enjoy the support from the Russian government. It earlier approved directives to extend the contract of Rosneft CEO Igor Sechin for five more years. There are a couple of Russian cabinet officials in the board of Rosneft, including Deputy Prime Minister Andrey Belousov, Energy Minister Alexander Novak, or Igor Sechin himself. The deal was inked as early as on May 8, according to some media outlets.

Igor Sechin owns a 0.1273 percent share in the company. The Rosneftegaz state holding company remains by far the biggest shareholder – yet it has no actual power over the company. Rosneft has changed its legal status from a

state-controlled to state-owned company. Rosneftegaz now has a 40.4 percent stake, down from just above 50 percent before the deal. Thus it has waived its controlling stake in the country's largest oil producer. This reportedly happened on March 28, 2020, yet it is only now that Rosneft made the information public. RN-NeftCapitalInvest, a subsidiary of Rosneft, had become the owner of 9.6 percent of the company. It is an outcome of Rosneft's cessation of its participation in all projects in Venezuela. On March 28, 2020, the Russian government via the Federal Agency for Government Property Management set up a new oil company, Roszarubezhneft, with an authorized capital of 322.752 billion roubles. The firm was registered in Moscow when Russia's oil major Rosneft announced its plans to stop its operation and sell its assets in Venezuela – in exchange for a 9.6 percent share. Under the agreement, Rosneftegaz would be granted a package of Rosneft's shares.

25 May 2020

CORONAVIRUS IN RUSSIA: BAD NEWS FOR THE COUNTRY

Russia is bound to witness a spike in mortality in the coming days. With new infections beginning to dip in many regions, local officials are now struggling to balance measures to prevent the virus. Meanwhile, President Vladimir Putin has warned that a second wave of the coronavirus epidemic could hit Russia this fall.

According to Rospotrebnadzor, the country's federal service for surveillance on consumer rights protection and human wellbeing, Russia will register more fatalities from COVID-19 nationwide. The head of Russia's public health watchdog, Anna Popova, has said that it is a normal tendency as a peak of mortality follows the peak of new confirmed

cases, albeit with a certain delay. There have been over 340,000 cases of coronavirus infections reported in Russia so far and more than 3,500 deaths. On May 22, Russia noted a record number of new virus fatalities. A warning that came from the country's public health watchdog may serve as an attempt to show the credibility of the country's mortality



SOURCE: KREMLIN.RU

statistics as some cast doubt on it. Yet Russia's death toll could be between 60 and 70 percent higher than the official figure. The day Russia saw the highest daily mortality rate, Vladimir Putin warned of a second wave of fresh cases this fall. At a videoconference with government officials and health experts, Putin said another wave of coronavirus sickness rate is possible in Russia from late October to November. At the meeting, Moscow Mayor Sergei Sobyenin said the capital is the country's coronavirus headquarters, adding it is necessary to maintain current lockdown measures at least until late May. Also on May 22, Deputy Prime Minister Tatiana Golikova said Russia is expected to register a spike in mortality for May.

Meanwhile, more and more regions across Russia are easing lockdown measures – as both the Kremlin and the government wish them to do so for purely economic reasons. The trouble is yet that in many regions, including Dagestan, the situation is getting worse. Governors are therefore overall in a difficult position. They feel Moscow's pressure to relax lockdown measures yet on the flip side, the situation is aggravating. Though most Russian provinces eased the

lockdown regime, others, like the Saratov region in southern Russia, has reinstated its ban on outdoor activities amid a spike in new cases. Yet what grapples the Russian economy are novel coronavirus outbreaks in some of the country's remote industrial and mining areas. Earlier, due to a coronavirus scare, Gazprom evacuated its workers from a northern gas project while Novatek ceased works at its construction site in the Far North. Also, more than 1,000 workers at a gold mine in the Siberian region of Krasnoyarsk Krai became infected with COVID-19 throughout the last few weeks. So one worker in three in the mine of Suleiman Kerimov, a Russian billionaire, has been diagnosed with the disease. The first three cases of COVID-19 were identified at the gold mine on May 6, and then the number of infections grew quickly, with 89 people diagnosed on May 9, followed by 303 people on May 13, and 866 people on May 18, and 1,191 people on May 21. In consequence, Krasnoyarsk Krai has jumped to fourth place in Russia for the growth of new COVID-19 cases – after Moscow, the Moscow region, and St. Petersburg, where the relaxing of strict measures seems unlikely.



SOURCE: MEDIA.GAZPROM-NEFT.COM

27 May 2020

RUSSIA UNVEILS RESCUE PLAN FOR OIL SECTOR

Russia is dependent on trading hydrocarbons, while the overall condition of the country's oil sector serves a pivotal role in its entire economy. It has always been favored by the state. Certainly this seems apparent as the world has plunged into a deep crisis. Added to that is a mere fact that Russia's energy majors are all in the hands of Vladimir Putin's close allies.

Russia's President Vladimir Putin has tasked the government with coming up with a plan to support the country's oil industry while the output is slashed under an OPEC+ agreement. These measures include a prescription not to sanction companies that stray outside their production quotas and a temporary lifting of penalties for state oil companies for not adhering to their 2020/2021 investment plans. The document also lists special rates that pipeline operator Transneft and Russian Railways will charge for

transporting crude and petroleum products while the OPEC+ agreement is in effect. A rescue plan for the oil industry came just after an April 29 meeting between Vladimir Putin and heads of energy companies as well as officials overseeing the oil sector. Mikhail Mishustin, the Russian prime minister, is accountable for the smooth implementation of the plan.

As part of the OPEC+ deal that has been in force since early May, countries pledged to decrease its production by 9.7 million barrels

per day (bpd) in May and June 2020. This situation will last until the end of June, after which the combined OPEC+ production cuts will be relaxed to 7.7 million bpd, and then by 5.8 million bpd throughout 2021 and the first four months of 2022 – from an October 2018 baseline of 11 million bpd (yet excluding Russia and Saudi Arabia). These two have committed to cutting production by 23 percent, then by 18 percent, and by 14 percent thereafter. In line with the OPEC+ cut deal, Russia declared to curb its oil output from 11 million bpd to some 8.5 million bpd in May and June. The curb will be even higher in the following months. In Russia, oil

majors had to push through a dramatic curb in output – with many oilrigs being affected. Many of them cannot be brought back into operation. According to Semen Vaynshtok, a retired director of Transneft, said up to 50 percent of them could no longer resume production. Optimistic reports say this could refer the oilrigs with much water-tainted crude that make up for 5 to 7 percent of the country's all rigs.

Perhaps if the demand for oil rises too sluggishly, OPEC+ officials will wonder whether to extend the biggest curb so far throughout July or beyond.

29 May 2020

TENSIONS RISE IN THE BLACK SEA

Moscow's annexation of Crimea from Ukraine has built up Russia's military capabilities in the Black Sea. Not only did the Kremlin push Ukraine out from the basin, but it also made its way for testing its missiles there. In doing so, Moscow has made attempts to pose a threat to NATO members in the Balkans as well as it has set a foothold for a plausible offensive in the Mediterranean.

On May 28, the Russian Defense Ministry said the crews of Azov, Saratov, and Novocherkassk amphibious ships of the Black Sea Fleet carried out an exercise with artillery firing and the loading and landing of troops. At the first stage of the exercise, they all conducted training on air defense – with the participation of the naval aviation. During the drills, the crews fired at coastal targets and unloaded the personnel. This might have grabbed the attention of a U.S. P-8A Poseidon reconnaissance aircraft right off the Crimean shore. For over two hours, the aircraft flew 80 kilometers off Crimea at an altitude of between

5,700 and 7,700 meters. Earlier, while flying from Italy's Sicily to the Black Sea, a Russian fighter Su-35 made a dangerous endeavor to intercept the U.S. jet. The Black Sea drills are yet another part of Russia's heightened activity in the Black Sea basin. Likewise, on May 23, the Russian submarines, Rostov-on-Don and Kolpino, performed a live-fire test in the Black Sea. Instead of warheads, the test-fired missiles had recording equipment. Both are armed with Kalibr long-range cruise missiles. Also, these are Varshavyanka-class submarines. The Black Sea Fleet had already earned six units of that class. The Fleet's latest drills show



SOURCE: MINOBORON

Crimea's military importance for Russia. The peninsula no longer performs a defensive role; instead, Russia seeks to turn it into an offensive stronghold. As announced in March this year, the Black Sea Fleet will receive a batch of Project 22350 guided missile frigates able to carry Kalibr and Tsirkon missiles. Russia's sole frigate of that type is the Admiral Gorshkov. The other one, the Admiral Kasatonov, is undergoing trials. Two more frigates of the class are under construction: the Admiral Golovko and the Admiral Isakov. They are to join the Navy in the next two years. They may

all end up in Sevastopol in Russian-annexed Crimea. With them, the whole balance of power might change throughout the Black Sea basin, and certainly, this comes as a response to the U.S. growing missile potential on Romanian soil. In addition to Kalibr cruise missiles that Russia had fired at IS targets in Syria, the country's brand-new frigates will be outfitted with Tsirkon hypersonic cruise missiles.



SOURCE: KREMLIN.RU

30 May 2020

ROSNEFT, TRANSNEFT IN NEW FEUD OVER TRANSPORTATION TARIFFS

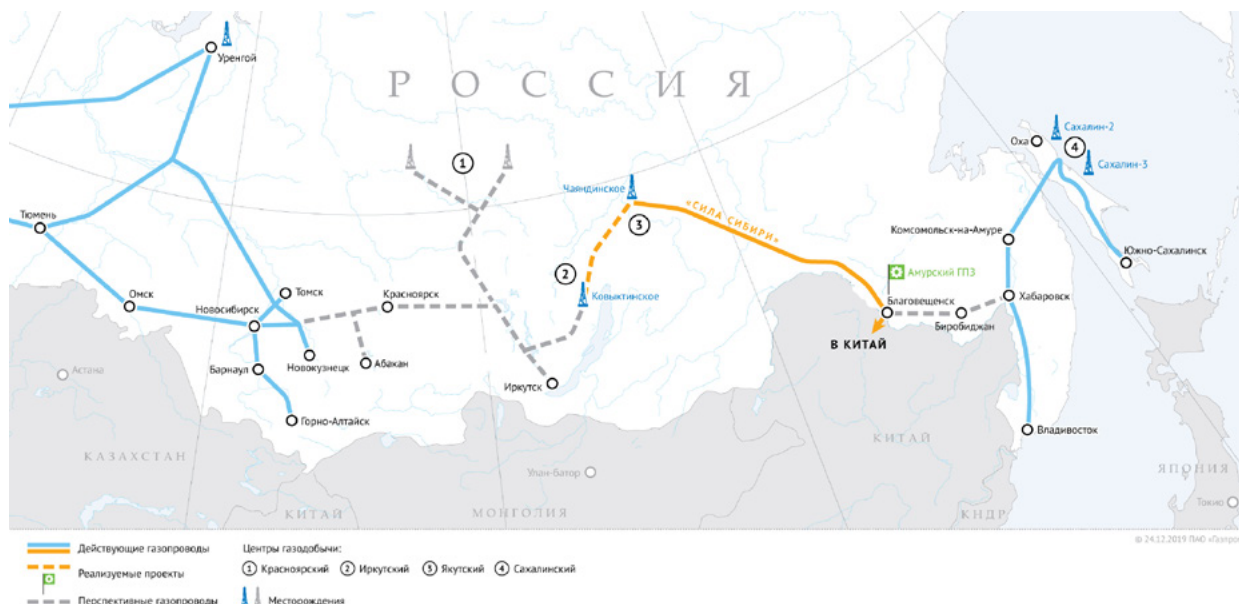
The CEO of Rosneft, Russia's crude oil major, made a proposal to cut transportation tariffs via the pipeline network that is managed by the Russian oil pipeline monopoly Transneft. The latter firm said these hit to a record-low level, with money flowing out from the federal budget, into pockets of private shareholders. Both parties to the conflict blamed the crisis that sparked off after Russian had pledged to curb its oil output under a landmark OPEC deal. Yet with the federal rescue plan for the country's oil sector, Rosneft's Sechin is likely to win the feud. Nonetheless, Vladimir Putin may eventually change his mind after having been in talks with Transneft's Nikolai Tokarev back on May 28.

Transneft says transportation tariffs should go up instead of going down. Russian oil majors, it noted, pay on average 2.5 times less than similar companies elsewhere. The discussed cuts in Transneft's tariff will result in an increase of private shareholders' earnings at the expense of the state that gets 80 percent in dividends. Private stakeholders gain 42 roubles in dividends and the state – just 14 roubles – per 100 roubles of net profit, Transneft experts say. Meanwhile, Transneft can offer the state between 40 and 79 roubles per 100 roubles of its net profit. Russian oil pipeline monopoly said a drop in the percentage of oil firms that deliver energy commodities through its pipeline network would be tantamount to a dramatic shrinkage in the company's whole earnings.

A presentation that Transneft published on its website comes in response to Sechin's request to reduce crude transportation costs he had submitted to Vladimir Putin at a May 12 meeting. The CEO of Rosneft showed muddled figures, too. In 2008, he said, crude oil traded for 1,100 roubles compared to 1,200 roubles now. Transneft has jumped from 822 roubles to 2,100 roubles per ton per 100 kilometers. Transport costs now make up roughly 33 percent of the whole oil price. Sechin asked Andrey Belousov, Russia's Deputy Prime Minister and a member of the board of directors at Rosneft, for state help. While commenting on Sechin's request, Igor Dyomin, an advisor to the head of Transneft, said this calculus was inaccurate. Last autumn, Dyomin grabbed the headline following his squabble with Gerhard Schroeder, a retired German

chancellor who is now chairing the board of directors at Rosneft. According to Dyomin, Sechin, while speaking about transportation costs, was right to cite crude figures in tons – as this is how shipping costs are calculated. The problem was that Sechin quoted the crude price in barrels instead of tons. The standard is the 7.33 barrels-per-ton conversion ratio. He did not take into account the difference in the dollar back in 2008 and now. By comparing the price of a barrel with a price for shipping a ton of crude paints a far distinct picture than what Sechin said. It turns out that Transneft transportation costs are not that high. Dyomin based his calculus on this year's data, according to which Rosneft has its commodities shipped twice as cheap than before.

Rosneft and Transneft, Russia's biggest oil firm and the country's oil pipeline monopoly, have in the past quarreled on and off about everything. Transneft and Rosneft are headed by two influential allies of Russian President Vladimir Putin, Igor Sechin and Nikolai Tokarev, who both have had a long history of differences over a number of issues. Last year they had a row over a tainted oil crisis in the Druzhba crude pipeline. Between 2014 and 2017, Rosneft publicly attacked Transneft over the latter's alleged moves to overstate oil loss standards via its pipelines. In 2013, these two had been at loggerheads amid transportation costs via the Eastern Siberia-Pacific Ocean (ESPO) pipeline that Rosneft uses to send its energy goods to China.



SOURCE: GAZPROM.RU

30 May 2020

GAZPROM IS TURNING TOWARDS CHINA, BUT THERE ARE PROBLEMS

With the gloomy prospects for the European gas market, Gazprom is making efforts to send more energy eastwards. The Power of Siberia 2 gas link, a second gas pipeline to China that Russia has just begun to construct, will link the Yamal Peninsula, which holds the country's biggest proven gas reserves, and China. The Yamal Peninsula already feeds Gazprom's customers across Europe. Nonetheless, Moscow might have expected its cooperation with China to look differently. Beijing is keen to buy more gas from Russia, yet it is wary of subsidizing Gazprom's fresh energy projects.

The Russian energy behemoth has launched works to build its Russia-to-China Power of Siberia 2 energy link, or the Altai gas pipeline. At his meeting with the head of Gazprom in late March, Vladimir Putin gave his go-ahead for the implementation of the project. Gazprom CEO Alexei Miller said on May 18 it had launched feasibility studies for the construction of a second gas pipeline to China. The new energy

link is officially slated to connect Russia's gas infrastructure in the country's west and east as well as bring gas into the eastern parts of Siberia. The pipeline might pass through Mongolia, Miller said, and it might carry up to 50 billion cubic meters of natural gas per year to China. "Gas from Russia's Yamal will reach both Europe and Asia," he added. Russian energy majors are looking to send more commodities

to China's burgeoning market. By 2030, China might import up to 600 bcm of natural gas per year to meet its domestic needs.

In 2015, Gazprom and China National Petroleum Corporation (CNPC) inked a letter of intent on delivering gas supplies from Western Siberian fields via a western route, or the Power of Siberia 2 link. Under the deal, the Russian gas company will build a brand-new gas pipeline system within the existing transport corridor from Western Siberia to Novosibirsk, and further to the Chinese border. With the Power of Siberia 2 pipeline, Russia could double its gas deliveries into China. In December 2019, Gazprom started pumping gas to southeastern China via its Power of Siberia pipeline. In 2014, the Russian gas firm signed a \$400 billion contract with CNPC to supply 38 bcm per year through the Power of Siberia over 30 years. The Power of Siberia transports natural gas from Yakutia and Primorsky Krai to China.

The 2,159-kilometer link would have an annual volume of up to 38 bcm of natural gas.

Notwithstanding that, Gazprom may find it challenging to provide enough gas to execute its recent contract with China. Its Chayanda field in Yakutia could hold less gas than the Russian major is poised to inject into the Power of Siberia pipeline. Due to some technology flaws, as many as 50 gas rigs are unable to be exploited as previously planned. Also, Gazprom is fighting an uphill battle while seeking to receive some external financing to build its energy projects, one of them being the Ust-Luga gas processing and LNG complex, worth some 750 billion roubles. Earlier it could not secure financing for new facilities of Amur gas processing plant. In early 2019, Gazprom was making efforts to encourage Chinese investors to enter the deal. China Development Bank (CDB), the country's top policy lender, yet turned down the Russian offer.

31 May 2020

RUSSIAN ECONOMY COMES BADLY BECAUSE OF PANDEMIC

Russia imposed a “non-working” period across the country at the end of April in a move that lowered the country's industrial output and – along with an energy crisis and a shaky Russian economy – thus heaping pressure on the country's financial strength. Official economic data from April paints a somewhat dreary picture of Russia's economic reality.

Russia's gross domestic product (GDP) fell by 12 percent year-on-year in April, when the countrywide non-working period to contain the spread was in place, thus from March 30. Russia's economic growth slowed to 1.6 percent year-on-year in the first quarter of 2020,

according to the country's federal statistics agency Rosstat. The Economic Development Ministry had previously estimated GDP growth in the first quarter at 1.8 percent. Russia's economy is forecast to shrink by 9.5 percent in the second quarter of 2020, it added. The



SOURCE: KREMLIN.RU

Central Bank last month predicted that the Russian economy would decrease by up to 8 percent, with between 4 and 6 percent per year. In its ratings, Fitch expects a 5 percent economic contraction this year. Meanwhile, the country's biggest state-run firms are among the rare companies that receive economic state aid. Unsurprisingly, Alexei Kudrin, Russia's chief auditor and a former finance minister, said roughly 13 percent of small and medium enterprises will step out of the crisis. Russia's official level of unemployment has risen by 30 percent since the start of the coronavirus pandemic, the country's government officials said. Also, much has been made of Russia's huge reserves of some \$165 billion in the National Welfare Fund (NWF) throughout April, thus worth exactly 11.3 percent of the country's gross domestic product. While oil prices dive

below \$42 per barrel, the National Welfare Fund covers a shortfall – thus basically throughout most of the year. Meanwhile, the budget gets much less than it expected, with the energy sector being to blame. In April, energy companies paid a total of 434.56 billion roubles in hydrocarbons extraction taxes, marking a 23 percent decrease from March figures, a 29 percent drop from January-February numbers, and a 40 percent slump year-on-year. Those dynamics arise from the crisis on the oil market and nosediving oil prices (to \$20 per barrel) as well as a slump on the European gas market, with prices even cheaper than in Russia.



31 May 2020

RUSSIA AIMS TO BOOST MILITARY FACILITIES IN SYRIA

The Kremlin has decided to put an end to the years-long rivalry between its foreign and defense ministries in Syria. President Vladimir Putin reportedly tasked both with securing additional land and naval rights in Syria. Also, the Russian leader appointed his special envoy to monitor economic and investment issues.



SOURCE: KREMLIN.RU

Russia is keen to boost its military facilities in Syria. It is ready to hold talks with Bashar al-Assad's government over obtaining maritime access in Syria, as well as further military facilities and additional real estate on land and at sea, both in Tartus and Khmeimim. Vladimir Putin instructed defense and foreign ministries to sign a protocol to the agreement with Syria on deploying Russia's air task force that stipulates the transfer of extra facilities and water area to Moscow. Russia currently has two permanent military bases in Syria – a naval base at Tartus on the Mediterranean coast, some 30 kilometers off the Turkish border, and an air base in Khmeimim, in western Syria's Latakia province. The latter has been utilized by the Russian air forces since Russia intervened militarily with air support in September 2015.

Russia has a Soviet-era naval base in Tartus that served since then as the country's critical beachhead for its warships. In November 2019, Russia began to build a new Syrian base for a fleet of its helicopters in Qamishli where U.S. troops had been stationed before. Also, Russia makes use of two of the country's airfields: Shayrat and Tiya. Both the Tartus and Khmeimim bases are set to be expanded, said Yuri Shvitkin, the vice chair of the Russian state Duma defense committee. In the Syrian seaport of Tartus, Russia can upgrade its vessels, while the Khmeimim is able to host both civilian and military aircraft.

On May 25, Putin appointed Moscow's ambassador in Damascus, Alexander Efimov, in office since October 2018, as his special envoy for developing relations with Syria. It is an addition to the two already existing envoys for Syria – the Kremlin's special presidential envoy on the Middle East, Mikhail Bogdanov and the special envoy for Syria Alexander Lavrentiev. Efimov will be tasked with economic issues; in Syria, he will oversee investments and assess development prospects for Russian companies. There is something more behind Efimov's appointment. In this way, Putin seeks to subordinate the country's policy on Syria to the Kremlin, as he is dissatisfied with moves by the foreign (Lavrov) and defense (Shoigu) ministries. With his new post, Efimov will work for the Kremlin without the participation of the Foreign Ministry – after all, he serves as an ambassador. Two of Putin's latest decisions show two vital components of the Kremlin's new stance on Syria. Moscow is eager to exert a more powerful influence on Bashar al-Assad's government, both militarily and through its business presence in the country. Also, Russian officials are prone to shift from waging the war to Syria's reconstruction, hoping to see large money inflows coming to the country, also from the rich Gulf monarchies. With its large military facilities, Russia seeks to keep a robust position in a post-war Syria and views reconstruction in Syria as a potential boost to the Russian economy.



31 May 2020

RUSSIA–NATO TENSIONS CONTINUE ON BOTH FLANKS

Russian aircraft have made a number of provocative moves both in the Baltic Sea, as well as along the bloc's southern wing, in the Black Sea and the Mediterranean. There are more and more reports of Russian jets seizing NATO planes.

Russian jets intercepted two U.S. strategic bombers over international waters of the Black and Baltic Seas on May 29, the Russian Defense Ministry said in a statement. Su-27 and Su-30 fighter jets followed the bombers until the B-1Bs changed their direction. This year the Russian military is likely to make more encounters with NATO aircraft than in 2019. Unnamed NATO officials said NATO

jets stopped Russian planes flying close to NATO airspace nearly 300 times last year. Also, Russian aircraft intercepted those of the military bloc. Russian jets are performing boldly in the southern wing. Five Romanian, Bulgarian and Turkish jets intercepted a pair of Russian Tu-22 bomber jets and two Su-27 fighters on May 19, which were flying close to the Romanian air space. Recent weeks have



SOURCE: KREMLIN.RU

revealed Russia's intensified activity in the Eastern Mediterranean where Russian jets made a few successful attempts to seize a U.S. Navy P-8A Poseidon reconnaissance aircraft.

Yet Russian military aircraft activity has increased in the north. Back in late March, Estonian air forces said the coronavirus pandemic exerted no impact on Russian military activity. Russian jets fly close to NATO borders in the Baltic, stirring up alerts in Lithuania's Siauliai and Estonia's Amari where the allied jets are based. Besides, Russian aircraft tend to have their onboard transponders off. Estonian Minister of Defense Jüri Luik said despite the coronavirus, Estonia's geopolitical position next to Russia has not changed in any way and the threats regarding military crises remain unchanged. In late

April, Russian jets were particularly active in the Baltic Sea, forcing aircraft being part of the NATO Air Policing to scramble four times as nine Russian aircraft ventured close to the Alliance's air space. According to data from the Lithuanian Defense Ministry, these were An-26 and An-12 transport planes, a Tu-160 supersonic bomber (twice), a pair of Su-35 air-defense fighters, two Su-27 fighter planes and an A-50 early-warning aircraft. All jets flew headed from the Russian exclave of Kaliningrad for the Leningrad region over the Baltic Sea while not observing international rules. NATO's Baltic Air Policing mission started on May 1, with Spain's six F-18 jets and Britain's three Eurofighter Typhoon aircraft deployed to Lithuania's Siauliai, and France's four Mirage 2000s to Estonia's Amari.



31 May 2020

RUSSIA, BELARUS SQUABBLE OVER GAS DELIVERIES IN NEW CHAPTER OF ENERGY WAR



SOURCE: GAZPROM.RU

Belarus seeks to buy Russian gas for less, starting this year. Russian state energy group Gazprom is yet wary of resuming talks on an agreement it concluded with Belarus back in February, saying it will sit at a negotiating table only after the issue of Belarus' gas debt is settled. For the Russian major, it is an indispensable requirement to continue talks on gas deliveries next year as gas commodities are now flowing from Russia to Belarus under yearly deals.

Russian Prime Minister Mikhail Mishustin and his Belarusian counterpart, Sergey Rumas, had a phone talk about prices for natural gas that Minsk buys from Russia's Gazprom. Belarusian President Alexander Lukashenko has in the past repeatedly voiced his discontent over the price Russia charges it, especially with nosediving gas prices worldwide. In the phone call, Mishustin and Rumas have agreed to instruct their energy ministries to continue negotiating over prices for the natural gas Belarus buys. Belarusian Energy Minister Viktor Karankevich said Belarus touched upon the issue of cutting gas prices it buys from Gazprom this year. "As soon as Minsk pays off a \$165.6 million debt, the Russian side will be ready to schedule talks on the terms of gas supplies starting from 2021," CEO of Gazprom Alexei Miller said just two days later. "Belarus does not have a debt for the imported natural gas," the energy ministry's press service informed on May 29. According to the ministry, at present, "there are disagreements between business entities on determining the cost of natural gas supplied, taking into account its calorific value." Today Belarus purchases Russian natural gas at \$127 per 1,000 cubic meters, under a pricing deal that CEO of Gazprom and the ambassador of Belarus to Moscow inked in February 2020. This is more than what other countries, including Germany, pay for their energy commodities. In addition comes a record-low gas price worldwide amid the coronavirus pandemic. After a meeting with Lukashenko on May 14, Belarusian Prime Minister said his government would attempt to settle a fair gas price, suggesting it be \$80 per 1,000 cubic meters. Earlier the president called on Moscow to reduce the price even more. Beltransgaz, a wholly-owned subsidiary of Gazprom, controls the Belarusian gas transmission system. Belarus buys around 20 bcm of Russian gas a year. Lukashenko said Belarus could lessen its energy dependence on Russia by at least a quarter after its Astravyets nuclear power plant becomes fully operational.



31 May 2020

RUSSIA FACES BIGGEST MILITARY THREAT FROM WEST, SHOIGU SAYS

The Kremlin has long seen NATO, and especially the United States, as its number one enemy. Now Russia is preparing to show off its strength of power. If the Russian army is bracing for war, the one will be with the West, as hinted by the recent board meeting of the country's defense ministry



SOURCE: MINOBORON

“The western strategic direction continues to pose the biggest threat to Russia’s military security,” Defense Minister Sergei Shoigu said at the ministry’s board meeting on May 20. Russia’s Defense Ministry is “implementing a set of measures in accordance with the plan of its activity in 2019–2025 to neutralize threats that emerge,” Shoigu pointed out. In 2020, roughly thirty organizational measures are planned in the country’s Western Military District. Shoigu said earlier today that the Western Military District was preparing for the defensive drills of the Baltic Fleet and the Sixth Army. The pandemic has yet not impaired the army’s combat readiness, he declared. The Russian army has carried out over 320 operational and combat training measures, including more than 30 drills, since the start of the year to raise the

professional level of the personnel and military command centers. “In particular, about 2,000 new and upgraded weapon systems will be delivered, which will increase their share to over 65 percent,” Shoigu added. As informed a few days later, the Western Military District will receive a batch of over 100 upgraded T-72B3M tanks later this year. The country’s top military officers are making extra efforts to bankroll the Western Military District. Russian Army armored units are expected to receive more than 120 upgraded T-72B3M main battle tanks by the yearend, according to the Defense Ministry. Surely they will be deployed to the western wing. Denis Manturov, the head of Russia’s Ministry of Industry and Trade, said in April the new T-14 Armata tank would enter service no sooner than in 2021.

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