

# RUSSIA MONITOR

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**W** WARSAW  
INSTITUTE

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SOURCE: KREMLIN.RU

5 June 2020

## PUTIN FOR LIFE? KREMLIN WANTS NATION SUPPORT NOW

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**Russian President Vladimir Putin said that a referendum on constitutional changes that would allow him to stay in office past his current term will be held on July 1, or basically throughout the whole last week of June. With a blend of the Victory Day parade and plausible vote-rigging tools, the Kremlin seeks to hit both an adequate turnout vote and a much-desired result.**

**T**he vote on the reforms had been planned for April 22 but had to be postponed after Russia experienced a surge in coronavirus infections. Likewise, the traditional Victory

Day parade marking the anniversary of the Nazi defeat in World War II was postponed from May 9. The vote will be held a week after Russia is due to hold rescheduled grand celebrations on



June 24 marking 75 years since Joseph Stalin received a parade after the Nazi German surrender in 1945. That was a much-expected move; the Kremlin is fearful of dropping turnout rate amid the growing dissatisfaction with the incumbents. Putin's approval ratings sank to the lowest in the two decades he has been in power, according to the Levada Center, the nation's top independent pollster.

Vladimir Putin on July 1 set a July 1 date for a nationwide vote on constitutional amendments allowing him to extend his rule. Anna Popova, the head of Russia's public health watchdog, offered assurances that holding the referendum on July 1 would be safe for the public. July 1, which falls on Wednesday this year, is to be a day off work for all Russians. Starting from June 25, in the six days before July 1, voters will have a chance to cast ballots. In some of the country's

regions, perhaps also in Moscow, citizens will be allowed to take part in electronic balloting, too. A new law on amending Russia's election legislation stipulates that due to the pandemic voters can cast their ballots by mail or in a remote online vote. Yet authorities can apply vote-rigging mechanisms. So will they use special tools to ensure safety for the public. In Russia, the nationwide vote is a never-before-seen thing -- it is neither an election, nor a referendum. Perhaps it will feature no foreign electoral observers, nor a mandatory approval threshold for adopting these changes. Surely the Kremlin is eyeing a high turnout to further strengthen Putin's presidency. According to Russian pollsters, even independent ones, the vote is likely to see more than 50 percent turnout with most "yes" votes.

## 9 June 2020

# **“THE NEXT CHERNOBYL”: GIANT DIESEL SPILL IN SIBERIA’S NORILSK**

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**An oil leak released diesel into the Arctic Ocean as officials were slow to respond, both due to human error. A whole array of mistakes was made by both local senior officials and the owner of the thermoelectric power plant that let diesel oil escape in the water bodies. These are yet intrinsically linked one to another, as local politicians have long relied financially on Russia's mining giant Norilsk Nickel (Nornickel). The leak can have a severe impact on the local ecology. Many say the oil spill was the worst such accident ever in the Arctic region.**

**T**he May 29 accident saw over 21,000 tons of diesel fuel escaping from a storage tank at the thermal power plant in Norilsk, a city in

Western Siberia. Yet state officials only learnt about the incident on May 31, chiefly from videos posted on social media showing polluted



SOURCE: WIKIPEDIA.ORG

red-tainted water in the Ambarnaya river, and not from a statement from Russian mining conglomerate Norilsk Nickel, or Nor Nickel, that owns the facility. Russia's President Vladimir Putin declared a state of emergency on June 3. Thus clean-up teams arrived in Norilsk with a two-day delay. The spill massively polluted the Ambarnaya and Daldykan rivers. Oil has also reached Lake Pyasino, a major body of water and the source of the Pyasina river that feeds the Kara Sea, which is part of the Arctic Ocean. Though Russian Minister for Emergencies Yevgeny Zinichev, who in the past served as FSB deputy chief and Putin's security officer, on June 5 said that clean-up teams had managed to stop the spread, it is much worse than that. Throughout the week roughly 2 percent of fuel has been collected as the Ambarnaya river is difficult to clean up because of adjacent swamps and wetland tundra. Boom obstacles were indeed placed in the river but they can just contain crude oil spills. Diesel fuel is more toxic to clean up as it dissolves in water, causing the environmental damage to the fauna and flora on the river bottom. Thus they can in no way be collected. Due to the magnitude of the spill, the clean-up operation might take whole months. The area will need years, or even decades, to recover from the spill.

The owner of the thermoelectric power plant that owns a damaged oil tank blamed global warming. The oil storage tank was built on permafrost which has weakened over the years owing to climate change; so was Norilsk and whole northern provinces of Russia. Arctic permafrost has been melting in abnormally warm weather for this time of year, with cracks in roads, rail tracks, and buildings reported throughout Siberia. Yet there are various monitoring tools already in place. Nonetheless, the thermoelectric power plant visibly lacked one though it was built in the early 1980s. No cracks were reported in the tank's floor – and thawing permafrost could no longer support its weight. In consequence, one of the tank's pillars collapsed, letting toxic substances penetrate further into the land strip between the plant and the river. A special committee will investigate the origin of the Arctic oil spill. Possibly thawing permafrost had caused one of the tank's pillars to collapse, yet this is not a foregone conclusion. Earlier check-ups had revealed the tank being in a poor condition, with evident corrosion stains on its steel walls. Of course, Nor Nickel ignored these flaws. The firm is the world's leading producer of nickel, palladium, and platinum, and a state within a state in Russia's North. Vladimir Potanin,

Russia's wealthiest man and the largest shareholder in Norilsk Nickel, has pledged to pay for the clean-up mission. Of course, the Kremlin would dismiss the idea of ousting Potanin, a servile oligarch whose company is by far the biggest taxpayer in Russia. This is also

a warning sign for Putin. The Russian leader is unable to control everything in the country, local senior officials conceal its problems, as was the case in Chernobyl, while industrial infrastructure is falling into ruin.

10 June 2020

## RUSSIA'S GERMAN CONNECTION: SCHROEDER RE-ELECTED ROSNEFT'S BOARD CHAIRMAN

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**The Board of Directors of Rosneft re-elected former German Chancellor Gerhard Schroeder as its chairman. An ex-SPD chairman, he remains somewhat a guide for Germany's left-wing parties and a servile client of the Kremlin in many areas beyond energy.**

In early June, the meeting of the Board of Directors of Rosneft took place, with a new board of directors being selected. It consists of 11 members. On June 5, the Board of Directors of Rosneft re-elected former German Chancellor Gerhard Schroeder as its chairman. There were no major reshuffles, though. Matthias Warnig saved his job as the head of the Nord Stream 2 AG, a company building the Russia-to-Germany Nord Stream 2 gas pipeline. There, Schroeder began a new career as a businessman in Russia at the head of Nord Stream AG's board of directors. Likewise, both German officials worked for Nord Stream AG that built the very first offshore energy link stretching from Russia to Germany. An ex-Stasi officer codenamed "Arthur", Matthias Warnig has held close ties to Vladimir Putin since the early 1990s. Also, in line with a decision of the general meeting of shareholders, Schroeder will receive \$600,000

in salary for 2019 while Warnig will be paid another \$580,000. Intriguingly, other directors, including Russia's Energy Minister Alexander Novak, First Deputy Prime Minister Andrey Belousov, and CEO of Rosneft Igor Sechin, did not take such salaries. Shortly before, Sechin had been nominated as the chief executive officer of giant oil producer Rosneft.

Schroeder, 76, is popularly known for his pro-Russian comments. Meanwhile, he still serves as a mentor for Germany's left-wing parties. For example, in early May, he urged countries to remove sanctions on Russia yet stressed that no Russian leader would hand annexed Crimea back to Ukraine. For years he has lambasted Ukraine's top politicians, too. "The payment for fidelity to the Kremlin was not long in coming – Schroeder receives another dividend!," according to Ukraine's Foreign





SOURCE: KREMLIN.RU

Minister Vasyl Bodnar. As he further wrote on his Twitter account: “the fifth column in the EU continues to push through Russian interests and undermine European solidarity.” A friend of the Russian president, former SPD Chancellor Schroeder (1998–2005) has been working for

the Russian energy industry since he retired from politics. Since 2017 Schroeder has also served as an independent director of the board of Russia’s biggest oil producer Rosneft. He is an enthusiast of tight Russian-German ties going far beyond these two’s joint energy projects

16 June 2020

## **RUSSIA’S PLAN FOR LIBYA: DIPLOMATIC SOLUTIONS INSTEAD OF HIRED GUNS**

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**Following a series of setbacks for Russian-backed military commander Khalifa Haftar, there comes a severe threat of the collapse of the Libyan National Army (LNA) and the Tobruk-based government. This would impair Russian influence on Libyan territory. Thus once forces loyal to Libyan strongman Khalifa Haftar failed to seize the whole country, the Kremlin is seeking to bolster efforts towards compliance with Russian-Turkish bilateral agreements on a ceasefire in Libya.**



INTERNATIONAL CONFERENCE ON LIBYA IN BERLIN, JANUARY 2020. SOURCE: KREMLIN.RU

Russian President Vladimir Putin on June 10 spoke over the phone with his Turkish counterpart Recep Tayyip Erdogan to discuss the latest situation in Libya, according to the Kremlin press service. Russian and Turkish leaders vowed to reinforce a mutual bid towards the soonest end of warfare in war-ravaged Libya. As they said, Libyan civil war intensifies despite conclusions made at the Berlin conference in January this year, an event aimed at plotting a path to peace in the country. The day before, Putin held a phone call with German Chancellor Angela Merkel, where both also expressed their concern over an escalation of fighting in Libya while calling for the soonest ceasefire. “The Russian side positively assessed the diplomatic efforts made by Egypt,” the Kremlin press service said. Before Putin held talks with Merkel, Russia’s Foreign Ministry said that a new Egyptian peace initiative for Libya must be the main forum to decide the future of the country. Put forward by Egyptian President Abdel Fattah al-Sisi, the proposal envisages an elected presidential council, with representatives from Libya’s all regions, ruling for an 18-month transition period until general elections are held. Furthermore, it prescribes the disbanding of militias to give state forces a

monopoly over power as well as the withdrawal of foreign troops from all Libyan territory.

Once forces loyal to Libyan renegade military commander Khalifa Haftar have had setbacks in recent weeks in Tripoli and fled eastwards to the city of Sirte, an immediate ceasefire would halt an offensive launched by Libya’s UN-recognized government, with military support from Turkish drones, military tacticians, and thousands of mercenaries relocated from Syria. Even Turks would find it hard to ask Libyan Prime Minister Fayeza Mustafa al-Sarraj to sit at the negotiating table. Ankara seems to be dragging its feet over it while the military situation throughout Libya is highly conducive to its interests. For Turkey, it is a trump card in its talks with Russia over a possible agreement in Libya. In addition comes the grappling attitude of other conflict-embroiled actors that voice concern over a Russian-Turkish deal that could somewhat mirror that already made in Syria. Moscow is reaching for diplomatic solutions, with Wagner Group contractors in Libya having been evacuated in May in a move that contributed to Haftar’s retreat. Kremlin officials are likely to withdraw their support for the Libyan strongman if he is the top reason preventing al-Sarraj from initiating talks with



eastern-based politicians. As he gained control of Cyrenaica, Haftar knows it very well. Earlier he had just alleged that his Libyan National Army was nothing but a military arm of the

Tobruk-based government, a body competing with Libya's UN-recognized Government of National Accord in Tripoli.

16 June 2020

## CORONAVIRUS IN RUSSIA: PUTIN HAS RATINGS PROBLEM

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**The fall in Vladimir Putin's popularity ratings is bucking the trend. The pandemic and much-criticized state policies, including the president's self-isolation from Russian society, have created a less comfortable environment for the Kremlin while only speeding up some alarming shifts. What is particularly grappling for Kremlin officials is that Putin's traditional voters, who have hitherto labeled themselves as "apolitical", are becoming more and more interested in domestic affairs. With their growing interest in politics and chiefly a critical approach towards state officials, Russian society comes as more knowledgeable than ever before.**

The Russian state has failed the coronavirus test, chiefly amid the autocratic personalized model, in which far too much depends on the president. With Vladimir Putin locked down in the Novo-Ogaryovo residence outside Moscow and ruling the country via video conferences, the state becomes little efficient that way. Importantly, unlike in the past, Putin did not find a scapegoat whom he could blame for the coronavirus crisis, nor did he shift whole responsibility to the prime minister or local officials. Neither Mikhail Mishustin nor Moscow Mayor Sergey Sobyanin is likely to follow Dmitry Medvedev's example and earn undeserved criticism. In Moscow, Russia's biggest coronavirus outbreak, local authorities are performing quite well. For Russian public opinion, these two officials are doing much better than Putin who has isolated himself from

society in its Novo-Ogaryovo residence outside Moscow.

Back in late April, popularity polls found that Putin's ratings went down, unlike was the case of Western leaders. While the approval ratings of most Western presidents have risen amid the new coronavirus pandemic, President Vladimir Putin's ratings are consistently declining. State propaganda solutions proved useless, sociologists say. There are more and more people criticizing the authorities in virtually all social groups throughout Russia. Finally, Putin's self-isolation is being judged not as rational behavior. Educated urbanites have always been against Putin's rules. Yet he could ignore them as long as he enjoyed support from the provincial working class, which has always been a pillar of the regime.



SOURCE: KREMLIN.RU

The pandemic has yet changed the status quo, with more and more Putin's voters declaring themselves as interested in politics and hence more judgmental toward the regime. However, their objection stems from different reasons

than that of urban residents. Those who in the past voted for Putin are now irked by the president's weakness as the incumbent leader is inept to take sufficient steps.

18 June 2020

## THE ARCTIC GROWS IN IMPORTANCE AS RUSSIA ESTABLISHES NEW MILITARY DISTRICT

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Unsurprisingly, the Northern Fleet has been given the same status as Russia's four other military districts. This comes in response to the flexing of military muscles in Russia's Far North once the Kremlin has put the Arctic at the very top of its agenda. Russian officials are keen to see the region flourish, both economically, with the Northern Sea Route and energy projects, as well as in the area of security. The Arctic would serve a pivotal role in a plausible conflict between Russia and NATO or the United States.



SOURCE: MINOBORON

Russian President Vladimir Putin has signed an executive order whereby the Northern Fleet shall become an independent military-administrative entity from January 1, 2021, onwards. In line with the decree, Putin has given his government a deadline until October 1, 2020, to devise a plan for fulfilling the country's new military division. This is the first time in Russian history that a fleet becomes equal in command to a geographical military district into which whole Russia's military is divided. This will be the fifth military district in Russia, alongside the Western, Southern, Central, and Eastern. With the move, the Republic of Komi, Arkhangelsk Oblast, Murmansk Oblast, and the Nenets Autonomous Okrug will be part of the Northern Fleet command and no longer belong to the Western Military District. Likewise, with the Northern Fleet being an independent military-administrative entity, Russia's military has made yet another step to boost the country's "Arctic front." With new abilities, the Northern Fleet will win greater independence and perform its tasks more efficiently. Over the past years, the Northern Fleet has seen continuous updates to its structure. Since 2014,

the Northern Fleet has been separate from the Western Military District, becoming the Joint Strategic Command of the Arctic. Further on, the Central and Eastern Military Districts will hand over their Arctic-based land forces to the Northern Fleet. The Northern Fleet Command is headquartered in Severomorsk on the Kola Peninsula and its current commander is Vice-Admiral Aleksandr Moiseyev. The Northern Fleet consists of naval forces, land forces, and anti-aircraft defense troops. Also, it comprises both forces of the Northern Fleet's White Sea naval base, headquartered in Severodvinsk in Arkhangelsk Oblast, and those of the Kola Flotilla. Since 2017, the very core of the Fleet's land forces is the 14th Army Corps whose parts are the 80th Separate Motor Rifle Brigade, based at Alakurtti, and the 200th Separate Motor Rifle Brigade, with its home base in Pechenga. The fleet's air force and its air-defense brigades are ensured by the 45th Air Force and Air Defense Army that is expanding its military installations on the islands in the Arctic while deploying brand-new weapons, including the S-400 and Pantsir-S systems.





SOURCE: KREMLIN.RU

22 June 2020

## **PUTIN (AGAIN) WAGES MEMORY WAR**

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In a lengthy essay published in U.S. magazine *The National Interest*, Russian President Vladimir Putin discussed the topic of both World War II and the current affairs worldwide. Though stuffed with a number of references to many other documents, the historian-like exegesis is far from being a scientific paper. The author was inclined to insert the quotes that embolden his thesis while most importantly misinterpreting historical facts. What for? To accomplish some outstanding political goals.

Putin has yet again slammed Poland, rebuking the country for starting the war. Putin sees Poland's invasion of the Czechoslovak border area of Zaolzie -- an outcome of the Munich Agreement -- as the country's alleged being in cahoots with Adolf Hitler. Earlier Putin had renewed his war of words with Poland, blaming the country for anti-Semitism before the outbreak of war in 1939. Both the Russian leader and some media outlets at home have insisted on the topic back in December 2019 and in early 2020, thus shortly before the Jerusalem memorial conference to mark the liberation of the Nazi death camp Auschwitz. By falsely accusing Poland of its purported conspiring with the Third Reich and its obstructing of military talks between the United Kingdom, France, and the Soviet Union in the summer of 1939, Putin is hoping for two political goals. First, his reading of history downplays the responsibility of Paris and London as both colluded with Hitler in Munich. Secondly, Putin tries to portray Poland as an untrustworthy

ally who is to blame for its irrational moves that made the whole West suffer. This could be learned after reading another part of Putin's essay that has sparked outrage both in Poland and the Baltic states. The Russian leader views the round anniversary of the outbreak of World War II as an opportunity to find answers to some outstanding challenges during somewhat a new Yalta conference. The problem is that an in-person summit of the world's powers is unlikely, and so is a chance of taking conclusive steps, chiefly between the United States and China. Of course, there is no chance of building a brand-new world order, either. These are nothing but empty words; Putin's top goal is to stop his country's isolation by lifting at least a portion of punitive measures or through Moscow's comeback to the G7. Also, since March this year, the Kremlin has urged other countries to remove sanctions against Russia amid the pandemic while calling for cooperation.

23 June 2020

## **RUSSIA SAYS CONCERNED OVER TRUMP-DUDA MEETING**

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**The Kremlin is voicing growing concern over the Polish President's planned visit to the White House and Washington's ambition to extend its military presence in Poland. Warsaw is rising in importance whereas Berlin is steadily losing it. This is just bad news. Another is that while bolstering Poland's military and energy security, the United States beefs up the whole eastern wing of NATO. Not surprisingly, Moscow hurled defiance at such steps. Interestingly, the Washington summit would take place on the same day as a massive Russian military parade rolling through Moscow's Red Square to mark victory over Nazi Germany. Yet Donald Trump turned down an invitation to take part in the celebrations.**



SOURCE: KREMLIN.RU

Russian Foreign Ministry spokeswoman Maria Zakharova was commenting on Washington's plans to cut the American personnel in Germany, slashing the idea of relocating troops to Poland. The country has come under loud Russian propaganda attacks, both in some media outlets and from senior Russian officials, just to quote here a pseudo-scientific paper credited to Vladimir Putin, published in a conservative U.S. revue. Russians are seeking to portray Poland as a relatively small country that poses no threat to Russia yet is sly enough to set the West and Moscow at loggerheads. In a televised interview in state-run TV channel Rossiya 1, aired on June 19, Kremlin spokesman Dmitry Peskov outlined Moscow's stance on Poland, also in the context of U.S.-Polish ties. "Our relations with Poland

today do not just leave much to be desired, they are just bad," he admitted. Peskov also noted Warsaw's "confrontational sentiments," saying the Kremlin deplored this. Of course, Russia says most concerned over Poland's thriving alliance with the United States. Peskov's words blatantly depict what Moscow is most afraid of. "Poland may present a threat to Russia only if it provides its territory for NATO military infrastructure that other countries could use," Peskov said. "Poland itself poses no threat to us," he was quoted as saying. Peskov continued by saying that Moscow has regularly noted the undesirability of NATO military infrastructure's drift towards Russia's borders, saying "this provokes a response with adequate security measures."





SOURCE: KREMLIN.RU

25 June 2020

## PAUL WHELAN: A VICTIM OF FSB PROVOCATION

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**There is yet another sign that Paul Whelan, the former marine detained on spy charges, was taken as collateral in negotiations to free Russian agents being held in U.S. prisons. The American is not going to appeal his prison sentence, his lawyer said.**

The U.S. national held in Russia has been sentenced by a Moscow court to 16 years in a prison colony. There are stories in Russian media outlets that Paul Whelan may be traded for two Russians jailed in the United States: an infamous arms trafficker Victor Bout or a drug smuggler Konstantin Yaroshenko. Many clues are that Whelan was not a U.S. spy, while FSB officers picked him as a captive to be exchanged for others. He was under surveillance since his first visit to Russia back in 2007. Paul Whelan was arrested in his hotel room during a trip to Moscow on December 28, 2018, by FSB officers. Russian authorities claim he was caught red-handed with a USB flash drive containing

the names of secret agents. Whelan claims the flash drive they found was planted by the friend, an FSB employee. The American believed it had contained vacation photos. Shortly after Whelan was sentenced to 16 years in prison, some Russian officials suggested he be exchanged for Bout or Yaroshenko yet both U.S. Ambassador John Sullivan and U.S. Secretary of State Mike Pompeo dismissed the idea, demanding the immediate release of the U.S. national. Russia has long pushed for releasing Bout and Yaroshenko, with the former being more important insofar as he knows much about how Russian intelligence took part in trading arms worldwide. Russia's

Foreign Intelligence Service (SVR) is normally tasked with conducting spy swaps. A so-called exchange is likely to be made after the U.S. president pardons the Russians and the Russian president pardons Whelan. The question,

however, is whether the United States will be keen to do so. If Whelan were not a spy, it would be irrational to exchange him for Yaroshenko or Bout.

29 June 2020

## **DID RUSSIAN INTELLIGENCE OFFICERS OFFER TALIBAN BOUNTIES TO KILL U.S. TROOPS?**

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**Russian intelligence officers for the military intelligence GRU recently offered money to Taliban militants in Afghanistan as rewards if they killed the US or allied troops there, according to the latest press reports some would see as not surprising. Moscow's top goal is to drive Western forces out of Afghanistan. Russian officials have for years backed the Taliban.**

**A**s first reported by The New York Times and The Washington Post, bounty payments offered to the Taliban came at least in part on interrogations of captured Afghan militants and criminals. It is not known how the target was selected, and how the money was transferred. What is also unclear is whether Russian intelligence officers operated in Afghanistan or they met Taliban officials elsewhere outside the country. In 2019, twenty U.S. troops died in Afghanistan, but whether any were

targeted by Taliban fighters paid by Russian operatives is not known either. Russia denied any involvement, and so did a spokesperson for the Taliban. In the United States, the National Security Council, the Central Intelligence Agency and the Pentagon declined to comment. The White House said Donald Trump was not briefed about allegations Russia had offered the Taliban bounty payments to kill Western forces despite initial reports the U.S. leader had been notified back in March yet remained



SOURCE: WIKIMEDIA COMMONS

idle. The whole issue is clearly being used in the ongoing U.S. electoral storm, with those being against Trump lambasting the president over his alleged pro-Russian stance. The timing is significant as Afghanistan is now trying to forge a long-awaited peace deal. Under the U.S.-Taliban withdrawal agreement, American troops are to completely exit Afghanistan next year. Russian officials said they are ready to cooperate with Islamists once they seize power in the country. Russia for years has been in talks with the Taliban. The U.S. has accused Russia in the past of supplying weapons to the Taliban. A Taliban delegation has arrived in Moscow

more than once, in November 2018 and then in February 2019 and September 2019, despite the 2003 Supreme Court decision to designate them as a terror group. Neither Russia nor the West has common goals in Afghanistan. In Moscow, the siloviki, or the country's political elite, eye Afghanistan as an arena of struggle between Russia and the United States. In particular, top intelligence officials tend to see the country as a U.S. stronghold for the expansion further into Central Asia.





SOURCE: SPANGDAHLEM.AF.MIL

29 June 2020

## **RUSSIA IS AFRAID OF U.S. TROOPS MOVING FROM GERMANY TO POLAND**

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**U.S. President Trump welcomed President Andrzej Duda of Poland to the White House on June 24, 2020, thus on the same day that a rescheduled military parade rolled through Red Square in Moscow. The Trump administration agreed that an additional 1,000 U.S. troops would be added to Poland, the sole outcome of the latest round of the U.S.-Polish talks that confirmed what the two parties had concluded a year ago. Despite that, Russia is afraid of U.S. forces moving from Germany to Poland. In Moscow, many say that would push the balance of power throughout the region in favor of NATO countries.**

**R**ussian officials have lambasted the U.S. plan to relocate a portion of its troops from Germany to Poland following early, unconfirmed reports. The Trump-Duda meeting irked them even more. While commenting on the talks, Konstantin Kosachev,

the chairman of the Russian Federation Council's foreign affairs committee, said "the problem is where exactly U.S. troops will be moved." "As Trump noted," he went on, "some of them will come back home, while others will be relocated to other countries, including

Poland. And that is a different matter. One thing is to send troops home, and the other -- to push them closer to our borders.” Alexander Grushko, Russia’s deputy foreign minister, said his government would take a closer look on what might follow Trump’s statement about removing a portion of U.S. troops from Germany and relocating them to Poland. “Russia is closely following the US plans to move part of its troops from Germany to Poland, and will implement all the needed measures to ensure its national security, as the U.S. may violate the Russia-NATO Founding Act on Mutual Relations,” Grushko was quoted as saying.

If reassigned to Poland, an extra U.S. contingent could beef up NATO’s eastern wing, Russian experts say while chiefly focusing on the military. Russian press outlets say Trump is keen to warn Russia when moving U.S. troops to Poland. Experts told Nezavisimaya Gazeta, a Russian daily, that fourth-generation F-16CJ multi-functional light fighters from Spangdahlem Air Base would be sent to Poland in a somewhat outrageous move for Russia. “If Poland purchased F-35A Lightning II fighters, the total number of modern offensive combat aircraft in this country would be more than 100 units,” it reported. Likewise, Poland could host as many fourth-generation aircraft as Russia’s Western Military District.

29 June 2020

## RUSSIA’S URALS EXPORTS TO PLUNGE SHARPLY IN JULY

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Russia’s exports of its flagship Urals crude oil grade are set to plunge in July by 40 percent from June levels to about 785,000 barrels a day.

SOURCE: SPANGDAHLEM.AF.MIL



**I**n July, crude exports will be dispatched from three Russian ports -- Primorsk and Ust-Luga in the Baltic Sea and Novorossiysk in the Black Sea. Of these three, Primorsk will see the biggest drop by 1.3 million tons, or about 307,000 barrels a day, marking a one-third reduction year-on-year. Ust-Luga will ship 284,000 barrels a day, and oil flows from Novorossiysk will dwindle to below 200,000 barrels a day. In early June, the Urals oil price in Northwestern Europe jumped to \$7.42 a barrel. The price of oil per barrel was \$46.06 on a delivered Rotterdam basis, according to the oil pricing agency Argus Media. Thus Russia's Urals

is selling better than Brent crude oil. On June 23, the price of Urals surpassed that of Brent by \$1.55 on the Rotterdam market. Since early June, the "premium" has gone down by \$0.75 per barrel as an outcome of "low processing margins Europe and poorer supply conditions," Argus Media wrote in a report. Russian oil prices are no longer attractive in Southern Europe. Urals trades better than Brent, by \$2.55 per barrel, yet the price gap has slumped by \$0.25 since early June. The inconsistency in Russian and European oil prices is believed to stem from harsh output cuts under a deal between Russia and the OPEC cartel.

29 June 2020

## LUKOIL STARTS DRILLING IN THE CASPIAN SEA

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Russian oil major Lukoil said it has started drilling of an exploration well at the Shirotno-Rakushechnaya prospect structure north of the V.I. Grayfer oilfield. The company has also begun to study Khazri and Titonskaya features in the south of the same sea area. It is currently drilling the second well too.

SOURCE: LUKOIL.RU





Northern areas of the Caspian Sea have been the core for Lukoil's geological exploration since 1995. In 1999, the oil major began deep drilling. In total, the energy firm found ten hydrocarbons fields with proven reserves of some 7 billion barrels of oil. Some of these are massive oilfields, including V. Filanovsky, Y. Korchagin, Sarmatskoe, Khvalynskoye, and V.I. Grayfer. But Lukoil seeks to get more than just that. In late January, Vagit Alekperov, the CEO of Lukoil, wrote a letter to Vladimir Putin, saying that Lukoil's subsidiary, Lukoil Nizhnevolzhskneft, has "a shortage of new exploration projects." He therefore asked

for a permit to explore three locations close to the Tyuleny Island: Tyuleny-1, Tyuleny-2, and Tyuleny-3. Lukoil has long eyed them all yet it has no access rights to the sites. Thus Alekperov has suggested adopting a simple principle. In line with it, the ministry may issue a license to carry out geological exploration of the required area without holding an auction. Yet Dmitry Kobylnkin, Russia's minister for natural resources and ecology, is not at all keen to do so. He said granting exclusive rights "may be regarded by other state authorities and market participants as premature and insufficiently substantiated."

29 June 2020

## ROSNEFT-TRANSNEFT WAR: RUSSIAN OIL PIPELINE OPERATOR WARNS OF FINANCIAL DISASTER

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**Russian oil pipeline operator Transneft has reiterated the company would be in big trouble once oil transportation costs slumped significantly sometime soon, halving the company's total income.**

That is what the company's first vice-president Maksim Grishanin said right after a meeting with Russia's Deputy Prime Minister Yury Borisov. While in talks, a delegation from Transneft presented a calculus, in line with which extra measures will be needed with a decrease in crude oil transportation to the 2008 levels, Grishanin said. In an interview with Kommersant, a Russian daily, Grishanin added his company would mark a deficit of 130 billion roubles in 2020 while the next two years could

produce losses of 227 billion roubles and 304 billion roubles, respectively. "Thus we will be inadequate to meet our debt-related duties, nor could we develop our infrastructure as we are set to lose roughly 40 percent of the income," Grishanin told journalists. Russia's state oil major Rosneft requested that Transneft align its transportation fees with the 2008 levels amid the low prices in April. "If these are to be tied to oil prices," Transneft deputy head asked, "what would happen after they rise in value, attaining \$50, thus a 25 percent increase,



SOURCE: EN.TRANSNEFT.RU

by the end of the year?” He also asked whether the company would be forced to boost its fees accordingly. “We are okay with that, but the question is whether oil companies are ready,” he was quoted as saying. “Should the fee be in dollars or roubles?” he asked while pointing that all fees are now in roubles. “How often would we have to change them due to currency

fluctuations on and off?” Grishanin asked. He argued that Transneft neither produces nor processes crude oil as it only offers pipeline infrastructure. Nikolay Tokarev, CEO of Transneft, on May 28 asked Russian officials to cut down fees in a move that would make the company see lower income.

30 June 2020

## AN INCREASE IN U.S. AND RUSSIAN AERIAL ACTIVITY OVER THE NORTH PACIFIC

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The United States has taken action to respond to Russia’s beefed-up aerial activity around each other’s border in the Pacific. A couple of U.S. B-52Hs from Barksdale Air Force Base in Louisiana arrived at the base in Alaska in a move that prompted the Russian military to build up its maritime patrol presence in the area. Recent weeks have seen a couple of incidents with both sides intercepting each other’s planes flying towards the two’s borders.



SOURCE: AF.MIL

U.S. F-22 stealth fighter aircraft were scrambled on June 27 to intercept four Russian Tu-142 long-range reconnaissance jets off Alaska, said North American Aerospace Defense Command (NORAD) in a statement. The intercepting aircraft are based at Elmendorf Air Force Base in Alaska. The incident marked the tenth time this year that such a back-and-forth probe between Russia and the U.S. has taken place, according to NORAD. Yet Russian jets did not enter U.S. or Canadian airspace. A similar incident occurred two days before. Two Russian Il-38 maritime patrol aircraft had come within 80 kilometers of Unimak Island and got intercepted by NORAD jets near Alaska on June 25, according to General Terrence J. O'Shaughnessy, NORAD chief. Six days earlier, Russia had scrambled fighter jets to intercept two USAF B-52H bombers over the Sea of Okhotsk. Russian Defense Ministry said on June 19 the air defense quick reaction alert forces of the Eastern Military District

had spotted and started tracking a pair of U.S. bombers. The U.S. aircraft had been detected by the Russian airspace monitoring system at a considerable distance from the state border of the Russian Federation and then were taken to escort by Russia's Su-30, Su-35, and MiG-31 fighters. On June 17, Russian radar stations tracked the flight of U.S. B-52H strategic bombers over the northeastern Pacific; the jets had not approached Russia's borders. As reported by NORAD on June 15, three B-52Hs flew from Barksdale Air Force Base in Louisiana to Eielson Air Force Base in Alaska. "The bombers are supporting Pacific Air Forces' training efforts with allies, partners and joint forces, and strategic deterrence missions to reinforce the rules-based international order in the region," U.S. military said. Certainly this comes amid Russia's heightened aerial activity right off Alaska.





SOURCE: GAZPROM.COM

30 June 2020

## HUNGARY TO JOIN TURKSTREAM GAS PIPELINE

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**The supervisory board of Hungary's pipeline operator FGSZ greenlighted a plan of investment into the construction of a gas pipeline to Serbia by October 2021, the company said in a statement.**

**T**urkStream is an offshore gas pipeline stretching from Russia to Turkey across the Black Sea. It has been in use since early January this year. It consists of two lines with a yearly capacity of 15.75 billion cubic meters (bcm) of gas each. The first leg is designated for supplies to Turkey's domestic customers, while the other carries Russian gas to Hungary and the Balkans. On June 19, 2020, the Hungarian Energy and Public Utility Regulatory Authority (MEKH) approved a 10-year development plan proposal that entails the construction of a new Serbian-Hungarian gas interconnector with a capacity of 6 bcm annually. The new gas link is set to be completed by October 1,

2021. Russian Ambassador to Hungary Vladimir Sergeev in February 2020 told RIA Novosti, a Russian press agency, that the first gas deliveries to the country are planned to flow via TurkStream in late 2021 or early 2022. Back in 2019, Hungary's Prime Minister Viktor Orban said "it is important for us that gas arrives in Hungary from various directions. TurkStream is a preference for us, the sooner we can join the better. I would like this to happen as soon as possible." Russian gas would flow from Serbia to Hungary. Miroslav Lazanski, who serves as Serbia's ambassador to Russia, said he hopes to see the first gas shipment reaching Serbia via TurkStream by the end of this year. Much will

yet hinge on how fast the work progresses in Bulgaria, seen by many as the project's weakest link. The Bulgarian section faces a months-long delay. Notwithstanding that, Bulgarian Prime

Minister Boyko Borisov said on June 1 that his country aims to build on time its stretch of the pipeline that will bring Russian gas to Europe.

30 June 2020

## RUSSIA IS THE MAIN OIL SUPPLIER FOR BELARUS. AN ALTERNATIVE? SYMBOLIC

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**Following an oil struggle between Belarus and Russia, there have occurred some shifts in how Minsk buys its crude supplies. Its purchases come mostly from Russia yet with no firm guarantees. Thus Belarus has begun to import crude from elsewhere. But both logistics issues and price gaps make such trading somewhat an unstable alternative to Russian energy imports.**

**R**ussia settled a months-long oil supply dispute with Belarus with a new trading volume. Belarus and Russia's Energy Ministry

agreed to deliver crude oil to Belarus throughout Q3 2020, Belarusian state oil company Belneftekhim said in a statement. The

SOURCE: TATNEFT.RU



deal for delivering Russian oil to Belarusian oil refineries by pipeline in July–September 2020 has been agreed at 5.75 million tons. Each refinery will get 2.875 million tons. Ten Russian companies will supply oil to Belarus: Rosneft, Lukoil, Surgutneftegas, Gazprom Neft, Tatneft, Bashneft, RussNeft, Zarubezhneft, Yangpur, and Neftisa. Also, Belarus began to import U.S. crude oil that reaches the port of Klaipeda, from where it proceeds by rail to one of two Belarusian refineries located in the city of Novopolotsk. The first tanker carrying 77,000 tonnes of U.S. Bakken oil arrived at the Lithuanian port of Klaipeda on June 5. Yet Minsk says it can bring crude into the country through other ports too. Back in May, Belarusian Foreign Ministry Vladimir Makei said his country is

keen to buy U.S. crude in a move that came after the visit of U.S. Secretary of State Michael Pompeo to Belarus on February 1 and his talks with Alexander Lukashenko. Belarus is also considering importing U.S. oil via Poland. The discussion of this issue will be resumed after the quarantine Poland had imposed on its territory due to coronavirus is lifted, First Deputy Prime Minister of Belarus Dmitry Krutoy told journalists. Belarus is still in talks over diversifying its oil supplies, the Belarusian state official added. In particular, Krutoy said his country is working closely with U.S. and Saudi companies to have energy commodities delivered. Belarusian officials say that they are still keen to buy crude from Azerbaijan and Norway as they did in the past.

30 June 2020

## A HOLIDAY FOR PUTIN'S “DEMOCRACY”: OUTCOME KNOWN FROM THE TOP

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**The proposed constitutional amendments have come into force, with a nationwide plebiscite being nothing but a political theater. The public vote on them is seen as more of a national opinion poll, designed to lend legitimacy to the amendments and solidify Vladimir Putin's grip on power. The result is seen as a foregone conclusion, and the Kremlin is doing everything to attract a large turnout. Yet Russian top officials have taken preventive measures too.**

Speaking at the scene of one of the bloodiest World War Two battles in the town of Rzhev, Vladimir Putin made an appeal to Russians to vote for constitutional changes. Russia's nationwide plebiscite kicked off June 25 with early polling and concluded on July 1. At

the start of the final day of voting, 45 percent of Russia's registered voters had already cast their ballots. In Moscow and Nizhny Novgorod region, where residents could vote online, turnout rates reached even 95 percent. Some 90 percent of military personnel, veterans, and





SOURCE: KREMLIN.RU

their families showed up to vote, according to Russian Defense Minister Sergei Shoigu. On June 29, the state-controlled Russian polling organization, VTsIOM, published an exit poll that showed 76 percent of voters backing the amendments. According to the Russian law on holding referendums, exit polls could not legally be published over the five days that preceded polling or the polling day. Yet Russia's

nationwide vote on constitutional amendments is formally not a referendum. Nor is it necessary since the constitutional changes have already been approved by Russia's parliament. The ongoing vote is a test for Russian authorities that might apply a similar mechanism sometime in the future. The Central Election Commission said it could be stretched onto a September local vote.

30 June 2020

## TURKEY BUYS LESS RUSSIAN GAS

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Turkey has been importing less gas from Russia yet the increase of Russian energy commodities is illusory, with Turkish data showing a significant drop in natural gas imports from Iran. Also, Turkey's liquefied natural gas imports have outpaced the purchase of natural gas through pipelines. Gazprom does not benefit from the surge in LNG imports, with Turkey buying some from private gas firm Novatek and much more from U.S. traders.



SOURCE: BOTAS.GOV.TR

Russian gas imports to Turkey have slumped considerably. Turkey imported 2.634 billion cubic meters (bcm) of gas in April, or 25.81 percent less than last year, according to Turkish energy regulator EPDK. Of them, as many as 1.387 bcm of gas came via pipelines, while the remaining 1.247 bcm arrived in the country in a liquefied form. Pipeline supplies halved in April, while deliveries of liquefied natural gas grew 1.8 times year-on-year. Russia's share in Turkey's total natural gas imports has fallen by 68.57 percent in April 2020 to 470 million cubic meters year-on-year but picked up 21 percent month-on-month. Yet this came right after Turkey stopped importing gas from Iran. Back in March 2020, Turkey bought 558 million cubic meters of gas from Iran. Azerbaijan took the lion's share with 917 million cubic meters of gas in April 2020, marking a 26 percent rise

year-on-year. In April, the country accounted for 34.8 percent of Turkish gas imports. Russia's share of Turkey's natural gas imports rose from 9.89 percent in March to 17.86 percent a month later. Thus Russia is now the second-biggest gas supplier to Turkey. Yet Russian energy volumes to Turkey earlier this year are far from being favorable as countries like Azerbaijan, Iran, Qatar, and Algeria traded more than Russian gas firms between January and April. Furthermore, the United States has almost caught up Russia in liquefied natural gas deliveries to Turkey. LNG imports from the U.S. increased by 300 percent in yet another blow to Russia's gas major Gazprom. Turkey purchases energy commodities from Novatek, its top competitor. Also, Turkish state energy company Botas bought a Yamal LNG cargo in the spot market from France's Total.

30 June 2020

# RUSSIA CLOSE TO REACH OIL OUTPUT QUOTAS

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**Throughout June, Russian oil and gas condensate production averaged 1.272 million tons, or 9.323 million barrels per day (bpd). Russia has stuck to its duties under the OPEC+ oil cuts, official data shows.**

The country agreed to cut its oil production by 2.5 million bpd to 8.492 million bpd in May and June. Gas condensate is excluded from Russia's total output quota. In May, the country produced about 797,000 barrels of condensate per day while in June its oil output was 8.526 million bpd. Oil ministers from the Organization of the Petroleum Exporting Countries, as well as other producers, reached an agreement to continue cutting 9.7 million bpd by late July. Russian Energy Minister Alexander Novak said conditions of the deal could see regular fluctuations on and off over time. Konstantin Kosachev, the head of the foreign affairs committee in the upper house of the Russian parliament, said "with the extension of the oil cut deal, all members will continue to meet their obligations." "This also shows that the

previously made arrangements proved efficient," he added. Novak said all Russian oil majors agreed to prolong the existing output curbs beyond June to close to Russia's quotas, adding the OPEC+ members delivered around 90 percent of the output cuts they had pledged. Russia's conformity with the OPEC+ oil curtailment agreement stood at 96 percent in May. In April, members of OPEC and their allies, including Russia, announced that they had agreed to slash production by 9.7 million bpd in May and June 2020, 7.7 million bpd in the second half of 2020, and 5.8 million bpd by late April 2022 from an October 2018 baseline. Saudi Arabia and Russia will apply reductions to a production level of about 11 million bpd, with their curbs by 23 percent, 18 percent, and 14 percent.

SOURCE: ZARUBEZHNEFT.RU





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