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SOURCE: KREMLIN.RU

2 November 2020

MOLDOVA PRESIDENTIAL ELECTION: RUSSIA HELPS DODON

Pro-Western opposition leader Maia Sandu secured a surprise lead against Moldova's current president Igor Dodon. The Kremlin-endorsed incumbent leader eventually came second. A second round is set to take place in two weeks. The country's former prime minister is likely to win the ballot, but Russia will do everything to keep Dodon in office.

After counting over 80 percent of all ballots, Dodon took a lead with 35 percent support while Sandu had 31 percent of votes. However, things changed after adding overseas voters. Sandu had 36.1 percent, while Dodon had 32.66 percent support after the

commission counted 99.8 percent of ballots. The incumbent president has close links to Russia and his socialist party is now in power in Moldova. Earlier, the Socialist Party had gotten rid of Maia Sandu, a move to break off the coalition with the country's pro-Western

bloc. Dodon seeks to forge a deeper strategic partnership with Russia and more profound ties with the Eurasian Economic Union. While Russia is throwing almost open support to Dodon, Moldova's socialists and Moscow officials accused Sandu of acting on behalf of Western countries. Russia's top diplomat Sergey Lavrov has blamed the United States for its alleged efforts to "impose full control of Moldova," and Sergey Naryshkin, the head of Russia's intelligence agency SVR, accused the country of plotting a color revolution in Moldova. Also, there was evidence of Russian meddling in the presidential campaign. A journalistic investigation found that political advisers close to Kremlin are working for pro-Russian President Igor Dodon in his re-election campaign while the Moldovan leader was in fact a Kremlin puppet. Social unrest is yet another factor targeting Dodon. The vast majority of Moldovans believe that their country is going in the wrong direction. The incumbent president and government come under fire for fighting

an ineffective battle against the coronavirus pandemic, the country's ubiquitous corruption, and the high unemployment rate that forces people to find a job abroad. Sandu points to Dodon's pro-Russian stance while reminding its compatriots that the incumbent leader never visited Ukraine and Romania – Moldova's two neighbors – during his first term in office. Moscow sees both as its enemies. The second round is poised to bring even more cases of electoral fraud. For instance, large groups of Moldovan passport holders might be brought to cast their votes from the breakaway region of Transnistria. They practically all vote for pro-Russian candidates. Another thing is how credibly the numerous diaspora of Moldovan economic migrants in Russia might cast their ballots. The country's opposition is fearful of repeating the 2016 scenario when both Dodon and Sandu entered the second round of the vote, with the former winning in the tight race albeit amid violations in the electoral process.

4 November 2020

WEAK ROUBLE, TIGHT BUDGET: NEW LOCKDOWN WOULD SMASH RUSSIAN ECONOMY

Issues like political spats, low crude prices and the second wave of the coronavirus strike a blow to the Russian economy. However, authorities have resisted a second lockdown despite a surge in new cases. Yet the Russian national currency is seeing constant drops in value.



SOURCE: WIKIMEDIA COMMONS

In early November, the rouble fell to 94 per one euro, hitting its worst levels since 2014. Neither repeated assurances from officials nor efforts made by the central bank proved effective. The rouble shed 30 percent of its value in just a year due to a set of both adverse factors at home and abroad. These are both short- and long-term. One example was uncertainty in global markets amidst the U.S. election, and earlier also concerns over possible sanctions against Russia following the attempted poisoning of Alexey Navalny. The rouble has also weathered a political crisis in neighboring Belarus. Indeed, there are also far deeper and more long-lasting risks like the coronavirus pandemic and low-priced crude oil in global markets. As for the novel virus, Russia has confirmed 18,648 new coronavirus cases as of November 3, bringing their total to over 18,000 daily cases for the fifth straight day. This leads to a total of 1,673,686 infected and 28,828 deaths by November 3, according to official data. However, the authorities said there would be no repeat of a spring lockdown. The Russian economy would completely

hobble with new restrictions. Officials started easing spring measures quite quickly, a move that helped Russia sustain lower losses than in many other countries. Between January and August, the Russian GDP fell by roughly 3.6 percent year-on-year. Russia's Economy Ministry expects the country's gross domestic product to contract 3.9 percent this year, far less than its spring estimates. Yet the forecast did not take into account the second wave of the pandemic. Alexei Kudrin, the head of Russia's Audit Chamber, is far more realistic, projecting a 4.8 percent decrease in the Russian gross domestic product and adding that the government should revise budget its 2021 budget plan. The problem is that the budget is already pretty tight. Russia's only tool for easing the situation if it gets worse is the National Welfare Fund. The country's rainy-day fund had \$117 billion as of October 1, 2020. The thing is that the fund serves to cover differences between both the anticipated and actual crude prices worldwide, or it plugs a budget deficit from lower hydrocarbon revenues.



SOURCE: KREMLIN.RU

4 November 2020

U.S. ELECTION: WHAT IS RUSSIA COUNTING ON?

The longer it takes to announce the winner of the U.S. presidential runoff, the better it looks from Moscow's point of view – as Russia is setting its eyes on neither of the candidates in the 2020 vote. Russia's goal is far from hoping for the victory of either Donald Trump or Joe Biden; its true purpose is to shake the political situation in the United States and even spark a crisis in the U.S. election system, sending shockwaves into the American democratic model. The Kremlin can also enjoy the U.S. post-election turmoil to go ahead with its own political operations – like those in the post-Soviet area.

Sergey Naryshkin, the head of Russia's spy agency, spoke in the wake of the final voting day in the United States, with his words seen as a stance of the siloviki camp whose members take a firm position in the Russian leadership and seek a confrontation with the West abroad and tougher repression at home. Speaking to

the Russian state news agency RIA Novosti, the director of the Foreign Intelligence Service (SVR) said it does not matter who wins the U.S. presidential race as neither the Republicans nor Democrats are interested in improving equal ties with Russia. In fact, Naryshkin reiterated what Moscow officials had said sometime

before on a similarly negative attitude to forging better ties with Washington when either Biden is newly elected or Trump wins another term in office. However, it is worth recalling a part of the interview where Naryshkin touched upon U.S. election mechanisms. What is visible is that Russia – while waging its information warfare campaign – has the intention of using the U.S. political turmoil to attack the core of American democracy. If Naryshkin argues that mail-in ballots might cause delays in the results, thus giving the ground to question them and keep discrepancies resonate within American society, it is the fact that Russian intelligence services will focus on this. To do so, they will mobilize their agents of influence or disseminate proper content on social media channels. What is striking is Naryshkin's verbal statement about “the disease of the American state and society.” His words clearly confirm the goals of Russian policy toward the U.S.

vote. Moscow's mission is to destabilize the American state as long as it is possible to cripple the legitimacy of the presidential winner once finally elected. A new U.S. leader holding a doubtful mandate – especially in the eyes of the adverse political camp – is the dream scenario for the Kremlin. It has always been Moscow's strategic aim to make the U.S. establishment focus more on its domestic affairs rather than foreign ones. This time no champagne corks popped – nor they will – in Moscow as they might have in 2016 after Trump won the White House. The Kremlin has adopted a far more cautious stance and is pleased to get new updates from Washington. If it takes days – or even weeks – to elect the new U.S. president, with courts being involved in the whole process, Moscow will gain enough time to put its plans into practice in such hotbeds as Belarus, the Caucasus, and Syria.

10 November 2020

RUSSIAN POLICE AND INTELLIGENCE DISAGREE OVER WHAT REALLY HAPPENED TO NAVALNY

Russian officials deliver somewhat contradictory statements about reasons for the sudden health crisis of Alexey Navalny. Specialized laboratories in the West determined that the Russian opposition figure was poisoned with a substance of the Novichok group. Moscow denies having been behind the crime yet is unable to precise a coherent version of events. On the same day when the chief of Russia's Foreign Intelligence Service (SVR), Sergey Naryshkin, said that Western intelligence agencies had staged a provocation to assassinate the Russian opposition activist, law enforcement agencies in Siberia admitted that Navalny's falling ill might have been caused by the exacerbation of chronic pancreatitis.



SOURCE: KREMLIN.RU

Siberian transport police announced on November 6 that Navalny had not fallen victim to the poisoning back in August. Investigators carried out a set of measures, during which over 210 people have been questioned and over 60 forensic analyses have been appointed, police officers informed. In consequence, they suggested that Navalny fell ill because of metabolic problems and chronic pancreatitis. Russia's prosecutor general stated on the same that it had not received any reply from Germany to its legal assistance and information on a chemical agent "allegedly discovered in Germany." However, still on November 6, the head of Russia's Foreign Intelligence Service, Sergey Naryshkin, suggested that Western services had plotted to poison Navalny. Thus, Naryshkin admitted that the opposition had been affected by a toxic agent, a claim that the country's Interior Ministry dismissed. The intelligence chief maintained that the attempted poisoning of

Navalny was aimed at reviving the withered protest movement in Russia, possibly that in Khabarovsk. Speaking to the Russian news agency RIA Novosti, Russia's chief spy claimed that in 2019 "members of special services met in a NATO country" to "use an opposition leader as a sacred sacrifice." Naryshkin yet noted he had no direct evidence of Western countries masterminding Navalny's attempted poisoning. The blogger responded to these revelations himself on the same day. "It is funny that they, in one day, have Naryshkin say I was poisoned by NATO states, and the Interior Ministry that says there was no poisoning," he said. Contradictory statements from Russian officials show two things. First of all, they do not have clean hands in this respect. Secondly, there are some shortcomings in how different state structures – also power ones – coordinate their duties, a poor proof of how Putin's regime is ready to tackle new challenges.



SOURCE: MINOBORON

12 November 2020

RUSSIA DEPLOYS ITS “PEACEKEEPERS” TO NAGORNO-KARABAKH

Moscow’s diplomatic intervention saved Armenia from a total military defeat and its loss of breakaway Nagorno-Karabakh. The country found it extremely painful to accept the ceasefire, brokered jointly by Russian President Vladimir Putin, Azerbaijani President Ilham Aliyev, and Armenian Prime Minister Nikol Pashinyan. However, there is no doubt that Azerbaijan clinched a military victory while Russia notched up a success, by dispatching its “peacekeeping forces” to the area. Besides, many signs are that Pashinyan’s incumbent government will collapse, and a Kremlin-loyal will come to power. Armenia has always relied on Russia, but now – with a new balance of power and borders – it is fully at the mercy of an ally who is holding up to offer help until Pashinyan’s Armenia bleeds out.

In the morning of November 10, the first Il-76 planes carrying “peacekeeping forces” departed for Nagorno-Karabakh. A total of roughly 2,000 troops from the 15th Separate Motorized Rifle Brigade are now in the area. Designated as a specialized peacekeeping force, it is an independent unit of the Russian Armed Forces, tasked with carrying out peacekeeping missions mandated by the Commonwealth of Independent States or the United Nations. Russia will also send 90 armored personnel vehicles and 380 military vehicles. The military command will be based in Stepanakert, the capital of the enclave. Russian peacekeepers will locate checkpoints along the front line as well as along the land strip running from Armenia to the still-Armenian part of Nagorno-Karabakh. It is unclear what role Turkey could play in maintaining the truce. Although the truce deal mentions Russia, Aliyev – when declaring his victory in a televised speech – added that Turkey would also take responsibility for keeping peace in the disputed area. “Both Russian and Turkish troops will be present at the peacekeeping base in Nagorno-Karabakh,” the Azerbaijani leader said. Were this not to happen, this would prompt a failure for Turkey whose officials had thrown support

for Azerbaijan throughout the whole period of fighting and had an appetite for entering the region – also merely as a mediator. However, if Ankara does not get anything new in the Nagorno-Karabakh conflict, this could mean two things. The first is Azerbaijan’s disloyalty, as the country would give the green light for “peacekeepers” to enter the enclave in exchange for some territorial gains while trying to formally keep Turkey far away from the region. Another option – far more likely one – is that Moscow and Ankara brokered a kind of deal that might assume that Russia holds a firmer grip on the South Caucasus and makes concessions to Turkey elsewhere. It will soon become clear whether this so, with new events in Syria, Libya, and the Eastern Mediterranean. For Russia, another benefit from the current deal is the weakening of Pashinyan, who will probably be removed from office. Pashinyan became Armenia’s prime minister after rallies, without the approval of Moscow. Russia never forgot it. Armenia’s humiliating defeat – despite allied commitments, Russian troops remained idle, just watching Armenian failures – will make it even more reliant on Russia. A “Karabakh clan” may again claim power in Yerevan.

13 November 2020

RUSSIA LAUNCHES CABINET RESHUFFLE ALSO IN ENERGY MINISTRY

The reshuffle was the result of a routine ministerial rotation and not tied to the ministers’ performance, said Kremlin spokesman Dmitry Peskov. Russia carried out the cabinet overhaul to improve its overall performance yet it is hard not to notice that Prime Minister Mikhail Mishustin fired only those ministers that formed the previous cabinet. Also, personnel reshuffles are unlikely to bring a



SOURCE: DUMA.GOV.RU

new political course in some ministries – like in the Energy Ministry whose long-standing boss was appointed deputy minister and will still head the ministry.

In just two days, some ministers were relieved from their duties while new candidates were announced and approved by the State Duma. Shortly afterward, Mishustin dismissed the head of the Federal Antimonopoly Service (FAS). After sixteen years in the office, thus since the antimonopoly watchdog was formed in Russia, Igor Artemiev has now become assistant to the prime minister. He was replaced by Maksim Shaskolsky, who was the vice-governor of St. Petersburg prior to taking up the new job. President Vladimir Putin issued the decree amending the composition of the Russian government crew, replacing five ministers and adding the tenth deputy prime minister. The ministerial overhaul is not intended to punish the ministers; either they got a promotion or were moved to equal positions.

Also Minister of Transport Yevgeny Ditrikh, in office since 2018, lost his job. He was replaced by the General Director of Aeroflot Vitaly Savelev

(since 2009). Earlier he had been a member of the board at Gazprom; he holds also some expertise as a government official as he had a job in the Ministry of Economic Development. The changes include the dismissal of Dmitry Kobylkin, the man who has headed the Ministry of Natural Resources since May 2018. He is believed to be amongst the trusted people of Gennady Timchenko, a top influential oligarch in Putin's Russia. Kobylkin and his ministry have over the last months struggled with the handling of protests against the “garbage reform” and a series of environmental crises – as that in Norilsk. The minister had trouble while cooperating with Deputy Prime Minister Viktoria Abramchenko, who is responsible for agriculture and the environment. Kobylkin is now replaced by Aleksandr Kozlov, the minister of the Far East and Arctic. The man appointed to replace Kozlov in the ministry is Aleksey Chekunov, who comes from the post as Head of the Development Fund for the Far

East. Under the presidential decree, Minister of Construction Vladimir Yakushev was also relieved from his duties. Presumably, he will replace the presidential envoy to the Urals Federal District Nikolai Tsukanov, possibly over Yakushev's conflicts with Marat Khusnullin who has served as Deputy Prime Minister of Russia for Construction and Regional Development since January 2020. Yakushev pledged more loyalty to his former boss, the mayor of Moscow Sergey Sobyenin, than to his then-formal curator. A former longtime official from Tyumen Oblast, Yakushev will not take up the job of Putin's envoy to the Urals Federal District. Construction Deputy Minister Irek Faizullin will fill in the vacancy for the country's Construction Minister. A Tatarstan native, he used to work there with several officials, including Khusnullin. There is no doubt that this old acquittance will tighten relations between the deputy prime minister and the minister. Nikolay Shulginov, an ex-head of RusHydro hydropower utility major, will replace Novak as energy ministry in a move driven by the CEO of Rosneft Igor Sechin. The oil tycoon was at odds with Alexander Novak, a former energy minister in office since 2012. These two expressed opposing views on the OPEC+ formula. Certainly, Sechin wanted Novak to quit the ministry. Novak played an

important role in helping OPEC reach a deal to cut global oil output. He will serve as the deputy prime minister in charge of the energy sector and industry, thus becoming superior to Shulginov.

The cabinet overhaul has begun under constitutional amendments adopted on July 1 this year. Under the new law, the president appoints the prime minister, deputy prime ministers, and ministers approved by the State Duma. Ministers tasked with defense, internal and foreign affairs, emergencies, and justice will be appointed by the president once he is in "talks" with the Federation Council. Surprisingly enough, the president reshuffles a large team less than a year after forming the current cabinet in January 2020. Perhaps it is just about both making an impression and both the government and the president remain active and efficient and testing the new cabinet-forming mechanism. There is no doubt that this comes as the next stage of giving Mishustin's cabinet a far more authoritarian face after he took most of Medvedev's team back in January this year. The reshuffles concern ministers who also served in the previous cabinet. Perhaps Mishustin took a closer look at these ministers and their work, drew some conclusions, and convinced Putin that other people would better perform government tasks.

17 November 2020

RUSSIA'S CORONAVIRUS VACCINE RACE CONTINUES

Since the outbreak of the coronavirus pandemic, Russia has set itself a goal of producing a vaccine as quickly as possible, also to convince the whole world it managed to be a world first. Back in early August, Moscow announced it had approved the vaccine – despite mounting doubts whether it is effective. Will the World Health Organization succumb to Russian lobbying?



SOURCE: PEXELS/ARTEM PODREZ

The WHO is now in talks with Russia over its Covid-19 vaccine and its possible use in the fight against the coronavirus pandemic. It is about putting the vaccine branded Sputnik V on the WHO's list of vaccines, a move tantamount to recommending member states to administer the drug. However, it is little known whether this would be the case of Sputnik V. Russia approved the vaccine, although large-scale clinical trials are continuing. About 40,000 people would be given it in tests, according to the authorities. Yet as the WHO reported, it is awaiting detailed information on the vaccine. Only after its developer submits it to the WHO will it be possible to check whether the vaccine meets its standards. The vaccine was developed at the Gamaleya Research Institute and Binnopharm's production sites, both being subordinate to the Russian health ministry. Russia's Sputnik V vaccine is 92 percent effective at protecting people from the novel coronavirus, according to them. Their statement just two days after the U.S.-based drug company Pfizer announced that early data show its vaccine to be 90 percent effective, a move somewhat confirming Moscow's propaganda-like approach to the issue. The Sputnik V vaccine consists of two doses, administered three weeks apart. Only three weeks past administering the second dose should the vaccinated person gain immunity from Covid-19 infections. In Russia's Altai Krai, three medics in Russia caught the SARS CoV-

2 coronavirus after being injected with the Sputnik V. Officials in the Altai Krai argue that the sick doctors' immunity likely did not have time to form by the time they encountered the novel coronavirus. The same was echoed by the country's health ministry. Yet Russian President Vladimir Putin has expressed confidence that both Russian-registered coronavirus vaccines eventually prove effective. Another vaccine, dubbed EpiVacCorona, was also registered before completing its late-stage clinical trial tests. Putin informed about a third vaccine to be registered soon. Unlike Sputnik-V and EpiVacCorona, it contains a living virus. Russia does not conceal its taking part in the race with the West to develop and administer the Covid-19 vaccine. The most important thing is to convince the whole world that Russia became the first country in the world to approve a vaccine for the coronavirus. Moscow therefore rushed to officially approve its vaccine on August 11, 2020, before completing critical, late-stage clinical trials to determine its safety and effectiveness. Also, the name Sputnik V clearly refers to the Cold War-era space exploration rivalry with the United States, recalling the Soviet Union's launch of a first satellite. Russia seeks to restore the trust of the Kurds they had lost by allowing Turkey to invade Afrin in 2018, at the cost of cooperating against Jihadi insurgents in Idlib. After the Turkish offensive in October 2019, Russia took control of nearly two-thirds of the Kurd-administered territory

in northeast Syria. Also, Russian military police started to deploy on Syria's border with Turkey. Both Russia and al-Assad are doing their utmost to weaken the Kurds and push them into talks by sparking frictions between the SDF and some local Arab tribes. The Syrian intelligence agency is making intense efforts there while it is the American influence that keeps those tensions from flaring up. Moscow has chided at the July deal brokered between the Kurdish Autonomous Administration and an American oil company to exploit crude oilfields. Both joint and sharp reaction from Moscow, Ankara, and Tehran prompted the Kurds to take steps to appease Russia. In late August, the U.S.-backed

Syrian Democratic Council (SDC) and the pro-Russia Popular Will Party (PWP) reached an agreement in Moscow. What Syrian Kurds need to be aware of is that Moscow will give Turkey the green light for new military operations. Yet the Kurds take Russian offers with a pinch of salt, remembering that Moscow sides with Turkey in the Syria war. Also, Russia-sponsored reconciliation deals between the regime and regions in southwest Syria destroyed the local institutions. Thus, Lavrov's statements that dialogue with the al-Assad regime is the only way to safeguard the rights of the Kurds are seen as mere political statements.

18 November 2020

MOLDOVA ELECTION: SANDU SMASHES RUSSIA'S CANDIDATE

It was quite likely for Maia Sandu to win Moldova's run-off after she defeated the incumbent Igor Dodon in the first round. What is yet surprising is the scale of the victory for Maia Sandu. The difference is so big that the Kremlin quickly disowned the outgoing president who lost the ballot. Now Russia will do much to prevent Moldova from making a tilt towards the European Union and the United States.

Sandu won the run-off presidential race in Moldova by a landslide with 57.75 percent of the vote compared to roughly 42.25 percent of the incumbent leader. Such an overwhelming difference allows avoiding a nationwide crisis. If Sandu and Dodon had secured similar results, the latter might now seek to incite people to take to the streets to undermine the vote. Such a move would be all the easier with the socialist-dominated government and the president being a close ally of the Kremlin. While the vote gap was too far to bridge, Dodon backed away from what he had earlier said to urge his voters to "defend their ballots." Maia

Sandu is the leader of the center-right Party of Action and Solidarity (PAS). Last year her government collapsed after being in a short-lived coalition with Dodon's socialist party. The bizarre alliance was formed just to remove the oligarch Vlad Plahotniuc and his people from power. Sandu's party focuses its agenda around a pro-European stance, promising to tackle corruption, introduce reforms, and root out oligarch forces. Her election triumph stems largely from the disappointment that Moldovans feel amid the lack of changes under the socialist rule, economic crisis, and the country's poor fight with the coronavirus



SOURCE: FLICKR/OSCE

pandemic. The president-elect does not conceal her pro-Western ambitions while declaring to keep correct ties with Moscow. The latter seems inevitable – the Moldovan government is still dominated by pro-Russian socialists whereas Moscow can put enormous pressure on Chisinau, with its gas monopoly and a military contingent in the breakaway region of Transnistria that is formally part of Moldova. The Kremlin is now looking at how to ease the negative consequences of the vote. Not incidentally, Vladimir Putin was among the first to congratulate Maia Sandu on her election victory. Moscow is sending conciliatory signals – as earlier Russian officials had made no secrets of their bet on Dodon. Putin went on to suggest that the West was behind Sandu's candidacy. When delivering his opening remarks at the Shanghai Cooperation Organization meeting via video conference on November 10, the Russian leader listed Moldova – alongside Belarus and Kyrgyzstan – among countries where “efforts are made to impose certain decisions from the outside.” “It is impermissible,” Putin added. However, Russian support in the form of advisers and money to fund the campaign proved little helpful for Dodon. His

recent defeat is very painful for Russia, ditching its plans towards Moldova. Until now, it had seemed that Russia was making successful attempts to drag the country into its sphere of influence. First, after the latest general election, Russia persuaded the United States and the European Union to jointly topple the oligarch Plahotniuc who was a burden for Moscow. In June 2019, a pro-Western camp formed a peculiar majority coalition with Dodon-led pro-Russian socialists, with Sandu nominated the head of the government. After a few months, this turned out to be a ploy staged by the pro-Russian camp. While Sandu was pushing for reforms, the socialist party agreed with some members of the former Plahotniuc camp to overthrow the cabinet. A new government was formed, with most people loyal to Dodon. If it had been re-elected, the Russian grip on Moldova would have consolidated for good. Now the things get far more complicated. Though the government and parliament both play a dominant role in Moldova, a pro-Western president might put Russian expansion to a halt while being a sign of changes, with the pro-Western camp taking over.



SOURCE: KREMLIN.RU

19 November 2020

ROSNEFT AND GAZPROM NEFT LET FOREIGN INVESTORS ENTER ARCTIC PROJECTS

Russian oil firms are desperate for money – and even more technology – to exploit oil-rich deposits in the country's Far North, a situation that pushes them to look for foreign partners to invest in Arctic mining projects. Recent days brought such moves from two of Russia's largest energy companies: Rosneft and Gazprom Neft.

The former energy giant chose to whom it would sell shares in its Vostok Oil project. Although Russia's biggest oil company has long been in talks with India and Britain's BP, it decided to sign the deal with Singapore-based oil trader Trafigura for its Arctic project.

On November 16, Rosneft's board of directors approved its inclusion in the project to buy a ten percent stake in the venture. It also got the green light from Russia's government commission for control over foreign investments. The price for the acquisition is

not disclosed. As the whole project is valued at between \$70 and \$100 billion, this is probably no less than \$7 billion. Yet the deal with the Singaporean company does not put an end to talks on the Vostok Oil investments with other potential investors – such as India's ONGC and Britain's BP. It is a joint project of Rosneft and some private structures owned by Eduard Khudainatov, a former boss of the Russian oil giant. It comprises six hydrocarbon fields of a total size of 37 billion barrels of oil equivalent.

In turn, Gazprom Neft sold its Yenisei project shares in the Gydan Peninsula to the British-Dutch oil consortium Royal Dutch Shell. More precisely, the Russian company sold a 50 percent share in Gazprom Neft-Aero Briansk, its subsidiary holding a formal

license to exploit resources in the project. The shares were bought by Shell Exploration and Production West-Siberia BV. The Yenisei project consists of two license blocks: Leskinsky and Pukhutsyayakhsky. Gazprom Neft teamed with Shell to set up a joint venture to explore the fields. Both companies inked a preliminary deal in July 2020 while the closing of the transaction is scheduled by the end of this year. The Leskinsky license block is located in the Taymyr district of the Krasnoyarsk Krai. Its hydrocarbon resources may exceed 100 million tons of oil equivalent. Adjoining the Leskinsky block is the Pukhutsyayakhsky block – located in the Tazovsky district of the Yamal-Nenets Autonomous Okrug. Its resources are estimated at around 35 million tons of oil equivalent.

24 November 2020

RUSSIAN INSPECTION: LAVROV, SHOIGU VISIT ARMENIA AND AZERBAIJAN

Over the course of just one day, a high-ranking Russian government delegation traveled to Armenia and then Azerbaijan – the two Caucasus countries being now in an open conflict one with another. On the sidelines of the talks, the Russians discussed dispatching its troops to the Nagorno-Karabakh war theater, possibly with more servicemen to be sent than initially agreed.

On November 21, the Russian government delegation comprising defense and foreign ministers as well as some other top officials arrived in the capital of Armenia. What for? To discuss the situation in Nagorno-Karabakh and the implementation of a truce deal. What Armenia's Prime Minister Nikol

Pashinyan said while in talks with Russia's Lavrov hints that the Armenian official has come to terms with the fact of becoming more dependent on Russia than before the war. On the other hand, the visit from Russian top officials might be the sign of Moscow having accepted that Pashinyan will continue to



SOURCE: MID.RU (CC BY-NC-SA 2.0)

serve as Armenia's prime minister for the time being. It also came a day after Pashinian fired Armenian Defense Minister Davit Tonoyan, who was in office since May 2018, as well as the country's foreign minister, albeit sometime earlier. With his firm steps toward opposition groups, Pashinyan has no intention of giving in so easily. After talking to its formal ally in Yerevan, the Russian delegation flew to Azerbaijan, a country hostile to Armenia. The atmosphere during the talks in Baku was far better than in Yerevan. It comes as no surprise as with Moscow's stance, Azerbaijan could claim a large part of the disputed lands while a Russian-brokered truce brought very

favorable conditions for Baku. Not surprisingly, in his meeting with the delegation, Azerbaijani President Ilham Aliyev emphasized the "personal role" Putin played. Lavrov, for his part, praised Azerbaijan's attitude. Quite interestingly, the Russian government delegation included Alexander Novak, Russia's deputy prime minister and former energy minister, now in charge of the whole sector. His presence may pertain to energy supply needs of Nagorno-Karabakh, but also the issue of crude oil and gas in Azerbaijan as the energy-rich country is sending more and more hydrocarbon commodities to Turkey and Europe.



SOURCE: DUMA.GOV.RU

27 November 2020

IN THE INTEREST OF THE KREMLIN? RUSSIAN OLIGARCH CREATES FAR-RIGHT MOVEMENT

Konstantin Malofeev has been around in Russian politics since at least 2014 when he gained notoriety for the vital role he had played in financing separatists in Crimea and Donbas. Now he is setting his sight on forming a social movement, possibly to help monitor far-right moods that have been on the rise in Russia. This is all the more probably as Malofeev is befriended with Russia's siloviki.

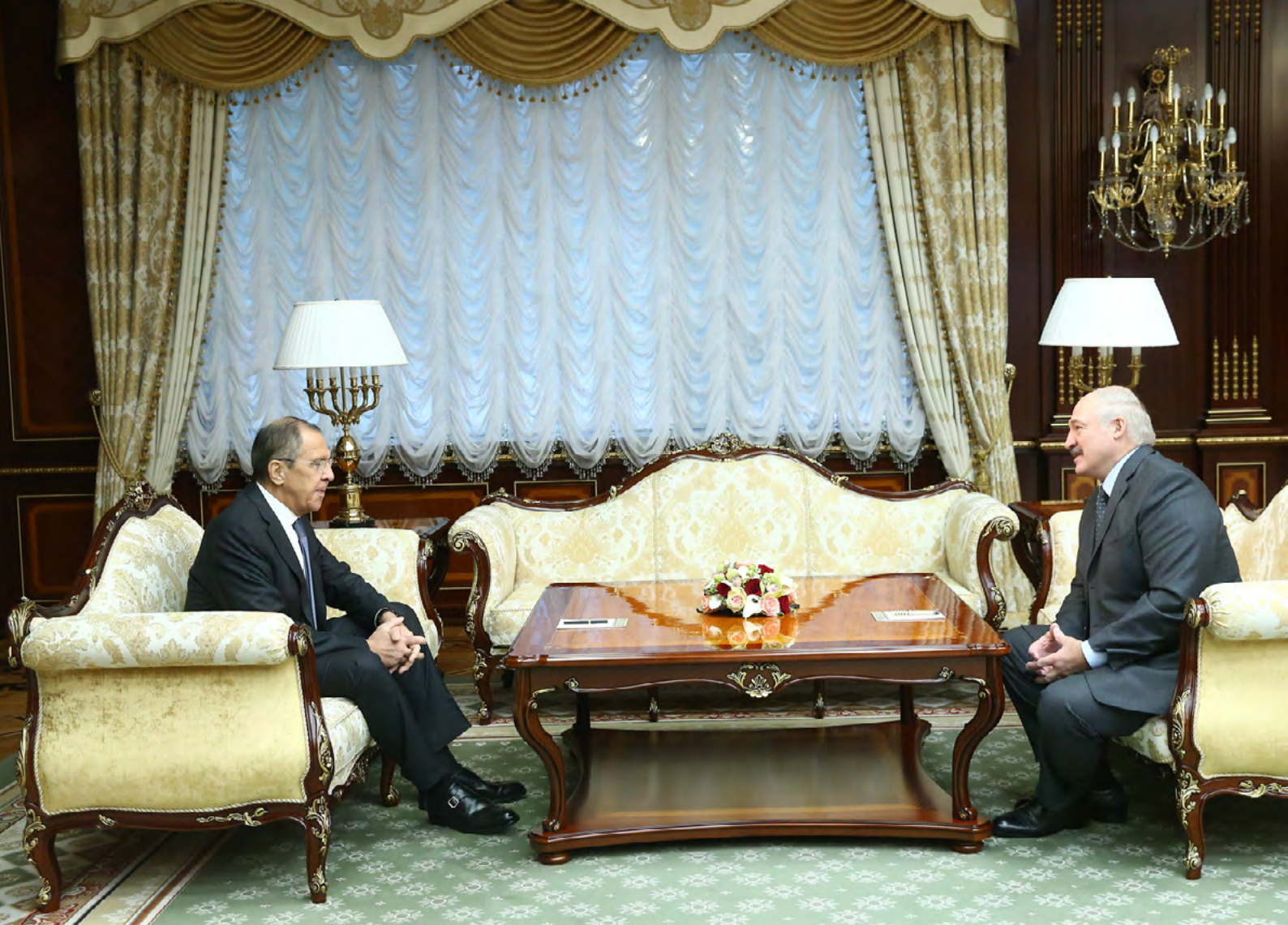
Businessman Konstantin Malofeev, known for his role in the annexation of Crimea and events of 2014 in Donbas, announced the creation of a new public movement named Tsargrad. It was formed in Moscow at the November 22 congress of the “Double-Headed Eagle” society that Malofeev heads. According to an estimate by Malofeev, the new movement has almost a million supporters throughout Russia. Malofeev said that his Tsargrad would take part in the 2021 State Duma election, serving as a “public controller.” The organization hopes to survey all deputy candidates in the 225 single-member districts and all candidates of the political parties regarding their adherence to “traditional family, religious, and cultural values of the Russian people.” According to Malofeev, candidates who are discovered to be guilty of Russophobia, offending the feelings of believers, and distorting historical truth will be opposed in every legal way to prevent them from getting into power. Tsargrad will not be able to nominate candidates, as this is the exclusive right of political parties. Malofeev adheres to right-wing traditional and imperial views, and his Double-Headed Eagle society promotes monarchist ideas. His movement

will thus wave far-right and traditional agenda referring to tsarist Russia. Konstantin Malofeev was elected president of the Tsargrad movement. Among its high-ranking figures are ideologists holding links to what is known as Novorossiia (New Russia), supporters of the war with Ukraine. Members of the supreme council of the movement include State Duma deputies Oleg Nilov and Nikolai Zemtsov, Evgeny Savchenko, senator from Belgorod oblast and its former governor, former prosecutor general Yury Skuratov, former presidential aide Sergei Glaziev, philosopher and chief ideologists of Eurasianism Alexander Dugin, conservative publicist Yegor Kholmogorov, and Metropolitan Kirill. Members of many social organizations joined the movement, among which were members of the Union of Volunteers of the Donbas who hosted Vladislav Surkov, a former top Kremlin official, at their meetings. Many signs are that both the new movement and Malofeev’s growing involvement in Russia’s domestic affairs seek to serve the Putin regime. The goal is to win influence and as much control as possible of far-nationalist milieux in Russia that are now rising in power.

25 October 2020

LAVROV VISITS MINSK: RUSSIA WANTS LUKASHENKO TO IMPLEMENT COMMITMENTS

During Sergey Lavrov’s latest visit to Minsk, both parties delivered some declarations on the solid Russian-Belarus alliance. However – and perhaps above all – with this trip, Russia sought to remind Alexander Lukashenko of what commitments he had made at the September meeting with Vladimir Putin in Sochi. Russia threw support to the regime, but there are no free lunches. Now Russian officials make a hint to Lukashenko to start paying off his debt of gratitude to Moscow, even by launching constitutional reforms while in talks with



SOURCE: MID.RU

some opposition members. As Lukashenko violently suppresses the rallies while doing nothing to introduce the announced changes, this is highly uncomfortable for Moscow. This makes more and more Belarusians revise their stance on Russia, seen as an enemy while looking for a partner in the West, as the latest poll found in Belarus.

At first glance, the Moscow-Minsk alliance continues smoothly, with Lavrov's visit confirming all that. After meeting Lukashenko, the Russian foreign minister said both Russia and Belarus remained calm over Western efforts to meddle in Belarus and they had some tools to defend independence. What was striking in Lavrov's words was that while mentioning Western attempts to interfere in the situation in Belarus, he no longer spoke of Belarus, but both "our countries." He also brought back the topic of "color revolutions" and "technologies of organizing mass riots." Lavrov's

criticism of Germany is also relevant here. Lavrov accused Berlin of acting as "a locomotive of quite aggressive campaigns against countries which are not members of NATO and the EU." Speaking at the press conference beside his Belarusian counterpart, Vladimir Makei, the top Russian diplomat dismissed information on Moscow's contacts with Belarusian opposition as "lies." But this is rather Lavrov who lies. There is no doubt that Russians served a great role in adding Lukashenko's political opponents to this year's presidential race, those waving not pro-Western, but pro-Russian views. This is far

more dangerous for Lukashenko. He is aware that Moscow will never back pro-Western opposition members while it could use pro-Russian ones as the tool not only to weaken the incumbent regime but also even to change it. Lavrov's words and gestures at his talks with Lukashenko clearly showed that he had arrived in Minsk to ensure that Lukashenko had kept up with his commitments made during the Sochi meeting with Putin on September 14. That is what started to worry Moscow. More than two months have passed since then and with Russia's help, Lukashenko managed to contain the situation in the country yet he does not

seem to keep promises he had given to Putin – like the constitutional reform and dialogue with opposition members, some of whom are Moscow-endorsed. By no coincidence, while in talks with Lukashenko, Lavrov mentioned the agreements made at the Sochi summit as vital for the Russian side. It seems that Moscow is pushing for Lukashenko to make some concessions to the pro-Russian opposition – such as dropping charges against Babaryka or Tsikhanouski. Lukashenko is dragging his feet over that, aware of that – for the Kremlin – no sensible political alternative is the best guarantee for him to further head Belarus.

30 November 2020

SECHIN'S "STEEL" BUSINESS RAISES SERIOUS DOUBTS

Rosneft seeks to build a large metal plant in the Far East to supply steel sheet to the Zvezda shipbuilding yard. The thing is yet that construction of the former will cost more than that of the latter. The mere idea raises severe doubts while possibly being another example of how Igor Sechin's oil company might embezzle public money.

The head of Rosneft submitted further details at a meeting with Vladimir Putin on November 24. As always when Sechin goes to the Kremlin, he seeks to get the green light from the president for his company's new, perhaps state-funded mission. Sechin put the issue bluntly, saying "this project needs financing." This is all due to the Zvezda shipbuilding yard, currently being built, that needs considerable supplies of steel sheet. The cost of the shipbuilding facility is some 146

billion roubles. But there have long been much controversy and money-wasting accusations around the project. Rosneft is in charge of the construction of the giant shipbuilding facility in the Russian Far East. State-owned company Rosneftegaz holds an 82.4 percent stake in Zvezda, Rosneft-owned bank WBRR has another 13.4 percent while Gazprombank – the remaining 4.6 percent. So far this was Rosneftegaz that pumped most in the shipyard, namely 67 billion roubles in paid-in capital and



SOURCE: KREMLIN.RU

8.8 billion roubles in loans. The shipbuilding facility is planned to become operational by 2025 to build the biggest-sized vessels and thus produce Russia's cargo fleet capable of sailing along the Northern Sea Route.

To manufacture such vessels, Zvezda will need between 300,000 and 350,000 tons of steel sheet per year, according to what Sechin told Putin. The problem is where to get it from. The solution is to build a metal plant as steel sheet cannot be transported from the European part of Russia as the cargo would be too wide to go through too narrow tunnels of the BAM railway. For the time being, Zvezda buys steel sheets in Asia. The answer to this conundrum might be a metal facility in Primorsky Krai, wholly owned by the Zvezda shipyard and possibly financed by a consortium of shareholders. The planned facility would produce 1.5 million tonnes of steel sheet and steel pipe products

per year. Its estimated cost stands at \$2.2 billion, or 167 billion roubles. A metal plant of the size suggested by Rosneft will be built no sooner than in three years yet six years is far more plausible option.

The problem is that Russia does not need so much steel. The industry produces a lot and with such a saturated market it is hard to find buyers. The only option is to sell it outside. But even if to take into account markets within the logistic range of a new plant, China, South Korea, and Japan manufacture less costly and better-quality steel. It is hard to come up with any business justification for this venture instead of using some already existing local metal plants that struggle with sales problems. It would be sufficient to upgrade them slightly to adjust to the needs of Zvezda in a both cheaper and faster solution.



SOURCE: WIKIMEDIA COMMONS

30 November 2020

MOLDOVA'S SANDU ON WITHDRAWING RUSSIAN FORCES FROM TRANSNISTRIA

There are already first signs of Moldova's political shifts after the Russian-preferred president Igor Dodon missed out on the vote. When discussing the potential solution to the Transnistria issue, the country's president-elect Maia Sandu said it is absolutely necessary to remove Russian forces from the region. Although in Moldova the president's formal powers are sharply limited, the Kremlin must have felt worried over Sandu's words. "We view this statement as aimed at undermining efforts to peacefully resolve the Transnistrian problem," as stated at a briefing on November 27 by the spokeswoman of the Russian Foreign Ministry Maria Zakharova.

Maia Sandu recently won the presidential vote in Moldova after having defeated the Russian-backed incumbent Igor Dodon. She will officially take office as president in December. Transnistria is a region of Moldova that opposed Chisinau in the 1990s and received military help from Russia. Unrecognized as a nation, the quasi-statelet now hosts at least 1,500 Russian “peacekeepers” at its territory. For many years by now, Moscow has pushed for its “unification” plan to permanently clutch Moldova in its sphere of influence by granting Transnistria huge influence on both foreign and security policy of the whole state. Some of the elements of this strategy are mirrored in how Russia plans to settle the conflict in Donbas. This has so far been the joint plan of the incumbent president Igor Dodon and the

socialist party. Maia Sandu, meanwhile, says that she is against the idea of federalization in Moldova nor is she in favor of plans submitted by the pro-Russian camp. In an interview for Ukrainian media outlet Evropeyskaya Pravda, the president-elect said the breakaway republic of Transnistria should reunite with Moldova, which implied the withdrawal of the Russian peacekeeping force from the region. Sandu’s words will certainly spark a vivid reaction in Moscow that hoped that the new pro-Western president would not go beyond some “red lines.” For the Kremlin’s interests in Moldova, the most vital one is the existence of the quasi-statelet of Transnistria with the presence of the Russian military. But for this, Moldova would long ago have seen strong integration with the West.

30 November 2020

OPEC+ STUTTERS OVER OIL CUT DEAL, RUSSIA’S SECHIN FORECASTS OIL PRICES

There are discrepancies over the situation on the energy market and forecasts for the next year, according to crude oil producers. This delayed the OPEC+ decision on what actions to perform throughout Q1 2021.

Members of the 23-country oil-producing cartel were at odds while trying to strike a deal on further oil output cuts. The December 1 ministerial assembly coalition was therefore canceled and rescheduled to December 3. On November 29, oil ministers from the world’s largest fossil-fuel nations met via webcam yet failed to reach a deal over the January delay to crude output hike. Most countries are in favor of keeping the cuts as they are now also in Q1 2021. Nonetheless, some OPEC+ nations like the United Arab Emirates and Kazakhstan would

like to produce more oil. If OPEC+ decides to boost supplies starting from early 2021, the market will see a daily increase of 1.9 million barrels of oil. Meanwhile, on November 29, Igor Sechin gave an interview for a prestigious TV broadcast titled Moscow. Kremlin. Putin in the country’s state TV channel Rossiya-1. The CEO of Rosneft said two key factors would further shape crude oil prices. According to what he said, Sechin still expresses skepticism over the OPEC+ formula. Although he admitted much would depend on market participants



SOURCE: MEDIA.GAZPROM-NEFT.RU

and their coordinated actions, the price depends mostly on what he named as the “consumption level.” Sechin maintained that even the Chinese market was already showing both economic growth and recovering demand for crude. “We supply 60 million tons of crude oil to consumers across China every year,” he added. Indeed, the demand for crude oil has risen noticeably in recent weeks. This gives

grounds to believe that demand will stay at a high level in Q4 at least throughout the region. In its November short-term energy outlook, the U.S. government agency EIA said the reduction in 2021 stocks would exert a positive impact on the energy market. Brent is expected to average \$47 a barrel in 2021. Asked by Reuters, market observers forecast Brent would stand at \$49.76 a barrel next year.



SOURCE: MID.RU

30 November 2020

TURMOIL OVER TURKSTREAM LOAN: IS SERBIAN LEG OF THE PIPELINE IN DANGER?

The Serbian government has made a last-minute decision to remove from the parliamentary agenda a bill envisaging state guarantees on loans for the construction of a Serbian leg of the Russian TurkStream gas pipeline. Media outlets make speculations over political pressure from the U.S. as the country opposes the pipeline while Serbia's pro-Russian president says the venture will be ready on time.

Aleksandar Vučić commented on the TurkStream issue shortly after the Serbian government on November 25 excluded from the parliamentary procedure a bill envisaging state guarantees on loans with a total value of 55 million euro for the construction of a leg running from Russia through Serbia and that of a compressor station in Velika Plana. A consortium of banks involving Komercijalna banka, OTP banka Srbija, Vojvodanska banka, and Sberbank Srbija would provide the loan. Under the bill, the government would offer its guarantees on repaying the loan taken out by Srbijagas. It is a top subcontractor tasked with building a compressor state in Velika Plana, the much-needed facility to supply gas to Hungary. Srbijagas was supposed to spend funds for the construction by investing in the capital of South Stream Serbia AG. However, it is Russia's Gazprom that controls a 51 percent stake in South Stream Serbia AG, while Srbijagas holds the remaining 49 percent. The Swiss-registered firm owns the entire capital of Gastrans, the company in charge of the construction and operation of the TurkStream pipeline in Serbia. Bajatović is also a member of the Board of

Directors at South Stream Serbia AG. Serbia's government submitted a bill to the government while the country's finance ministry handled all necessary procedures. While many signs were that the parliament would ratify the bill, it suddenly dropped off the session agenda. Serbia completed the pipelay on its segment of the TurkStream gas pipeline, chief executive of Srbijagas Dusan Bajatović said. Some Serbian media outlets informed about a possible conflict between Bajatović and the country's new energy minister Zorana Mihajlović, who considers herself a pro-American politician. The Danas daily newspaper even called her a "U.S. cohort." Tensions strained further so the Serbian president decided to comment on the issue. The Serbian segment of the TurkStream gas pipeline will be completed soon, Aleksandar Vucic told reporters on November 28. "We have agreements with Gazprom, we will do everything that is necessary. And as far as I can follow this very tight schedule of work, everything is going well. Everything is going very intensively, we will finish it in a few days," the politician known for his pro-Russian sympathies told journalists.

30 November 2020

RUSSIA POURS MONEY INTO IRAQI OILFIELDS

Russian oil producer Gazprom Neft announced an increase in the production capacity in Iraqi Kurdistan – the region where it has invested most so far. Moscow's ever-stronger position in the Kurdish energy industry offers Russia bigger leverage over the government in Baghdad. Furthermore, the Iraqi authorities have long been open to developing cooperation with Russia – not only in the domain of oil and gas.



SOURCE: MEDIA.GAZPROM-NEFT.RU

Iraqi Kurdistan now hosts Gazprom Neft Middle East B.V., Gazprom Neft subsidiary. The company's production in Iraqi Kurdistan has reached 4 million tons, or 32 million barrels, since the beginning of commercial production at the Sarkala field. Currently there are three wells producing some 24,000 barrels of crude oil. The Sarkala field is part of the Garmian cluster. The first drilling took place in 2011 while commercial production followed in 2015 after the commissioning of the Sarkala-1 well. The Russian oil company opened more wells in 2018 and 2019. Gazprom Neft Middle East B.V. is setting its eyes on a fourth production well at its Sarkala field in the Kurdistan Region of Iraq to boost its daily output to 32,000 barrels. The well's commissioning is scheduled for the first half of 2021. In Iraqi Kurdistan, Gazprom Neft extracts crude oil under two projects – Garmian and Shakal – where it holds stakes. The field development is performed by a joint venture owned by Gazprom Neft (40 percent) and by the Canadian company WesternZagros Resources (40 percent). The remaining 20 percent of the venture is controlled by the Kurdistan government. The share of Gazprom Neft in the Shakal block totals 80 percent,

with the remaining stake owned by the government of the Kurdistan region. Gazprom Neft subsidiary is involved in the Kurdish government-run project to develop the region's energy supply system. Petroleum-derived gas, a by-product of the crude oil extraction, will serve as fuel in the energy-producing facility built by the authorities of the autonomy. Under the project, it is planned to build a 4.5-kilometer gas pipeline to link the Russian-exploited oilfield and generating plants. Gazprom Neft projects are not the sole display of the ever-growing presence of Russian energy businesses in Iraqi Kurdistan. The fall of 2017 saw a grand market entry of Rosneft. Russia's biggest crude oil firm inked a \$3.5 billion deal with the local government, purchased a majority stake in the pipeline supplying Kurdish commodity to Turkey, and vowed to build a parallel gas link. By propping up its energy footprint, a domain of critical importance for both the autonomy and whole of Iraq, Russia has bigger political leverage over Baghdad. 2019 saw Russia invest a total of \$10 billion in the Iraqi energy sector. According to government officials in Moscow, Zarubezhneft, Tatneft, and Rosneft are planning new projects worth twice as much.



SOURCE: WIKIMEDIA COMMONS

30 November 2020

U.S.-RUSSIA NAVY INCIDENT IN THE NORTH PACIFIC

Moscow accused the United States of violating its border after the USS John McCain had sailed into what Russia believed to be its territorial waters. The United States does not hide that the incident was a deliberate move to show that the gulf belongs to international waters. This marked the latest navy incident in the North Pacific in the vicinity of both countries. In late August, a Russian submarine surfaced near the Alaskan shore.

First, on November 24, the Russian defense ministry said in a statement that the guided-missile destroyer USS John McCain ventured 2 kilometers into Russian territorial

waters in the Sea of Japan. The U.S. vessel received an immediate warning from the Admiral Vinogradov vessel. The Pacific Fleet destroyer even threatened to ram the

intruder. The American destroyer withdrew from the area but Russia anyway dispatched its Sovvershenny corvette to the spot. The U.S. 7th Fleet responded to the Russian allegations in a statement saying “the guided-missile destroyer USS John S. McCain, based at Yokosuka, asserted navigational rights and freedoms in the vicinity of Peter the Great Gulf with a freedom of navigation operation aimed at challenging Russia’s excessive maritime claims.” By conducting this operation, the United States demonstrated that these waters are not Russia’s territorial sea and that the United States does not accept Russia’s claim that Peter the Great Gulf is a “historic bay” under international law.

The latest mission was the first U.S. operation in the Peter the Great Gulf since December 2018. The U.S.-Russia spat has been on since 1984 when the Soviet Union declared the area as part of its territorial waters. Located nearby, Vladivostok is the home port for the Russian Pacific Fleet. In late August, the U.S. Navy Command said it had detected a Russian submarine off the Alaskan shore. The vessel surfaced in international waters. The Russian Navy was unavailable for comment, but at that time the Bering Sea hosted navy drills involving the Varyag missile cruiser and the Omsk nuclear submarine.

30 November 2020

ROSNEFT PLANS TO SELL SOME DEPOSITS AMID COSTLY VOSTOK OIL PROJECT

Rosneft plans to sell depleted assets to streamline the company and raise funds for its priority project Vostok Oil, according to sources in the Russian crude industry. Many signs are that some of the latest official and unofficial news might be a deliberate leak from Rosneft.

After talks with the company’s top managers, analysts at BCS brokerage said more than 200 license areas could be sold, with their total annual output of 20 million tons of crude, or 9 percent of the company’s whole production in 2019. Press agency Interfax quoted Sova Capital brokerage, according to which in a year and half, Rosneft plans to sell some of its underperforming fields, including Samaraneftegas, Orenburgneft, Sakhalinmoreneftegas, and some others.

Rosneft is said to trade reserves at as low as \$1-\$2 per barrel to mostly Russian buyers. Russia’s biggest oil firm is said to sell its marginal assets to streamline the company and provide capital for developing its Vostok Oil, a major Arctic project located on the Taimyr Peninsula. Rosneft and its business partners will plan to produce 100 million tons of crude each year by 2030. Oilfields under the Vostok Oil project – both old and new with geological explorations being underway – are estimated at 6 billion

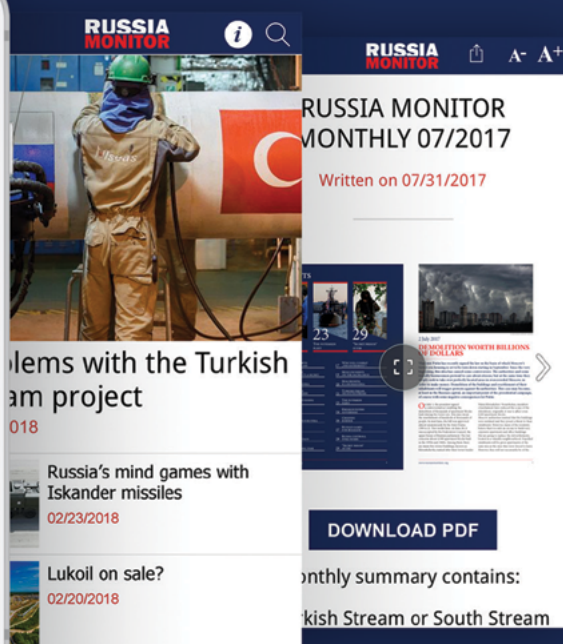


SOURCE: SOVCOMFLOT.RU

tons of liquid hydrocarbons. However, if Rosneft wants to launch it, it needs massive financial outlays, mostly to build adequate infrastructure involving a port and a 700-kilometer oil pipeline. The whole project is valued at between \$70 and \$100 billion. Rosneft raises funds by selling stakes in Vostok Oil where the Singaporean-based energy company Trafigura bought a 10 percent stake, possibly for \$7 billion. The Russian company is still in talks with BP and

an Indian company over the sale of other stake packages. In addition to selling shares to foreign businesses and gaining its capital, the third solution to get money for the Vostok Oil project is state aid. Igor Sechin is equal to no one in this respect. He has long asked Vladimir Putin to grant Rosneft huge tax reliefs while in the spring of 2020, the Russian government adopted relevant regulations on tax breaks for this project.

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