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SOURCE: MIL.RU

3 January 2021

RUSSIA'S NEW MILITARY DISTRICT, ZAPAD DRILLS AS 2021 PRIORITY

On December 21, 2020, Russian President Vladimir Putin signed an executive order whereby the Northern Fleet became the country's fifth military-administrative entity from January 1, 2021. It encompasses the former area of the Western Military District.

The executive order recognizes the Northern Fleet as a multiservice force strategic territorial association of the Russian Armed Forces performing the tasks of a military district. Under the earlier decree signed in

June 2020, the new military entity is based on the territory of the Republic of Komi, the Arkhangelsk and Murmansk Regions, and the Nenets Autonomous Region. Before they were all part of the Western Military District. The

Northern Fleet has its naval facilities on the Kola Peninsula and along the Barents Sea as well as it operates some Arctic bases in Franz Josef Land, Novaya Zemlya ("New Land"), Severnaya Zemlya ("Northern Land"), and the New Siberian Islands. With the decision to turn the Northern Fleet into a new military district, Russian officials have deviated from the 2010 reform. Back then, the number of military districts was reduced to four – Western, Central, Southern, and Eastern – and the fleets – Baltic, Black Sea, and Pacific – were subordinated to the district commands, with land forces being dominant.

The newly created military district will face the biggest task of participating in Russia's Zapad 2021 strategic military drill, a somewhat obvious job since the Northern Fleet used to be part of the Western Military District. The drill is scheduled for September, according to the country's defense minister Sergei Shoigu. The war game will come as the biggest of all 4,800 drills throughout 2021. The Northern Fleet's active participation in Zapad 2021, especially after it became a military district,

causes headache for Scandinavian nations. During Russia's Zapad 2017 military exercise, civil aviation authorities reported jamming of GPS signals of flights in the Finnish region of Lapland and northern parts of Norway close to where Russia carried out electronic warfare activities. The drill included more than twenty Northern Fleet warships, ten submarines as well as some thirty aircraft. Northern Fleet marines took part in combat drills in Pechenga and along the Barents Sea, just a few kilometers off the Norwegian border. Russian generals officially claimed that the military drills in the country's north were unrelated to Zapad 2017. Moscow has long followed this strategy. The country stages a series of small maneuvers, claiming these are not linked one to another, so as not to exceed the personnel and military hardware limits as specified in the Vienna Document (2011). Thus, Russia is neither obliged to announce its exercises in advance nor to invite OSCE observers. The Northern Fleet drills four years ago were part of the Zapad 2017 war games and the whole story will probably repeat this year.

4 January 2021

JIHADI MILITANTS TARGET RUSSIAN MILITARY IN SYRIA

Recent days have brought a series of attacks against Russian military personnel in Syria. What should cause Russia's alarm is that the first incident happened in the country's northeast, far from its major hotbed in Idlib province.

A car bomb detonated near a Russian military base in northeastern Syria on New Year's Day in the first such militant attack in the area against the Russian military. The incident occurred in the first hours of January 1. Two men parked an explosives-laden pickup truck outside the base and fled. The explosion

wounded a few people. The Hurras Al-Deen militant group, an al-Qaeda affiliate, claimed the attack in the Tal Saman area in the Raqqqa province. It has been active in the northwestern part of Idlib, the last rebel-held stronghold. However, it is extremely infrequent for jihadi fighters to attack outside the area, thus the



SOURCE: MIL.RU

bigger the surprise this was them who had attacked the Russian military facility in the Raqqqa province. The region is home to the al-Assad regime as well as hosts the Russian forces and the Kurdish-led SDF coalition. Under a deal reached between Moscow and Ankara, joint Syrian-Russian observation posts were created, and Turkey occupies some areas in this Syrian province. In December 2020, Moscow, Damascus, and the Syrian Democratic Forces agreed to establish three joint posts in the Raqqqa province. This is also to where Russia on December 28 sent additional military police units allegedly amid a flare-up in fighting between Turkish-backed rebel groups and the mostly-Kurdish opposition SDF.

On December 29, a Russian military patrol was shelled in northwestern Syria. Three troops were wounded after a Russian armored personnel carrier was fired upon from an anti-tank missile system. The attack happened while the Russian troops were on patrol near Trumba in Idlib and Turkish troops were pulling

out of the area. Mostly Ankara-backed rebels and forces loyal to al-Assad siding with the Russians have negotiated a ceasefire for Idlib. The Russian-Turkish deal, which envisaged joint patrols, has been frequently violated. In November, a bomb attack occurred on the road as a Turkish military column and the Russian military police were rolling on there. Some servicemen were wounded in the attack. Earlier Russian major general Vyacheslav Gladkikh died after a roadside bomb detonated under a convoy of Russian soldiers in the Raqqqa province. Russia entered Syria's war in 2015, and its force has backed Damascus regime forces. Russian troops are mainly stationed in Khmeimim Air Base in northwestern Syria, from where jets take off to raid the opposition forces. Russia has also a naval facility in Tartus. Only last year did Russia open a new base in the country's northeast. Russia has in the past repeatedly accused rebels in Idlib of attacking its Khmeimim Air Base with drones, but car bomb attacks are much rarer.



SOURCE: FLICKR/TJMILLER.CRSD

6 January 2021

RUSSIA SUFFERS DEFEAT AT THE OPEC+ SUMMIT

A group of major oil producers, known as OPEC+, have agreed to keep production steady in February and March. Some nations will reduce output while Russia and Kazakhstan will see a slight increase in their respective crude production. However, the energy market will note fewer oil supplies amid Saudi Arabia's decision to voluntarily cut its production. Moscow thus has failed to convince other members of the cartel to boost output. Russia is allowed to do it at home, albeit only slightly, which is half as much as it initially expected. Another disturbing thing for Russia is that it stood alone with its demands. Last but not least, there was one more bad news for Russia as the decision made by OPEC+ and Riyadh is advantageous for U.S.-based shale companies. By declaring the price war in the spring of 2020, Russia also sought to destroy its U.S. competitor.

Saudi Arabia, meanwhile, insisted on maintaining cuts or further expanding them as it feared a dramatic drop in demand amid the second wave of coronavirus pandemic. Also, an oversupply of oil would mean a decline in prices. Russia, for its part, demanded an increase in production. After two-day lengthy talks between January 4 and 5, Saudi Arabia said it would voluntarily cut its production by 1 million barrels per day (bpd) while Russia and Kazakhstan will produce slightly more oil over the coming months under the deal. In February and March, Saudi Arabia will pump 8.125 million bpd, its record-lowest figure since 2009. Russia and Kazakhstan in February and March will increase production by 65,000 bpd and 10,000 bpd, respectively. Both called for twice as much, which was 131,000 and 20,000, respectively. The oil market delivered an enthusiastic response to what OPEC nations and their non-OPEC allies had agreed at the meeting. Crude oil prices in London and New York soared to their highest in the past ten months, trading \$53.76 and \$50.11 per barrel, respectively. New

arrangements mean a victory for the Saudi energy minister. In December, Prince Abdulaziz bin Salman made a failed attempt to persuade the oil-producing cartel to keep the cuts and – as a result – in January, the group agreed to increase output by 500,000 bpd. This time most oil-producing nations sided with Saudi Arabia by blocking a proposal from Russia's deputy prime minister Alexander Novak to further ease cuts and unleash production by another 500,000 bpd in February. Each OPEC+ meeting widens a deepening spat between its two informal leaders as Moscow and Riyadh have long pursued distinct goals. Saudi Arabia is afraid that with the premature easing of the restrictions and more crude available globally, the market will find it tough to reconstruct, especially in the face of new challenges such as the next pandemic waves. Russia, however, is far more concerned that by limiting themselves, OPEC countries and their non-OPEC fellows would empower their competitors, notably the United States.

8 January 2021

RUSSIA'S FSB GAINS NEW PRIVILEGES AND POWERS

The shameful failure of Russia's Federal Security Service (FSB) in the infamous Navalny case did not disgrace the country's domestic security agency. Quite the contrary; the Kremlin is well aware of the more vulnerable FSB prompting a weaker Putin's regime, with the service being a top pillar of his tenure. Instead of personnel reshuffles amid the failed Navalny case, the FSB is growing stronger, seeking broader competencies than those it now holds and more money – uncontrolled by anyone. Besides, a new act, which in fact covers what the FSB does, seeks to shield the state agency against such blunders as the FSB's operation to poison Russian opposition activist Alexey Navalny.



SOURCE: KREMLIN.RU

On January 7, Russia's state broadcaster screened a documentary about the country's military intervention in Syria, with Putin naturally featuring the film. Among other things, he praised the FSB for its successful efforts to neutralize threats from Syrian jihadists. It might be said the security agency has seen nothing but a series of praise recently and weathered the Navalny scandal. Quite the contrary; the Federal Security Service demands a mandate to defend its facilities amid "an increase in the number of armed attacks." By claiming so, the FSB said there is still a risk of unauthorized actions targeting such facilities and their personnel. The authors of the draft presidential decree also suggested some additions to the current special service law, in particular by including a provision that the FSB "carries out activities to ensure the information security of the Russian Federation in areas like information and psychology within the limits of its responsibility." Under the draft decree, the president or the state government will be allowed to set monthly payments and some other ones to FSB officers in addition

to what the current law assumes. How much they will get will depend on the complexity and importance of their duties. Public hearings on the project began on December 28.

On December 22, Russian legislators at the State Duma amended a bill "On State Protection of Judges, Officials of Law Enforcement and Control Bodies." On December 30, the Russian president signed into law an act that restricts the disclosure of information relating to both the work and private lives of law enforcement agents. The document provides for the possibility of banning data on judges, prosecutors, Investigative Committee officials, FSB officers, and some military personnel – even when there is no immediate threat to their safety. The authors of the bill note that this measure can be applied only if there is a threat to the employees' life or health. The rationale for the bill was that the publication on the Internet of information about events and circumstances of the private life of law enforcement officers might negatively affect their ability to exercise their powers. The document also introduces updates to the act

on operational and investigative activities that prohibits the disclosure of data contained in forms sent to citizens and organizations. Such information now can be made public only with the consent of the representative of the

authorities carrying out specific operational and investigative activities. The prohibition shall not apply to any details disclosed open court hearings and statements from the prosecutor's office or courts, both in the media and online.

17 January 2021

RUSSIA QUILTS OPEN SKIES TREATY, LEAVES MESSAGE FOR BIDEN

Russia said that it was pulling out of the Open Skies Treaty, an international accord allowing surveillance flights over military facilities, after the U.S. exit from the pact in November 2020. The timing might not be incidental while being an attempt to exert pressure on the incoming Biden administration. At stake is now the extension of the New START arms control treaty. The Kremlin, meanwhile, makes it clear for the new U.S. president that the new administration will change nothing in Russia's tough course.

SOURCE: MIL.RU



The Open Skies Treaty was signed in 1992 and entered into force in 2002, allowing its 34 members to conduct observation and surveillance flights over one another's territories to collect data on military forces and activities. In a statement on January 15, Russia's foreign ministry clarified to Washington that Russia had decided to pull out of the deal after the United States had left the accord on November 22, 2020. At the time, Moscow condemned the decision, saying it was detrimental to the security of Europe, the United States, and its allies. The Kremlin depicts the U.S.-made move as yet another attempt made by the outgoing Donald Trump administration to dismantle the Cold War-era arms control treaty. However, the United States left both the Open Skies Treaty and the INF Treaty for two top reasons. Firstly, Russia breached the agreement. Secondly,

the accords – notably the INF Treaty – no longer served their purpose and were obsolete without China's inclusion. The U.S. Department of State repeatedly said Moscow violated the Open Skies Treaty. There is a slender possibility of the United States returning to the pact so this might explain the reason for Russia's pullout as Moscow saw the U.S. leaving the accord as somewhat problematic. On the one hand, Russia would no longer have access to U.S. military bases across Europe while, on the other, European reconnaissance aircraft could transfer the data collected during their observation flights over Russia to Washington. Many also claim that Kremlin officials are doing their utmost to deprive the incoming U.S. administration of an excuse to warm Russia-U.S. relations. Given some issues at home, Putin has no intention of seeking a thaw in his country's ties with the West.

17 January 2021

RUSSIAN MILITARY LOCKED IN AFRICAN TRAP

A civil war erupted in the Central African Republic, whose Russia-friendly president has recently won re-election after his top challenger was barred from running for office. In response, he formed a broad coalition of rebel groupings. Despite support from UN forces and a few hundred Russian troops, the government in Bangui is helpless against the enemy. The rebellion also runs the risk of heavy casualties among the Russian soldiers. Moscow evinces interest in the diamond- and uranium-rich country but is this really worth taking the risk?

Russia told the United Nations it planned to withdraw the 300 “military instructors” it had sent to the Central African Republic for the presidential and parliamentary elections on December 27, 2020. Interestingly enough,

in addition to its “instructors,” Moscow had also deployed a few transport helicopters. The announcement of the Russian military withdrawal was made before the attacks carried out on January 13 on Bangui, the Central



SOURCE: MIL.RU

African capital city. This raises questions whether Moscow will confirm its departure anyway. The Security Council has scheduled a meeting to discuss the situation on January 21. Although the elections have taken place, violence continues unabated in the Central African Republic. In the past few weeks, 120,000 people have fled to Cameroon, Congo, and other neighboring countries. After the announcement on January 4 that President Faustin-Archange Touadera had won re-election, the rebel coalition threatened to take the capital. The rebels had taken towns in other parts of the country before the elections. Despite the presence of nearly 13,000 UN personnel, the conflict has engulfed the whole country, with Russian aid being little helpful. The Russian government inked a formal military partnership deal with the Central African Republic in August 2018. The objective was to provide military training to Central African troops. Three years ago, the Wagner Group, a shadowy paramilitary

outfit, sent 300–400 of its personnel to the country. They are tasked with shielding Russian diamond mining companies and protecting President Touadera. Also, Valery Zakharov, a Russian national, is a security advisor to the president. Although Moscow officially shows support to the president, it is also in touch with his arch rivals, mostly to secure Russian interests in the country in case of the collapse of Touadera's rule. Thus, the Wagner Group sealed some deals with the leaders of rebel groups who control oil-, uranium, and diamond-rich areas. The insurgents do not prevent Russia from mining the country's resources. If Moscow sees that Touadera has a slim chance to solidify his rule – or if it collapses – it will not hesitate to withdraw support. Anyway, it is little known whether the withdrawal of 300 troops in such a shaky period for the Bangui government might actually serve as a part of the Moscow-devised plan.



SOURCE: KREMLIN.RU

17 January 2021

NORD STREAM 2 PROPONENTS GO ON THE OFFENSIVE

Business activities are now in place to complete the Russia-to-Germany gas link while being a political cover for the stance adopted by Germany and Russia. An example might be an interview with Germany's former chancellor Gerhard Schröder who defended Putin's regime while accusing Poland – one of the top dangerous Nord Stream 2 opponents – of nurturing authoritarian attitudes.

When in office, Chancellor Schröder pursued a Russia-friendly policy, making friends with the country's president. Schröder signed the Nord Stream pipeline deal on behalf of Germany with Putin during his last days in the chancellor's office. After he left the office, Schröder began a new career as a businessman

in Russia at the head of the company that built the gas link. He saw some other high spots in his Russian career; in 2017, he joined the board of the Russian energy giant Rosneft. He has in the past staunchly defended Putin's regime – whether this be among Germany's officials or in the country's media outlets. It was only recently

he did it in an interview for the German magazine *Der Spiegel*, for instance speaking on the Russian annexation of Crimea. In the same interview, he dealt a blow to Poland and Hungary, pondering whether these two “are still democracies or they are more and more becoming authoritarian states.” Schroeder also hit Donald Trump who – like Poland – is a vociferous critic of the Nord Stream 2 energy link. Berlin officials hope that Joe Biden changes Washington’s stance on the project. German Foreign Minister Heiko Maas (SPD) said during a press conference on January 15 that the German government was interested in discussing the Nord Stream 2 topic as soon as the new U.S. administration was in office. On the same day, Germany’s Federal Maritime and Hydrographic Agency granted a permit to resume immediately the construction of the pipeline on its territory. Under the earlier permit, works could resume in the German exclusive economic zone only in late May 2021. German authorities gave permission for work

to resume on a subsea pipeline bringing natural gas from Russia by the Russian vessel called *Fortuna*. Denmark’s Energy Agency had said work near the island of Bornholm would begin from January 15. At the same time, many signs are that the incoming U.S. administration will take a far less tough stance on Nord Stream 2 than the outgoing president. This is not so because of its ties with Russia – as these might deteriorate even further amid the attempted poisoning of Russian opposition figure Alexey Navalny – but those with Germany, or rather the willingness to nurture a new relationship with Berlin. The U.S. is willing to lift sanctions against the Nord Stream 2 gas pipeline if Europe suspends its construction, adviser to U.S. President-elect Joe Biden, Nicholas Burns, told the German newspaper *Handelsblatt*. “This will give the new U.S. administration the opportunity to confidentially and calmly speak with the German government and other countries involved,” Burns said.

18 January 2021

WHY NAVALNY RETURNED TO RUSSIA

Russian opposition figure Alexey Navalny flew back to Russia from Germany, as earlier announced. He has been detained upon landing in Moscow. Now Navalny is likely to serve a long term in prison. But the whole story is not over yet, being rather the beginning of Navalny’s way to the top.

Alexey Navalny could not have done otherwise if he thinks seriously about fighting for Russia’s top offices in the future. By staying in Germany or outside Russia in general, he would share the fate of such Russian political immigrants as Garri Kasparov or Mikhail Khodorkovsky. Not incidentally, shortly after

Navalny flew to Germany, Russian officials sought to portray him as a puppet of Western intelligence services, with his decision to stay permanently outside Russia just meant to confirm this fact. Naturally, both the opposition and clear-eyed Russian citizens are perfectly aware of what the whole thing looks like. Yet



SOURCE: WIKIMEDIA COMMONS

if Navalny aimed to reach his fellow Russians broadly, he had no other choice but to take the risk. A poll found that more people in Russia are likely to believe in what both the Kremlin and the Federal Security Service (FSB) said about the case than Navalny, which is now probably the last chance for the country's top opposition activist. What is obvious is that the regime sought by all means to prevent its number one enemy from flying back to the country. Russia's Federal Penitentiary Service, or FSIN, said in a statement published after the Kremlin critic announced his decision to return to Russia that it would want a suspended sentence replaced with a prison term. The prospect of being arrested and perhaps serving a years-long sentence did not prevent the Kremlin critic from coming back home. What might seem is that Navalny devised a detailed plan of his returning to Russia, with the date being one of the top points. The opposition figure flew back

to Moscow a few days before Joe Biden is sworn in as U.S. president and right when Russia seems likely to complete the construction of its Nord Stream 2 gas link. Both Navalny's detention and a wave of outrage that sparked in the aftermath might not end up well for the incumbent president. Firstly, it is difficult to imagine the new Biden administration not keeping the existing sanctions on Russia; it might even introduce much harsher measures than those already in force. Secondly, the Kremlin yet again gets the German government in a tough situation as Berlin officials express such a keen interest in finishing Nord Stream 2 that they dropped the idea of abandoning the gas link they had put forward after the attempted poisoning of Navalny. Calls to scrap Nord Stream 2 now come back twice as strong to Angela Merkel.

As predicted, the opposition figure was detained at an airport upon landing in Russia

and held at a police station outside Moscow where he is currently awaiting the court's ruling – unlikely to come as a surprise. The Russian judiciary is fully dependent on the regime. And even a conflict of interest the Moscow judge due to make the ruling to change anything in the case. The thing is that her father-in-law runs a business that earns money from state contractors, including deals with the Federal Penitentiary Service. So what does Navalny count on while voluntarily accepting to go to jail? Perhaps he hopes that being the regime's number one enemy makes him untouchable for Russian officials. In a way, Navalny might feel safer in prison than in somewhere in exile – if anything bad happens to him in jail, Putin could not shirk responsibility. Possibly, Navalny made a tough yet sole decision to serve a years-long

sentence in prison. But only in this way can he solidify his image of the lone courageous person to challenge Vladimir Putin. When the Russian regime plunges into a crisis, it is Navalny who might yearn to lead the country's anti-government protests and possibly even to succeed Putin. Of course, this may be a long way to go. Furthermore, Russian ruling elites are developing confrontational, authoritarian, and anti-Western moods. The Kremlin does absolutely nothing of a wave of worldwide condemnation amid Navalny's detention. Vladimir Putin cares far more for staying in power than maintaining a good image abroad. However, the risk of anything happening to Navalny is now much greater than a few years ago.

21 January 2021

BAD YEAR FOR RUSSIAN CRUDE EXPORTS

With the price war that broke out in the spring of 2020 and the coronavirus-induced global economic slowdown, the Russian energy sector could not label the past year as successful. Revenues from oil exports dropped by 40.9 percent year-on-year between January and November 2020, according to data from Russia's Federal Customs Service (FTS). Throughout the eleven first months of 2020, Russia exported \$66.391 billion worth of crude oil.

The country's exports dropped by 11 percent, to 220.241 million tons. Yet Russia witnessed a far more severe decline in its export revenues amid the drop in oil prices – as much as 40.9 percent less than a year before. Russian energy businesses made \$40.7 billion from selling petroleum products throughout the eleven first months of 2020, marking a 33 percent decline from the January–November

2019 period. Russia's fuel export revenues shrank by 14 percent, to slightly over \$2 billion. There was also a drop in the sales of other hydrocarbons as liquefied natural gas exports went down by 15.3 percent while those of coal – by 23.8 percent. Also throughout the eleven first months of 2020, gas exports dropped in value rather than in physical terms, marking a 41.8 percent drop to \$22 billion. Thus, oil and



SOURCE: SOVCOMFLOT.RU

gas revenues tend to occupy a more modest part of the Russian federal budget, hitting an all-time low in 2020. The Russian authorities are realizing that the country's profits from oil and gas exports will gradually go down. Back in the early century, or when Vladimir Putin came to power, Russia's oil and gas revenues made up for 45 percent of the entire federal budget

before declining any further in the next years. They now stand for little more than 30 percent of total revenues to the federal budget. In 2019, Russia's federal budget revenues amounted to more than 20 trillion roubles, of which 7.9 trillion roubles came from oil and gas sales while the remaining 12 trillion roubles from non hydrocarbon-related sources.

21 January 2021

NAVALNY TAKES REVENGE RELEASING INVESTIGATION INTO PUTIN PALACE

Kremlin officials dismiss the viral video released by Navalny's non-profit foundation alleging an opulent palace owned by the Russian president. Yet with an extremely nervous reaction from Kremlin spokesman Dmitry Peskov, one might guess that Russia's number one political prisoner struck a chord with Russian officials. Possibly the leaked information refers not so much to the mansion itself, but Vladimir Putin's career as a KGB employee in East Germany and his family life.



SOURCE: PALACE.NAVALNY.COM

Navalny's Anti-Corruption Foundation (FBK) released a comprehensive report packed with photos, maps, and other data less than two days after Navalny's return to Russia and arrest. There is no doubt that the organization prepared the footage in advance to release it shortly after Navalny's detention. The video targets Putin who is the number one enemy of the Russian opposition figure while undermining Russia's position in the eyes of the West whose nations are expressing outrage over the arrest of Navalny. There are more blows expected to reach the regime as the investigative reporting group Bellingcat is now working on a report on the FSB agents who poisoned Navalny. By releasing footage on Putin's alleged palace, Navalny once again set the time and place of his clash with the president. Though the opposition figure is now in custody, this is Peskov who explains

the whole matter on behalf of Putin. It is apparent from the official's behavior that it must be frustrating for the regime. Kremlin spokesperson brushed aside the claims, saying it emerged a few years ago, calling it a "pseudo study" and "swindle" made by "crooks" to collect money. Navalny and his Anti-Corruption Foundation released an investigation into a lavish Black Sea property in Gelendzhik they claimed is owned by President Vladimir Putin. The mansion was purportedly financed by companies either owned or run by businessmen from Putin's inner circle. On paper, the property appears to be owned by businessman and billionaire Alexander Ponomarenko, the FBK claimed in the report. The allegations were first made in 2010 while the businessman insisted on being the owner of the mansion. The 18,000-square-meter castle is estimated to be worth \$1.3 billion, according to the FBK.



SOURCE: DUMA.GOV.RU

22 January 2021

RUSSIAN SILOVIKI WARN AGAINST “COLOR REVOLUTION”

Russia's interior ministry said the country might see attempts to destabilize the domestic situation as was the case in neighboring Belarus and Kyrgyzstan. This is linked to the arrest of Russian opposition figure Alexey Navalny who urged his supporters to hit the streets. But there is a slim chance of a nationwide rally sweeping across Russia. It seems that authorities made public the statement from the interior ministry not amid the Navalny case, but because they drew some conclusions from rallies in Belarus. This is also why a batch of new legal rules entered into force at the turn of the year, barring Russian nationals from legally holding a rally.

“Based on the example of proven political strategies in Belarus and Kyrgyzstan, we cannot exclude the possibility of a similar swing in the situation in our country,” Russia’s Deputy Interior Minister Alexander Gorovoy told a board meeting at a Moscow police station. He meanwhile threatened charges ahead of the nationwide rallies. In late December, Russian lawmakers adopted a raft of legal updates empowering them to act bolder in this respect. What Gorovoy said about “forecasted tensions” in Russia later this year is nothing surprising. The official linked them to what happened in Russia’s “near abroad”, or Kyrgyzstan and Belarus, but the regime is also fearful of social unrest amid any rigging of September elections to the State Duma, the lower house of parliament. The deputy interior minister insisted that there were many interested stakeholders from abroad, political parties, quasi-politicians trying to rattle the situation, a frequent narrative from Russian high-ranking officials. More interestingly, Gorovoy mentioned political parties, as it is obvious that he meant notably the United States among those whom he named as “interested stakeholders from abroad.” Navalny is here a “quasi-politician,” naturally. But adding political

parties to the list is somewhat interesting and confirms that the existing model of “system opposition” is over. Feeling pressure from grassroots organizations and regional structures, both Russia’s communist party and the nationalist Liberal Democratic Party of Russia are showing themselves increasingly distant from the governing camp. More and more conflicts are erupting regionwide – like in Khabarovsk where the LDPR representative Sergei Furgal won in 2018 by a landslide, beating a candidate from the United Russia party. Last July, Furgal, the governor of the Khabarovsk region, was arrested and accused of organizing two murders and one attempted murder of businessmen in 2004–2005, while his supporters claimed this was the Kremlin’s revenge for breaking the status quo. It seems that the regime is no longer interested in keeping up appearances and playing the game with fake opposition movements involved. But what now grapples most the regime is not the possibility of mass riots in the country that will not take place at least for now for many reasons, but the loyalty of the ruling elite and siloviki. The increasingly likely strike against the “systemic opposition” and stronger force structures serve to consolidate the regime.

25 January 2021

CONCLUSIONS FROM RALLIES IN SUPPORT OF NAVALNY

Russia is seeing an unprecedented wave of street rallies after the arrest of Kremlin critic Alexey Navalny, the only surprising feature of Saturday’s (January 23) events. Neither a harsh reaction from the country’s authorities nor the Kremlin’s narrative on the protests, lambasting Washington for staging the demonstrations, came as a surprise. If the Kremlin regime has learned anything from last year’s events in Belarus, it was in its response to the protests in support of the Russian opposition figure.



SOURCE: WIKIMEDIA COMMONS

Protests took on an unprecedented geographic scale, spanning more than 128 cities across the country, attracting most people in St. Petersburg and Moscow. What might be grappling is a sharp reaction from Russian officials. Police seized at least 3,324 demonstrators across dozens of cities, with 1,320 people detained in Moscow. It was the largest number of detentions at opposition rallies since Putin took power in Russia. What came evident was that in addition to Russia's two biggest cities, a sweeping wave of protests washed through Siberia and the country's Far East. It yet seems that Russian officials learned a lesson from the problems that Alexander Lukashenko encountered last summer. While in Belarus the siloviki could not predict the actual scale of the protests and where they might erupt, with all forces directed to Minsk, and not outside the capital, Russia devised a different tactic. Both law enforcement agencies and the National Guard, or Rosgvardia, controlled the rallies quite efficiently, while with mass detentions and threats to start criminal cases, the regime showed it will suppress anyone

against. What might be expected is that the detained could face severe punishments, a solution likely with updated legal provisions adopted at the turn of the year. They were swiftly adopted by Russian lawmakers, a move that might have indicated that the Kremlin could know what to expect soon.

Even if the regime failed to dissuade people from hitting the streets by warning universities, schools, and parents or censoring social media, and more people took part in the rallies than expected, the second stage went smoothly. Despite the protests spanning throughout the country, the siloviki responded efficiently, not allowing the situation to get out of control. Of course, this does not mean any information- or image-related losses. Also, viral photos of policemen aggressing a young boy or protesters throwing snowballs are little helpful for the regime. Of course, the Kremlin has stuck to the narrative it had devised years ago. Kremlin officials refer to Navalny as "this person." Also, they downplay the Saturday protests. Kremlin spokesman Dmitry Peskov gave an interview for the country's biggest state broadcaster a

day after a wave of protests swept across the country. He insisted that “few people” hit the streets while “many” vote for Putin. Putin’s spokesman also attacked the United States for publishing details of Saturday rallies, portraying it as an example of Washington’s meddling into Russia’s domestic affairs and throwing support for unauthorized actions. He also suggested that Western services helped Navalny produce the report on “Putin’s palace.”

There is no doubt that both the number of people taking to the streets and that of the cities were a sign for the regime about the great

potential for possible mass rallies or even social unrest. The Saturday events are this year’s first test for the regime before the State Duma elections scheduled for the fall. Future protests might attract more people who hit the streets not so much to defend Navalny, but to express how frustrated they are with Putin’s tenure. Millions of people watch Navalny’s videos online while tens of thousands hit the streets in cities throughout Russia. His supporters called for more protests next weekend (January 30–31). On February 2, a court will consider whether Navalny’s 2014 suspended sentence should be converted to jail time.

25 January 2021

RUSSIA, NEW U.S. ADMINISTRATION NOTE FROSTY BEGINNING

The arrest of Kremlin critic Alexey Navalny has taken its toll on a new chapter in U.S.-Russia ties opened after Joe Biden was sworn in as U.S. president. Another contentious issue is the Nord Stream 2 energy link though it also touches upon U.S.-German relations, and it is not yet known whether the Biden administration will keep a tough stance on the pipeline. U.S. President Joe Biden will seek a five-year extension to the New START arms control treaty with Russia, a move that the Kremlin has been looking for much earlier, but this does not determine Washington’s policy on Russia.

As Joe Biden was sworn in, Kremlin spokesman Dmitry Peskov said that the change in the U.S. presidency would make no difference to Russia. Though the Kremlin might be wrong about it and already strained ties between Moscow and Washington might deteriorate further. As Kremlin critic Alexey Navalny returned home a few days before Joe Biden took the oath, this will certainly not

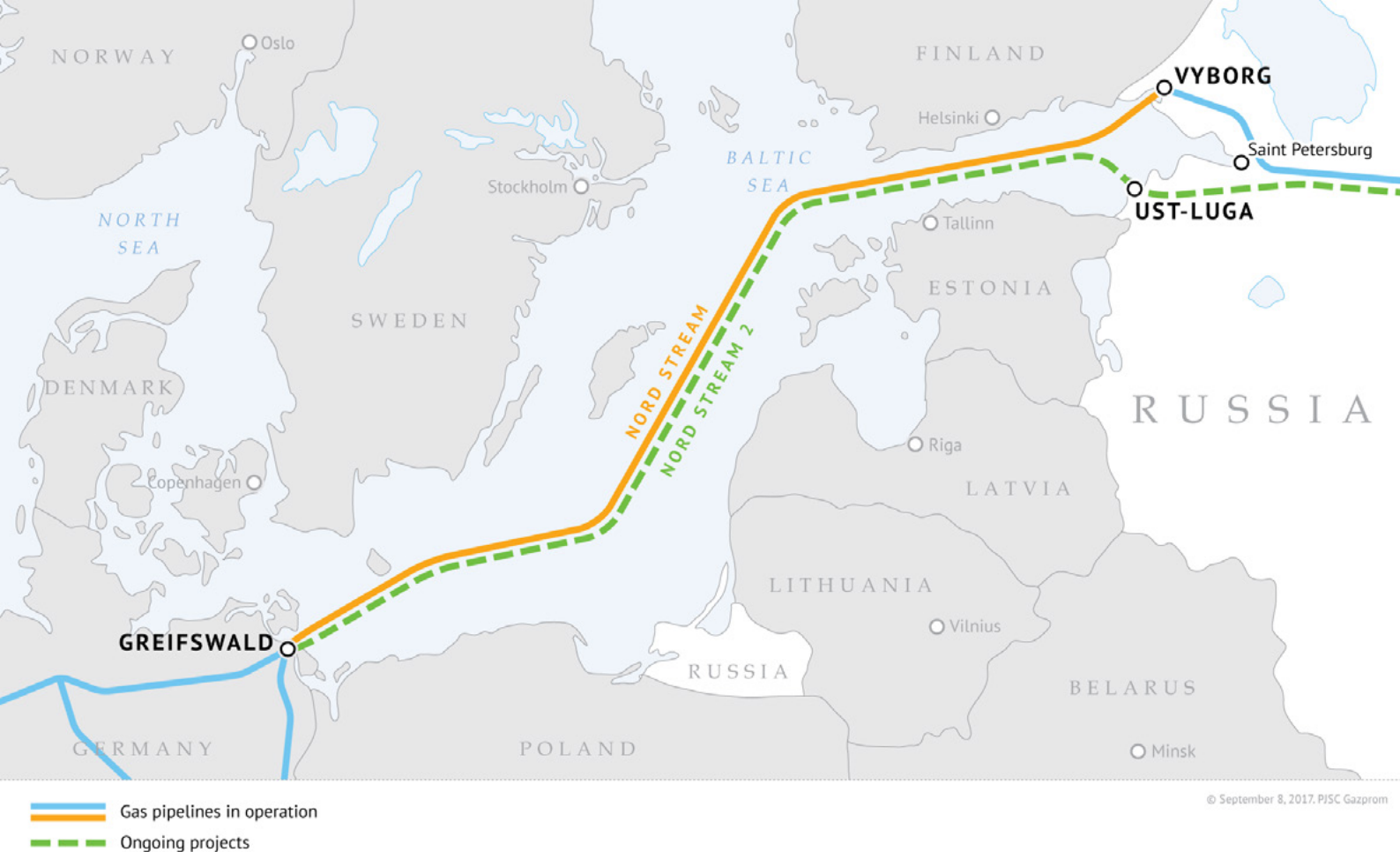
help warm up U.S.-Russia relations. Quite the opposite; shortly after Navalny was detained, Jen Psaki, the White House press secretary, said the new administration works to hold Russia accountable for what it had done – also amid repression against Navalny. When a few days later mass rallies in support of jailed opposition figure swept throughout Russia, the U.S. Department of State published a statement



SOURCE: THE WHITE HOUSE

urging Russia to release the detained as well as Navalny. Also, the U.S. Department of State strongly condemned the use of harsh tactics against journalists. The Kremlin reacted in a manner that makes no doubt that Washington and Moscow are now experiencing frosty relations. Putin's spokesman Dmitry Peskov accused the United States of interfering in Russia's domestic affairs and supporting unauthorized actions. In late 2011 and early 2012, Moscow blatantly accused the then Secretary of State Hillary Clinton of inciting protests, a similar scenario that took place only now. Biden now has no other choice but to keep or tighten his country's course toward Russia. The White House press secretary also noted the president is also issuing a task to the Intelligence Community for its full assessment of a Russian cyber breach, its interference in the 2020 election, use of chemical weapons against opposition leader Alexey Navalny, and the alleged bounties on U.S. soldiers in Afghanistan. The only thing the Kremlin could

be happy about is that Biden is determined to extend the New START deal, set to expire in early February. In October 2020, the Trump administration rebuffed a proposal by Russian President Vladimir Putin for a one-year extension. Back then, Washington wanted Russia to suspend its nuclear weapons program and not merely to limit the number of warheads as stipulated by the treaty. Those who are against the NEW Start deal say that by extending its non-updated version, Russia will win five extra years to upgrade its nuclear stockpile. The New START deal is now outdated as regular intercontinental ballistic missiles (ICBMs) are no longer the top priority. Russia has for years developed its medium-range nuclear missiles, prompting Donald Trump to quit the obsolete INF pact, as well as tactical nuclear weapons and hypersonic means for carrying nuclear warheads. Washington should strive to regulate these fields, with Russia having distanced itself from the United States in this respect.



SOURCE: GAZPROM.COM

25 January 2021

NORD STREAM 2 PIPELINE SEES LAST-MINUTE SANCTIONS

Back on January 15, it seemed that Russia could complete its Nord Stream natural gas pipeline. A German federal agency gave its go-ahead for wrapping up the project, while the country's foreign minister Heiko Maas said Berlin could make a deal with the new U.S. administration. Nonetheless, the outgoing administration had passed a new set of sanctions targeting the project already at risk amid the arrest of Kremlin critic Alexey Navalny.

Russian-owned pipelay barge Fortuna on Sunday (January 24) started construction in the Danish exclusive economic zone to build the missing chunk of the gas link. There are also

some other auxiliary vessels anchored off the Danish island of Bornholm. Denmark granted an operations permit for the pipeline yet the outgoing Donald Trump administration had

imposed sanction measures on Russian-flagged vessels just a few days before. Thus either Moscow thinks to ignore them or this is yet another demonstrative move, as even Gazprom officially says that the gas pipeline may never be completed. But it is worth looking at what happened throughout the week. First, Antony Blinken, Biden's nominee to be secretary of state, told his Senate confirmation hearing that he agreed with the U.S. Congress on the Nord Stream 2 pipeline being a harmful project. He added that the newly sworn U.S. administration would have it use every persuasive tool that it has to convince Germany not to move forward with the pipeline. Although Germany's Federal Maritime and Hydrographic Agency (BSH) on January 15 said construction of the Nord Stream 2 pipeline can restart immediately, two environmental groups took legal action to halt the notice. The situation got so serious that Gazprom has even acknowledged in a Eurobond prospectus there are risks that the Nord Stream 2 gas pipeline project may be suspended or scrapped amid political pressure. Later that same day, on January

19, Vladimir Putin held talks with the CEO of Gazprom Alexey Miller, with Nord Stream also being high on their meeting agenda, though no details are available to the public. Moscow feels "harsh pressure" on the part of Washington, according to Kremlin spokesman Dmitry Peskov who claims it unlawful as more and more restrictions are being added to the list. On January 19, the United States said it imposed sanctions against the pipe-laying vessel, Fortuna, and its owner, a firm called KVT-RUS. Also on that day, the European Parliament held a debate on the detention of Alexey Navalny. Speaking in front of EU lawmakers, EU foreign relations chief Josep Borrell said Nord Stream 2 is a private venture. "Thus, we cannot prevent its construction," he added. Two days later, members of the European Parliament voted – with 581 votes in favor, 50 against, and 44 abstentions – for a resolution, calling for the immediate halt of Nord Stream 2 in response to the arrest of Russian opposition figure Alexey Navalny. EU lawmakers also said the bloc should not be a friendly place for murky Russian money.

25 January 2021

RUSSIA'S 2020 BUDGET LEFT WITH FEWER PETRODOLLARS

Russia's finance ministry published official data on the federal budget in 2020. What strikes most is the never-before-seen drop in the country's resource rent that brings most to the Russian federal budget. Russia's revenues from the hydrocarbons sales dropped year-on-year by 34 percent, to 5.235 trillion roubles (\$67 billion).

The Russian finance ministry saw a shortfall of 2.689 billion roubles from oil and gas revenues. The worst situation was in May 2020 when the country's oil and gas revenues noted

a threefold drop, to 214 billion roubles, amid Russia's price war with Saudi Arabia and the decrease in the Urals crude oil price to the levels last seen at the collapse of the Soviet



SOURCE: MEDIA.GAZPROM-NEFT.COM

Union. In the months that followed, Russia's revenues rebounded, reaching higher values even twice a month (474 billion in October, 453 billion in November, and 425 billion in December). Yet on average, this was by a third less than a year before where the budget got 660 billion roubles from selling oil and gas. Russia's budget revenues from trading hydrocarbons came back to the 2017 levels as far as merely absolute figures are concerned. But never before has Russia experienced such a record slump in numbers. In 2020, the Russian federal budget saw the resource rent that was 7 percent worth of the country's gross domestic product, in 2019 – more than 8 percent, while in the first decade of the century, or the golden time for the oil industry, this went past 10 percent of the Russian GDP. Russia's oil and gas revenues went down amid the economic impact

of the coronavirus pandemic and mild winter last year, as well as due to its oil price war with Saudi Arabia last spring – the last of which was of its own making. Russia's number one partner in the oil-producing cartel OPEC beat it to keep its ranking as China's top crude supplier last year. Saudi shipments to China in 2020 rose 1.9 percent from a year earlier to 84.92 million tons. Russia came second with shipments of 83.57 million tons, up 7.6 percent from 2019. Iraq is China's third-largest oil supplier, with 60.12 million tons sent in 2020, while Brazil came fourth (42.19 million tons). Interestingly, China's imports of U.S. oil more than tripled in 2020 to 19.76 million tons, compared to a year earlier. The country's economy did not suffer from the pandemic-related crisis as in 2020 Chinese imports rose 7.3 percent to a record of 542.4 million tons.



SOURCE: WIKIMEDIA COMMONS

26 January 2021

MYANMAR ORDERS RUSSIAN-MADE MISSILE SYSTEMS

Russia signed another deal to deliver its military hardware to Myanmar. While visiting the country, a delegation of Russian defense officials, including Defense Minister Sergei Shoigu, inked the deal to supply the Russian Pantsir-S1 air-defense system to the Asian state. This is yet another manifestation of the ever-closer military-technical cooperation between the two nations.

Under the deal, Moscow will supply some radar stations, Pantsir-S1 self-propelled short-range air-defense systems, and Orlan-10E multirole unmanned aerial systems to the Myanmar military. The agreement was signed on January 22 at a ceremony attended

by Russian Defense Minister Sergei Shoigu and the Commander-in-Chief of Myanmar's armed forces, Min Aung Hlaing. Russia's Deputy Defense Minister Alexander Fomin inked the agreement for Russia. Myanmar and Russia began military-technical cooperation in 2001,

and the latest agreement is just the next stage of this. Myanmar has so far bought 30 Russian-made MiG-29 jet fighters, 12 Yak-130 jet trainers, 10 Mi-24 and Mi-35P helicopters, and eight Pechora-2M anti-aircraft missile systems, as well as unmanned aerial vehicles, anti-tank and artillery systems. Myanmar has also signed a contract to purchase six Su-30SME warplanes. The country is also home to a joint service facility to maintain the Russian-made aviation and armored military equipment. But two nations see their military cooperation going beyond the purchase of Russian-made equipment. The Asian country has regularly sent its military to Russia's competitions and war games, most recently the Caucasus-2020 drills. In 2018, the governments in Russia and Myanmar closed a deal to allow Russian-flagged vessels to use ports in Myanmar.

Truck-mounted Pantsir-S1 air-defense systems (NATO codename: SA-22 Greyhound) feature both short-range surface-to-air missiles and 30mm automatic cannons. The mobile Pantsir complex is designed to defend ground installations against a variety of weapons including unmanned aerial vehicles as well as ballistic and cruise missiles. It can engage tactical aircraft at a maximum range of 20 km and an altitude of 10 km. However, real combat experience in Syria and Libya showed that the Pantsir complex could not cope with targets such as the Turkish Bayraktar TB2 unmanned aerial vehicles. At least eight Russian-made Russian-supplied Pantsir-S1 self-propelled combined gun-missile systems destroyed in Syria's Idlib province, Turkish President Recep Tayyip Erdogan claimed last year. The Russian army is also dissatisfied with the Pantsir-S1 complex, according to an anonymous source.

26 January 2021

VOSTOK OIL: ROSNEFT STARTS WORKS ON VANKOR FIELD

Igor Sechin announced his grandiose plan to develop the Russian Far North to Vladimir Putin and all signs are now that he is under major pressure to forge ahead with the project. The Rosneft-developed Vostok Oil project should already produce 30 million tons of oil in just three years. But the construction work does not move forward as planned.

Rosneft has placed a tender on engineering services in the North Siberian Vankor area. The winning company is expected to draft project documentation on the building of mooring points on the western and eastern sides of river Yenisey and the development of a reserve pipeline to existing pipe infrastructure in the area. A Transneft-managed pipeline is now running to the Vankor fields, with crude

oil flowing southbound before hitting the Transneft network. With a new pipeline built by Rosneft, oil volumes will be redirected northwards to the Taymyr region and its ports. Transneft could then lose up to 4 percent of its annual turnover. The Vankor deposits produce some 11 million tons of oil per year. Sechin has little time left as by 2024, the Vostok project is expected to bring 30 million tons



SOURCE: SOVCOMFLOT.RU

of oil shipments on the Northern Sea Route, making it all possible. But Putin has a bigger appetite than just that. The Vostok Oil will be fundamental for Putin's desired 80 million tons of shipments on the Northern Sea Route by 2024, a target included in the President's so-called May Decrees from 2018.

The Vostok Oil project is one of Russia's flagship oil projects. About 100 drilling rigs will be erected on the Taymyr peninsula and a 770 km long oil pipeline will bring oil volumes to the Sever terminal on the coast of the Kara Sea.

Already in 2025, at least 30 million tons of oil are to be extracted. In 2027, production will amount to 50 million tons, and in 2030 – as much as 115 million. The Vostok project covers fifteen production areas in the Taymyr region such as the Vankor and oil-rich Payakha clusters. Rosneft expects the operation to cost \$170 billion over a decade. It will also create fifteen new industrial settlements and build 800 km of new pipelines. Rosneft is also constructing the new Zvezda shipyard tasked with building at least twelve ice-class super oil tankers able to navigate in harsh Arctic weather conditions.



SOURCE: SOVCOMFLOT.RU

27 January 2021

RUSSIA PRODUCES MORE LIQUEFIED NATURAL GAS

In 2020, Russia's liquefied natural gas output grew by 3.5 percent year on year. Throughout last year, the country produced 30.5 million tons of LNG, according to data from Rosstat, the Russian federal statistics agency.

In December 2020, Russia increased its liquefied natural gas output by 5.8 percent from its November levels, to 2.9 million tons, marking a 1.4 percent increase year-on-year. At the same, Russia's natural gas production in 2020 fell by 7 percent year-on-year, to 599 billion cubic meters (bcm). In December, natural gas output grew by 5.7 percent to 59 bcm month-to-month. Despite problems faced

by the whole gas sector, the rise in the LNG industry in Russia is in line with the strategy of the government. New projects may allow Russia to grab up to 25 percent of the global liquefied natural gas (LNG) market, Russia's former energy minister and incumbent deputy prime minister said in the fall of 2020. "By 2025, the country will increase its total LNG production capacity to more than 68 million tons. Russia

is seeking to capture a quarter of the global LNG market in the future, he added. Russia claims some factors facilitate its expansion in the LNG market, including its access to 20 percent of the world's proven reserves. Another issue is linked to geography as Russia can easily send its liquefied natural gas flows to both

Europe and Asia. As Russia plans to develop the Northern Sea Route project along with Arctic LNG terminals managed by both Novatek and Gazprom, Russia can ensure delivery both east- and westwards. Undoubtedly, Russian energy projects in the Arctic will be fundamental for the expansion of Russian LNG worldwide.

28 January 2021

PUTIN, BIDEN AGREE TO EXTEND NEW START TREATY

The United States and Russia have agreed to extend the New START, an arms control treaty, by five years, marking number one news after Joe Biden's first phone call as president with Vladimir Putin. This yet does not mean any breakthrough in U.S.-Russia ties as at the same time, Biden raised concerns about the arrest of Russian opposition figure Alexey Navalny and Russian aggression on Ukraine.

Signed in 2010, the New START pact was due to expire in early February 2021. The Kremlin was seeking to extend the treaty as it was signed, without any changes. Yet the Donald Trump administration had wanted to attach some new conditions to a possible renewal, thus pushing the deal into a deadlock. Moscow saw a new U.S. president as a chance to extend the deal on its terms after what Biden had promised during his campaign. He kept that promise in his first week of office. The decision to extend the New START arms control pact until February 5, 2026, came shortly after a phone call that Biden and Putin had had on January 26. This is what Russia was just looking for. The next morning, both houses of Russia's parliament voted unanimously to extend the treaty. Moscow said the deal

was extended on its terms, thus without any preconditions. Deputy Foreign Minister Sergei Ryabkov said that Russia's Avangard hypersonic glide vehicle could be counted along with other Russian nuclear weapons under the treaty. Russia depicts the extension as its success while apparently testing the limits of both weaknesses and strengths of the newly sworn U.S. administration. As far as the verbal component is concerned, Moscow did not show any eagerness to improve ties with Washington. Ryabkov told the State Duma that Russia might withdraw from the New START deal if the United States performs any deeds Moscow could find "destructive" or in case of any attempts to "undermine the security" of the Russian Federation. Ryabkov also said that Moscow seeks to toughen its stance on



SOURCE: MIL.RU

arms control in the future. For his part, Putin's spokesman Dmitry Peskov commented on the issue, saying that "conditions have not been created yet to reset." "Yet" is a key word here, showing the Kremlin's readiness to warm up its ties with Washington, but on its terms – like back when Barack Obama was in office. It is worth remembering that the New START has its roots in the reset policy. Moscow expects that the United States make concessions not so much on issues like Nord Stream 2, but those being far more significant and of

strategic importance, with Ukraine being highest on the agenda. Not incidentally, while quoting severe discrepancies that surfaced during the Putin-Biden call, Peskov said there is an "obstacle", which is a different view on the conflict in Ukraine. This came evident in press releases published by Washington and Moscow immediately after the phone call. The Kremlin named the Donbas fighting as "Ukraine's domestic conflict" while the White House referred to it as "ongoing aggression from Russia" against Ukraine.



SOURCE: PRESIDENT.GOV.BY

28 January 2021

“FUEL CHARGE”: LUKASHENKO PAYS FOR RUSSIAN HELP

The Russian government published a regulation allowing Belarus to ship Belarusian oil products destined to third countries through Russian seaports, according to latest publication by the government of Mikhail Mishustin. Belarusian oil export through Russian seaports is on the list of the conditions Moscow imposed on Lukashenko when agreeing to help him during the political crisis in August last year.

“We approve the draft agreement between the Government of the Russian Federation and the Government of the Republic of Belarus on the cooperation in transporting and transshipping oil products made in the Republic of Belarus, intended to be exported to third countries through the seaports of the Russian Federation, as presented by the Ministry of Transport, agreed with the concerned federal executive authorities and preliminarily developed with the Belarusian side,” says the regulation by the Russian government. According to the draft agreement, the volume of transshipment through Russian seaports can amount to 2 million tons throughout 2021. The deal is expected to remain in force until the end of December 2023, with the possibility of extending the deal. Diverting oil products from two Belarusian refineries in Novopolotsk and Mozyr from the Baltic ports to the Russian ones was included in the pact Lukashenko made with the Kremlin

while seeking help to suppress a wave of social unrest that swept through the country last summer. In the long run, this will not bring any financial advantage to Belarus, but Russia, tying Minsk tighter to Moscow, while the Baltic ports will see fewer profits. In August 2020, Alexander Lukashenko warned he would divert exports now shipped through the Baltic ports, with the whole process now pending. In mid-December 2020, Belarus stopped exporting oil products through the Lithuanian port of Klaipeda although a Belarusian company is a co-owner there. Belarus informed Lithuania about “temporarily suspending of selling oil products through the oil terminal in Klaipeda.” The decision is politically motivated, as from the economic viewpoint, exports through the port of Klaipeda – as well as imports – are most profitable for Belarus. Earlier, Belarusian freight represented 30 percent of all of the cargo handled by the Klaipeda port.

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