

RUSSIA MONITOR

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SOURCE: KREMLIN.RU

9 June 2021

RUSSIAN INTELLIGENCE PLEDGES TO HELP LUKASHENKO TARGET ENEMIES ABROAD

Belarusian special services are getting increasingly involved in joint activities with Russia. This is not only about counterintelligence cooperations to combat opposition forces inside the country, but also to intimidate those in other states. Such a conclusion comes from the deal the Belarusian KGB just inked with a Russian intelligence agency.

The Russian Foreign Intelligence Service (SVR) has joined forces with the Belarusian State Security Committee (KGB). On June 3,

Belarus hosted a working meeting between KGB Chairman Ivan Tertel and Director of the Russian Foreign Intelligence Service Sergei

Naryshkin. The two officials met in Vitebsk. Where they met was not incidental, either; it was selected to demonstrate Russia's superior position. It was in the capital of one of the regions bordering Russia, and not in Minsk. Meanwhile, the two sides did not conceal that they were targeting Western nations. "In the spirit of traditionally brotherly relations Russia's SVR and Belarus' KGB agreed to work together to counteract destructive activities of the West, which are aimed at destabilizing the political, social, and economic situation in the space of the Union State," the SVR said in a statement. It meant Belarus and Russia. The timing was not incidental, either. The two officials met a few days after Lukashenko held talks with Vladimir Putin in Sochi while Belarus came under fire over its hijacking of the Ryanair aircraft and detaining dissident blogger Raman

Pratasevich and his girlfriend. Firstly, the two leaders might have devised a plan to further tighten cooperation between their intelligence agencies, which could explain why Naryshkin met Tertel. Secondly, they have cooperated for a long time now. It is not only about abducting Pratasevich as he might have been followed by Russian intelligence officers in Greece before boarding the plane, but also an earlier provocation on an alleged plot to assassinate Lukashenko. In April the FSB had arrested two men in Moscow for allegedly planning a coup in Belarus and handed them over to the KGB. A closer link between the Belarusian and Russian intelligence outlets should voice concern of European nations, notably those being home to Belarusian exile opposition groups. Possibly Russian intelligence will offer more support to the KGB in Belarus for its missions abroad. ■

9 June 2021

AUSTRIA IS BETTING ON RUSSIA WHERE AUSTRIAN OFFICERS GET TOP JOBS

Full support for Nord Stream 2, "peace in Europe only with Russia," and giving jobs to former top Austrian officials is how Austria cultivates its relations with Moscow. Vienna has just become one of Moscow's most important allies in Europe.

Austrian Chancellor Sebastian Kurz was the top foreign politician to attend the St. Petersburg International Economic Forum. Also, Austria's most prominent businesspeople took part in the summit, including the CEO of ÖMV, a financing partner of Nord Stream 2. And the gas link was high on the agenda. Vladimir Putin said Russia's Nord Stream 2 gas pipeline could

soon be ready to start pumping gas to Germany while Alexander Novak, a deputy prime minister in charge of the energy industry, assessed that his country was set to finish the line by the end of this year. Austrian officials seemed satisfied with the ongoing construction of Nord Stream 2. Kurz, who spoke at the St Petersburg event by video link, said that his country "just like



SOURCE: KREMLIN.RU/CENTER>

Germany, continues to support Nord Stream 2” as the project “aligns with Vienna’s economic interests.” In an interview for the Russian agency TASS, Kurz said that Russia and the European Union should discuss their differing opinions and forge cooperation “everywhere they have common interests.” Peace in Europe is only possible “with Russia, and not against it,” Kurz added. He is another Austrian politician to openly praise cooperation with Putin’s regime. Those who retired from politics found a job in Russia, regardless of their political affiliation. Kurz is a member of the Austrian People’s Party, or ÖVP, whose long-serving chairman and former Austrian chancellor was Wolfgang Schüssel, a member of the board of directors at Russia’s Lukoil. In turn, Karin Kneissl served her time as foreign minister, a post she was helped into by the far-right FPÖ. The St.

Petersburg meeting coincided with a report that she had been given a seat on the board of directors of the Russian state-controlled oil industry giant Rosneft. Her appointment was confirmed by a vote of Rosneft’s shareholders at the firm’s annual general meeting. Austria’s ex-foreign minister will join Rosneft as an independent director in the 11-strong body chaired by Germany’s former chancellor Gerhard Schroeder, who also serves there as an independent director. Another German official there is Matthias Warnig, a former East German intelligence officer and long-term friend of Vladimir Putin. These two are members of Rosneft’s board of directors and serve a pivotal role in the Nord Stream 2 project. Warnig is in charge of Nord Stream 2 AG, a company building the gas link, while Schroeder is responsible for its board of directors. ■



SOURCE: PRESIDENT.GOV.UA

9 June 2021

U.S., GERMANY CONTINUE TO DECEIVE UKRAINE OVER NORD STREAM 2

Washington's decision to waive some sanctions against Nord Stream 2, a move that in fact allows Russia to finish its gas project, was a bitter surprise for Ukraine. Washington and Berlin vowed to do their utmost to shield Kyiv against a blow from Nord Stream 2. But Kyiv should not believe in this as the United States and Germany have no clue how to dissuade Russia from using gas as a coercive weapon against Ukraine.

The decision of the Biden administration on Nord Stream 2 stirs up lively bipartisan controversy in U.S. Congress. U.S. Secretary of State Antony Blinken defended the U.S.

decision to waive some sanctions at a hearing of the House of Representatives Foreign Affairs Committee. What matters most for the policy is an attempt to reach a compromise with

Germany while Berlin is doing its utmost to finish the gas link. Blinken reiterated what Biden had said a few weeks earlier, arguing that as a practical matter, “the physical completion of the pipeline was a fait accompli.” Introducing sanctions on Nord Stream 2 AG and Matthias Warnig would not change this anymore, according to Blinken. “I think we have an opportunity to make something positive out of a bad hand that we inherited when we took office,” he explained. Blinken told Congress that Washington secured a deal with the German side— as Berlin sent a high-ranking negotiating team to discuss the project—under which both vowed to take action against Russian steps threatening security or economy of any country seeing the gas link as a peril to its interests. Blinken also told a hearing that Germany is discussing ways to compensate Ukraine for the financial loss it will suffer from the completion of Nord Stream 2. Yet he did not give details on how the U.S. and Germany could press on Russia if the country sought to turn the pipeline into a gas weapon, a possible plan that Vladimir Putin has unveiled towards Ukraine. The Russian president said Gazprom

could even send more gas through Ukraine if only someone else was in power in the country. This is nothing but Moscow’s effort to use gas as a tool for exerting political pressure. As long as the United States refrained from giving its consent to complete Nord Stream 2, Moscow did not resort to similar blackmailing methods. The Kremlin now is confident, hence Putin’s words. Once Nord Stream 2 is finished and Russia could redirect most of the gas it now sends through Ukrainian transit to the new link, the West could no longer control the situation. The United States will lose its tool for “punishing” Moscow as it is difficult to imagine that Germany could drop some of its profits from importing Russian gas commodities via Nord Stream 2. There is no possibility to compensate Ukraine for the financial loss it will suffer from the completion of the gas link in the Baltic Sea. Another vulnerable state could be Poland, too, through which Russian gas flows run westwards. As there is a slim chance to offer financial compensation to transit countries, their energy security will be in peril once Nord Stream becomes operational. ■

11 June 2021

RUSSIA’S PROBLEM IN SUDAN: NO CHANCE FOR PORT PUTIN?

Russia will need to wait for Sudan’s final decision on a naval base on the Red Sea. Close ties to the country’s former dictator Omar Basher and then with Sudanese army generals are not enough to put Moscow’s plans into practice. Also, the United States has joined the game; as Khartoum said it would renegotiate the deal, this means it seeks to get as much as possible from both Moscow and Washington. Yet the prospect of a Russian military base on the Red Sea is becoming more and more distant.



SOURCE: STRUCTURE.MIL.RU

Russia will reconsider the decision of Sudanese state authorities on the deal to construct a Russian naval base in the African country, the Kremlin and the Russian foreign ministry informed. Moscow will do so following the Sudanese army chief of staff's remarks on renegotiating the naval base agreement. According to Sudanese officials, they seek to change the provisions of the deal so that it brings more benefits to Khartoum. Arab media reported in April 2021 that Sudan had suspended the deal before it was ratified. Possibly it is just an excuse to delay, or even break, the naval base agreement with Moscow. There is no shortage of opinion in Russia that Washington was pushing on Sudan in this respect. In December 2020 the United States removed Sudan from its blacklist of state sponsors of terrorism after Sudan agreed to normalize ties with Israel. Top Sudanese army officials do not hide that the recent U.S. decision to lift sanctions on Sudan paved the way for possible military cooperation

between the two states while denying it had anything to do with the Russian naval base. Washington indeed voiced concern on the issue. Commander for the U.S. Africa Command General Stephen Townsend once labeled the projected Russian facility his concern alongside the Russian military presence in Libya and the Chinese military base in Djibouti. In late 2020 the Russian government signed an agreement with Sudan to establish a naval base at the city of Port Sudan on the Red Sea, for a period of 25 years. The concession with Khartoum envisages the creation of a Russian logistics center that will host up to 300 personnel and four naval units. In addition to the deal, Russia and Sudan inked a protocol to supply Russian-made weapons and equipment to the African country. According to the command of the Sudanese army, the current review of the Russian naval base deal is legal because it had not been approved by Sudan's legislative council, the body that ratifies international agreements, under the previous administration. ■



SOURCE: TRANSNEFT.RU

14 June 2021

ROSNEFT LOSES CUSTOMS ARBITRATION CASE

The Moscow Arbitration Court dismissed the lawsuit that Russian oil giant Rosneft had brought to declare illegal a decision of the Federal Energy Customs Office to impose extra duties and penalties worth some 5.8 billion roubles.

The litigation occurred amid Rosneft's abidance by the tax standard that has not yet entered into force. In January 2019, Rosneft declared some 1.2 million tons of crude oil under its deals with China National Petroleum Corporation (CNPC), inked in February 2009 and June 2013, and CEFC China Energy Company Limited (from September 2017), at a Moscow branch of the Federal Energy Customs Office. The flows of crude oil came from the oilfields of Yurubchenko-Tokhomskiye, Lodochny, Tagulsky, Kuyumbinskoye, and

Severo-Komsomolskoye that were exploited by Sevkomnetegaz, Vostsibneftegaz, Tagulskoye, Samotlorneftegaz, and Slavneft-Krasnoyarskneftegaz. While submitting a customs registration, Rosneft declared a tax exemption. As the Federal Energy Customs Office ordered a customs control last spring, its officers said the exemption Rosneft had declared was not applicable. According to a letter from the Ministry of Finance dated March 19, 2019, a company that is a payer of additional income tax receives exemption from paying

export duties only if the right to oil produced in the area belongs to that company as a user of the fields. The terms have been amended and extended to other persons from May 1, 2019, onwards. Since Rosneft is not a user of preferential oil fields and did not charge income tax on its production, the ownership of crude was transferred to it based on purchase and sale agreements concluded by Sevkomneftegaz, Vostsibneftegaz, Tagulskoye, Samotlorneftegaz, and Slavneft-Krasnoyarskneftegaz. The company submitted its customs declaration before May 1, 2019, and thus availed the tax

relief unlawfully, according to the Federal Energy Customs Office. When the flows of oil came within the export customs procedure, it turned out that the oil giant had to pay an export duty of 5.3 billion roubles. According to the case files, Rosneft complied with the decision of the Federal Energy Customs Office and paid all duties and penalties worth 5.76 billion roubles. As the company refused the decision of the customs office, it submitted a complaint to the Federal Customs Service that was then dropped. ■

15 June 2021

CORONAVIRUS IN RUSSIA: MOSCOW AUTHORITIES TAKE DESPERATE DECISION

On June 12, Russia confirmed 14,723 new coronavirus cases-- the most infections the country has seen since mid-February. The situation leveled off in the following days but as of June 14, Russia has reported 5,222,408 cases since the start of the coronavirus pandemic while its total excess fatality count now stands at 126,801.

Moscow is seeing the biggest number of new cases and deaths in Russia. The mayor of Moscow Sergei Sobyanin announced a non-working week from June 15 to 19 in an attempt to curb the growing number of infections. After that, businesses are advised to transfer at least 30 percent of their employees to work from home. Sobyanin took action after the daily increase in new cases in Moscow reached the December 2020 figures. Moscow authorities said almost 80 percent of hospital beds are taken by coronavirus patients. Among them there are more and more young people, doctors say. Sobyanin estimated that around half of Moscow's residents had by now some level of immunity against the virus. More

than 126,000 coronavirus deaths have been registered by authorities since the start of the pandemic, but many experts say officials vastly underreport fatalities. The federal statistics agency, Rosstat, has kept a separate toll and has said that Russia recorded around 270,000 deaths related to Covid-19 between April 2020 and April 2021. If the situation keeps aggravating nationwide, more restrictions can be announced in other parts of Russia. The main reason for the rise in coronavirus infections could be widespread reluctance among Russians to get vaccinated. Russian President Vladimir Putin said so far roughly 18 million Russian have been inoculated, a relatively small sample of Russia's 145 million



SOURCE: DUMA.GOV.RU

population. As various surveys have shown, the majority of Russians refuse to get vaccinated against the coronavirus. Another problem is shortage of Sputnik V jabs. Russia is not keeping up with production as it has signed many supply

deals with other countries worldwide. And since Russia struggles to meet the deadline for its export obligations, the use of the vaccine for domestic purposes is not a priority. ■

15 June 2021

UKRAINE READY TO TAKE LEGAL ACTION AGAINST GAZPROM OVER GAS TRANSIT

Ukraine is prepared to take legal action against Gazprom to unblock the flow of gas through its territory. “If Gazprom does not execute the deal, we are ready to take it to international arbitration,” Ukraine’s Prime Minister Denys Shmyhal was quoted as saying. Ukraine’s Naftogaz estimated its potential claim at some \$7.2 billion. Furthermore, the Ukrainian gas company could come back to its \$12.2 billion worth of claims against Gazprom it had earlier withdrawn.



SOURCE: NAFTOGAZ.COM

The Russian state-run energy giant now sends its flows of gas to Europe through the Ukrainian gas transmission system (GTS) under its December 2019 deal that expires by the end of 2024. The agreement involves the take-or-pay clause. Gazprom committed to transit through Ukraine at least 60 billion cubic meters (bcm) of gas in 2020 and at least 40 bcm in the next four years. In the case of smaller flows, it is still required to pay the minimum amount as indicated in the deal. Clearly, not adhering to the contract will consist of refusing to send gas through Ukraine and securing the minimum gas transit volumes. No Gazprom official has mentioned this, but possibly Ukraine's readiness to take action comes amid an increasingly likely launch of the Nord Stream 2 natural gas pipeline. No details have been provided on which Naftogaz based its \$7.2

billion worth of claim. It is the aggregated sum of all transit fees Gazprom would pay in five years to send the minimum amount of gas as agreed by both sides. And yet the agreement has been in force for a year and a half while Gazprom is obliged to pay at least \$4.5 billion over the remaining three years and a half. But there is more to it. So Naftogaz has taken out its \$12.2 billion claim it had withdrawn after inking a five-year transit deal in 2019 and receiving \$3 billion that a Stockholm arbitration ruling had awarded to Ukraine. Thus Ukrainian demands seem unrealistic while the country's expectations look somewhat exaggerated in this respect. Possibly Kyiv is addressing this topic as part of an information campaign to channel its fears of Nord Stream 2 and perhaps Russian efforts to divert some of its gas flows from Ukraine to its new Baltic pipeline. ■



SOURCE: KREMLIN.RU

16 June 2021

UKRAINE IS AFRAID OF BIDEN-PUTIN MEETING

Ukrainian state authorities are right to be fearful of the outcomes of the meeting of the U.S. and Russian leaders. Earlier, the U.S. administration had given the green light to Russia to complete Nord Stream 2 without notifying Ukraine. The U.S. leader Joe Biden also ignored an appeal from Volodymyr Zelensky for a meeting before talks with Vladimir Putin. Ukraine said it would not accept any agreements reached in discussions in Geneva.

A day before the Geneva summit, Ukrainian top diplomat Dmytro Kuleba said Kyiv was not expecting any deals on Ukraine reached during the Biden-Putin meeting. “We have made it very clear to our partners that we will recognize no agreements on Ukraine reached

without Ukraine,” Kuleba said at a joint press conference with OSCE Chairperson-in-Office Ann Linde. Kuleba added that Moscow pulled nearly 12,000 troops out of 100,000 of the border and occupied Crimea and Donbas. Right before the meeting in Geneva, Washington

made some decisions that Kyiv might have seen as mild towards Russia. For example, it lifted sanctions on the company constructing Nord Stream and its chief executive and a former East German intelligence officer. Another example is an amended readout from the Ukrainian government on the phone call between the U.S. and Ukrainian leaders on June 7, 2021. Zelensky's office initially reported on its official website that Biden had "highlighted the importance of providing the Ukrainian state with a NATO Membership Action Plan." Yet the White House said in a statement Biden had made no mention on the MAP, but affirmed the United States' unwavering commitment to "Ukraine's sovereignty and territorial integrity in the face of ongoing Russian aggression." In consequence, Ukrainian state authorities corrected the record. Moscow was pleased with the incident although Biden invited Zelensky to the White House in July. On June 14, Zelensky told major news agencies that it would

be better if Biden met him before the summit with Vladimir Putin, and not after, as the U.S. leader had announced. If the construction of the Nord Stream 2 gas pipeline were completed, Ukraine would like to receive guarantees of its security, in particular by withdrawing Russian troops from its territory, Kuleba said on June 15. He assessed that the main obstacle in providing the Ukrainian state with the MAP is the reluctance to send this signal to Russia. At the latest NATO meeting, its leaders reiterated the decision taken at the 2008 Bucharest Summit that Ukraine would become a member of the Alliance with the Membership Action Plan as an integral part of the process. One is particularly important here. The U.S. decision to send U.S. Navy guided-missile destroyer USS Laboon to the Black Sea has not drawn protest from Russia. This is as if the Kremlin was not afraid of a real enhanced U.S. military support to Ukraine.. ■

18 June 2021

WHAT BIDEN-PUTIN SUMMIT MEANS FOR EASTERN EUROPE

As expected, the meeting between the U.S. and Russian leaders did not bring any major decisions--let alone a breakthrough in bilateral ties. It seems that both presidents took advantage of the summit to paint their visions and score some political goals. Probably they are both satisfied with the talks in their own manner as Biden posed as a tough politician issuing warnings while Putin showed he is still a top player worldwide. This yet does not mean that the summit has not offered anything to other interested parties.

The Geneva summit alongside the U.S. decision beforehand could hardly come up as an optimistic forecast for U.S. allies in Central and Eastern Europe and for those struggling for freedom. Joe Biden took his

stance on Belarus yet did not press on Putin. A day after the meeting, Kremlin spokesman Dmitry Peskov said that the parties failed to bring closer their positions on Belarus. "This is where they cannot get any closer because



SOURCE: KREMLIN.RU

it is impossible,” he told journalists. This is bad news for the Belarusian opposition, just as what was said in Geneva was bad news for Russian dissidents. Indeed, Biden spoke to Putin about human rights, warning that there would be devastating consequences for Russia if opposition activist Alexei Navalny were to die in prison. But no one questioned anyhow the fact that Navalny was detained and his supporters saw repression. Washington’s traditional assurances that it would be of top importance for U.S. officials are little help for the Russian opposition. These could be harmful as the Kremlin-made propaganda wins a new weapon to construct its narrative seeing the Russian opposition as the foreign-based fifth column and Western spies. In this context, Peskov again implied that Navalny had links to foreign spy agencies. In a nutshell, the meeting in Geneva is unlikely to change anything in Belarus and Russia. Worse enough, speaking at the press conference, Putin took a chance to tell the world his untruthful narrative. Unfortunately, he did not hear any tough questions and retort

from mainstream Western journalists. Never since the outbreak of the Russian invasion in 2014 has Ukraine been such a marginal theme during the U.S.-Russian summit. Naturally, Biden reiterated unwavering support for Ukraine’s sovereignty and territorial integrity, but that was about it. Putin again made it clear that his country does not acknowledge Ukraine as a fully independent country nor its pursuit to become a NATO member. State authorities in Kyiv say that at least Biden and Putin had not made any arrangement on Ukraine. But that is all. The mere fact that Ukraine was not high on the agenda of the Biden-Putin meeting is a bad sign for Kyiv, especially after Russia had intimidated his neighbor with the war in April and Washington had made concessions on Nord Stream 2, an energy project that poses problems for Ukraine. Worse enough, Moscow may take further action to intimidate its neighbors--if the Kremlin believes Biden delivers nothing but verbal warnings. And there was nothing more. ■



SOURCE: KREMLIN.RU

20 June 2021

PUTIN NAMES SHOIGU, AND NOT MEDVEDEV, IN KREMLIN HARSH ELECTION COURSE

Russian officials just started an election campaign before September's parliamentary vote. President Vladimir Putin revealed top candidates on the federal list of United Russia, the country's dominant party that seeks to preserve its constitutional majority despite low popularity ratings. The Russian regime took violent action to stifle opposition and curb the possibility to monitor any instances of vote-rigging. Possibly fearing a popular rally after the vote, Putin might have taken a lesson from Lukashenko and thus has embarked on a harsh course now. Picking defense and foreign ministers to head the United Russia list also hints at the party's harsh rhetoric. Placing Shoigu as the "number one" on the list instead of Dmitry Medvedev, whom many believed to be the favorite in the run-up, aims to increase voter enthusiasm. While Shoigu is now among the most popular Russian politicians, Medvedev is relatively unpopular.

Russian President Vladimir Putin was addressing a congress of the ruling United Russia party in Moscow on June 19 and proposed that United Russia's national party list feature prominent figures including Defense Minister Sergei Shoigu and Foreign Minister Sergei Lavrov. Dmitry Medvedev, who serves as the party's chairman, was not included on the list. Five years ago Medvedev headed the party's federal list. This is the next stage of removing the former president (2008–2012). In early 2020 Medvedev was relieved from his duties as the country's prime minister. He is now a member of the Security Council. However, the end of Medvedev's political career is not a foregone conclusion. His party fellows could just want to upgrade his image and prevent him from making unpopular decisions. Also, picking Shoigu as the party's number one may indicate he could replace Putin as president. Yet this is unlikely due to the age (66) and ethnicity

(he is a Tuva native) of the incumbent foreign minister. It is rather about channeling the popularity of Shoigu and the Russian military. But this is not enough to win with a landslide. Naturally, there will be mass vote-rigging, but the Kremlin has already made an effort to stifle opposition. These amendments deprived some 9 million people in Russia of their right to cast a ballot. Two-thirds of them are Russians with dual citizenship or those holding long-term residence permit in other countries. In May Russian lawmakers passed a law that bans any persons affiliated with "extremist organizations" from seeking public office, a blow dealt to some 200,000 people associated with Navalny's foundation. The outlawed opposition leader urged his supporters to vote for candidates having the biggest chance of defeating United Russia politicians in September's parliamentary election. ■

21 June 2021

A FUTURE FSB DIRECTOR? HE GOT PROMOTION FROM PUTIN

As the incumbent head of the Russian Federal Security Service, or FSB, is close to retire, the fight to become his successor now reaches a crucial stage. There are many candidates, but now it seems that plans are to appoint someone from the FSB. In early June, Russian President Vladimir Putin signed a secret decree to promote Colonel General Sergei Korolev, who serves as the first deputy head of the Federal Security Service, to the rank of an army general.

So far, these were only Alexander Bornikov, the head of the FSB, and Vladimir Kulishov, the first deputy director of the FSB and the chief of the Border Service, who were awarded such a senior rank in the FSB. Korolev's recent promotion gave rise to speculation that he may succeed Bortnikov as the director of Russia's

most powerful special agency. Nonetheless, the number two official in the FSB usually held the rank of an army general, just to quote here Sergei Smirnov, whom Korolev replaced as the first deputy director of the FSB in February 2021. This is an influential position giving power to oversee a range of powerful directorates: the



SOURCE: KREMLIN.RU

Economic Security Service (SEB), the Service for the Protection of the Constitutional Order, and the Inspection Directorate of Control Service. In addition, the first deputy director of the FSB assumes duties of the head of the agency in his absence. Korolev has in the past been in charge of the Economic Security Service (SEB), which tends to be a stepping stone for the most important jobs in the agency. Former directors of the SEB included Nikolay Patrushev, the former director of the FSB, and Alexander Bortnikov, who now holds this post. Before Korolev took over the SEB, he had served as the director of the Interior Security Department (USB FSB). A few years ago its key component was the Sixth Service, one of the agency's most influential units. It was created to operate

some high-profile political cases, including corruption-related investigations against the governors of the regions of Kirov and Sakhalin as well as the Komi Republic. The Sixth Service also played its part in corruption probes against senior siloviki in the Interior Ministry and the Investigative Committee. There were many fierce competitors in the race for the seat of the first deputy director of the FSB. Korolev won not only because earlier he had been in charge of Lubyanka's top directorates, but also because he had reportedly--and unlike other siloviki--warned the agency against the opposition figure Alexey Naval when he had left for Berlin, saying that he would return to Russia and cause trouble. ■



SOURCE: EN.PRESIDENT.AZ

21 June 2021

A TURKISH MILITARY FACILITY IN THE CAUCASUS? MOSCOW VOICES CONCERN OF ERDOGAN'S VISIT

Russian Foreign Minister Sergei Lavrov has dismissed speculation that Turkey could build a military base in Azerbaijan as “rumors.” However, the visit of Turkish President Recep Tayyip Erdogan to the Caucasus must have been a deep concern to Russia. A possible Turkish military facility there is just one of the reasons for Erdogan’s visit to Azerbaijan.

Ankara provided Azerbaijan with both diplomatic and military support during the Nagorno-Karabakh conflict last fall. Turkish military experts advised the Azerbaijani army while Syrian Sunni troops loyal to Ankara were fighting alongside Azerbaijan. In addition, Azerbaijan used Turkish-made unmanned aerial vehicles Bayraktar, killing many Armenian troops and Nagorno-Karabakh rebel fighters. Turkish President Recep Tayyip Erdogan said during a visit to Baku this week that he has not ruled out the possibility Ankara could build a military base in Azerbaijan under an agreement he and President Ilham Aliyev signed on June 15. The so-called Shusha Declaration on Allied Relations between Azerbaijan and Turkey calls for stepped-up cooperation between Ankara and Baku in the military sphere. It also says that both sides will support each other in case of a threat or attack by a “third country.” Lavrov was questioned by journalists on June 18 about the possibility of a Turkish base in Azerbaijan after he had met in Moscow with Belarusian Foreign Minister Vladimir Makey. He added he did not comment on rumors. Kremlin spokesman Dmitry Peskov responded more seriously. “The

deployment of military infrastructure by the (NATO) alliance countries near our borders is cause for our special attention, as well as a reason for us to take steps to ensure our security,” he told journalists. Armenian state officials condemned the joint visit of the Turkish leader Recep Tayyip Erdogan and his Azerbaijani counterpart Ilham Aliyev to Shusha on June 15. Shusha is a key town in the Azerbaijani-controlled part of the separatist Nagorno-Karabakh. Erdogan vowed to open a Turkish consulate in the town and launch joint production of military drones. While in Azerbaijan, the Turkish leader reiterated his proposal for a six-nation platform comprising Turkey, Russia, Iran, Azerbaijan, Georgia, and Armenia. This must be alarming for Moscow. Russia seeks to remain the number one mediator in the conflict between Azerbaijan and Armenia and prevent other countries from outside the region. The Russian strategy failed with regard to Turkey and it is expected that Ankara will intensify its diplomatic efforts in the Caucasus. This may in particular involve rapprochement with Georgia. ■

22 June 2021

RUSSIA VIOLATES AIRSPACE OVER BALTIC SEA IN THE SHADOW OF GENEVA SUMMIT

First, Russia sent a strategic bomber to the Baltic Sea and then its fighters intruded Lithuanian airspace to flex its military muscles in this part of Europe just before the Putin-Biden meeting. This means that Moscow has no intention of refraining from belligerent activities close to NATO’s eastern flank.



SOURCE: RU.WIKIPEDIA

A pair of Russian Su-24s had breached NATO's airspace a day before the U.S. and Russian leaders met in Geneva. According to Lithuanian officials, the Russian planes flew one kilometer into Lithuanian airspace over the Baltic Sea, where they spent about one minute. Lithuania's foreign ministry handed a note of protest to a representative of the Russian Embassy on Wednesday, June 16. Lithuania required that the latest incident must be explained and all necessary measures taken by Russia to prevent similar incidents in the future. Lithuania's defense ministry linked the alleged Russian air intrusion with the ongoing U.S Navy-led Baltops 2021 naval exercise in the Baltic Sea. It involved some 4,000 troops, 40 naval vessels, and 60 aircraft from 18 NATO members. Also on June 15, two Russian Tu-160 strategic bombers flew over neutral waters of

the Baltic Sea, putting NATO air forces on alert. The flight of the missile carriers, accompanied by Russia's Su-35S and Su-27 fighters, took eight hours. At certain stages of the mission, the Russian aircraft were followed by Italian (F-35), Danish (F-16), and Swedish (Gripen) warplanes. The Tu-160 jets were escorted by the Su-27s and the Su-35 fighters. The crews of Russian long-range aircraft regularly perform flights over the neutral waters of the Arctic, the North Atlantic, the Black and Baltic Seas, and the Pacific Ocean, according to Moscow officials. They have seen an increase in recent years, though. Russian air forces are often responsible for some incidents as they tend to act provocatively towards naval or air forces of neighboring countries, especially NATO members. ■



SOURCE: SCRF.GOV.RU

24 June 2021

MYANMAR JUNTA CHIEF ARRIVES IN RUSSIA

Moscow is cementing ties with Myanmar’s military junta that seized power in the country. After Myanmar’s junta chief had arrived in Moscow to attend a military helicopter exhibition, the regime’s leader flew to Moscow for a couple of days, traditionally to take part in an annual security conference. General Mi Aung Hlaing also holds bilateral talks with Russian officials who stand firmly by the Myanmar junta.

Myanmar’s junta leader, General Min Aung Hlaing, flew to the Russian capital on June 20 to attend a security conference on June 22–24. The Kremlin said there would be no meeting between General Mi Aung Hlaing and Vladimir Putin, but Myanmar’s junta chief would hold talks with Nikolai Patrushev, the secretary of Russia’s Security Council. On

June 21, the Russian and Myanmar officials discussed the fight against terrorism, issues related to regional security, and “unacceptable foreign interference in Myanmar,” according to a statement from the Russian Security Council. Aung Hlaing’s trip to Russia confirms reports of the Kremlin’s support for the Myanmar regime. The Moscow visit marked only his second

known trip abroad since he seized power in a coup. In April he had attended a regional summit in Indonesia. Interestingly, Moscow agreed for a trip of the chief of Myanmarese junta shortly after the UN General Assembly had urged the military to respect November election results and release political detainees, including the 75-year-old ousted leader and Nobel Peace Prize laureate Aung San Suu Kyi, who is now under house arrest. Her trial has just got under way. Myanmar police have charged the ousted leader with possession of illegally imported walkie-talkies, which could

result in a three-year prison sentence, as a civil disobedience campaign grew against the military's coup. But there is more to it. Military officials have also accused her of corruption and violating the colonial-era act that bans any information that could "sow fear or anxiety" in the public. Myanmar army, which seized control following a general election a few months ago, is responding to mass protests with a deadly crackdown. Security forces have killed more than 860 people and detained thousands to date, according to a monitoring group. ■

24 June 2021

RUSSIA FEELS CONCERNED BY UK-UKRAINE MILITARY COOPERATION

An incident off the Crimean coast that involved the HMS Defender, a Royal Navy destroyer, and Russian vessels outlined the ever-bigger role of the United Kingdom in supporting Ukraine in the Black Sea. It was aboard the British destroyer that took part in the incident alongside FSB patrol boats that representatives of Ukraine and the United Kingdom inked a memorandum to implement maritime projects.

The HMS Defender was traveling across the Black Sea from Ukraine to Georgia on June 23 and approached territorial waters off Crimea. Russian FSB patrol boats tried to turn back the British vessel but it moved away from the Russian ships and made a planned maneuver, crossing the zone to which Russia claims its right although it belongs to Ukraine as almost all countries around the world refused to recognize Russian annexation of Crimea. The incident, which Russia made public, confirms Britain's ever-growing commitment to cooperate with Ukraine. The UK seems

to be a NATO member to shoulder most responsibility for strengthening the defense of the Ukrainian coast—so far the weakest link in Kyiv's ongoing clash with Moscow. The HMS Defender had arrived in Odesa a few days before and had taken part in joint military drills with the Ukrainian Navy. On June 21, officials from Ukraine and the United Kingdom signed a memorandum of implementation on maritime partnership projects between the two countries aboard the Royal Navy destroyer. Under the deal, the United Kingdom will offer its support to build vessels for the Ukrainian



SOURCE: PRESIDENT.GOV.UA

Navy and construct two naval facilities. Ukraine and the United Kingdom forged close military cooperation after Ukrainian President Volodymyr Zelensky had flown to the United Kingdom last fall. A €1.4 billion worth of deal was then signed to build eight new military vessels for the Ukrainian Navy. Possibly the agreement will allow the UK to provide eight Barzan-class fast attack crafts to Ukraine. The first two ships would be constructed in the UK with the remaining six vessels to be completed

in Ukraine. When President Zelensky flew to the United Kingdom in October, British Prime Minister Boris Johnson vowed to cooperate with Ukraine to counter what he named “harmful influence” from Russia and pledged British support for Ukraine’s defense and security. A highlight of the state visit was the signing of the deal on political and strategic partnership as well as free trade between the two nations. ■

24 June 2021

WILL EURASIAN ECONOMIC COMMUNITY INTEGRATE AROUND CRUDE OIL?

Countries of the Eurasian Economic Community should sign a joint agreement to establish a common market for crude oil and petroleum products in the next two years, according to Mikhail Myasnikovitch, Chairman of the Board of the Eurasian Economic Commission, who said this after its members met in Brest for talks.



SOURCE: KREMLIN.RU

The Eurasian Economic Commission (EEC), which was founded in 2012, is the Moscow-based permanent regulatory body of the Eurasian Economic Union (EAEU). It reports directly to the Supreme Eurasian Economic Council, an institution that consists of the leaders and ministers of EAEU: Russia, Belarus, Armenia, Kazakhstan, and Kyrgyzstan. They last met via video conference on May 21. Mikhail Myasnikov, a former speaker of the Belarusian parliament and the country's prime minister from 2010 to 2014, has been the Chairman of the Board of the Eurasian Economic Commission since February 1, 2020. "We plan to sign the agreement to create a common market for crude and its derivatives by January 1, 2023," Myasnikov told journalists after the board meeting in Brest. He also regretted not having adopted a slew of documents on the oil sector in the five countries as previously planned. "In this term of office, we need to adopt the main documents on crude, gas, and industrial cooperation between the states," the official was quoted as saying. Earlier it had been reported that the Treaty set forth the task of establishing common energy markets for electricity, natural gas, and crude oil alongside its derived products. It was planned to agree

on all provisions in 2021 to sign them a year later. A common natural gas market is slated to be launched no later than January 1, 2025, while the crude oil market--by 2023. The countries have made the biggest progress in the electricity sector. Russian lawmakers just passed an act to ratify a protocol to the Treaty on the Eurasian Economic Community of May 29, 2014, on creating a common Eurasian electric power market. The protocol, which was inked by the leaders of Russia, Armenia, Belarus, Kazakhstan, and Kyrgyzstan, seeks to improve energy security in these countries, set some rules for their common electric power market, and further cement their economic ties. The agreement on the electricity market provides for organizing trading in this energy resource between national utility companies in the five countries. The creation of a common electric power market will allow entrepreneurs to freely choose energy suppliers. At the same time, the protocol serves as a blueprint to develop a raft of other documents at subsequent stages to frame the functioning of the common electric power market. These are documents that will regulate electric power trade procedures, its transit through the Union countries, allocation of available capacities of interstate power lines, and information exchange in the market. ■



SOURCE: NOVATEK.RU

25 June 2021

NOVATEK SIGNS ARCTIC LNG 2 DEAL WITH CHINA

Russia's biggest privately held gas company is cementing cooperation with Chinese-based businesses. Once it invited some businesses to join liquefied natural gas projects, Novatek wants to use one of them to export its gas commodities to China. In addition, it is yet another deal that corroborates ever-growing cooperation between Russia and China that boils down to buying Russian-sourced hydrocarbons by the latter country under poor conditions for Moscow if only because Russian energy projects for China receive full tax reliefs. Furthermore, Russian gas sent to China is cheaper than that to European states.

Novatek and China's Zhejiang Energy secured the agreement that establishes the commercial terms for the annual supply of up to one million tons of LNG to China. Liquefied natural gas supply will come from Arctic LNG 2, a new LNG project. The agreement was concluded for a period of fifteen years. Both sides inked the initial deal at the International Economic Forum in St. Petersburg. These were two subsidiaries of Novatek (100 percent) and Zhejiang Provincial Energy Group: Novatek Gas&Power Asia Pte. Ltd. and Zhejiang Energy Gas Group Co. Ltd. The agreement builds on the memorandum of understanding the companies signed in October 2019 that establishes the key commercial terms for the annual supply of liquefied natural gas. The LNG will be delivered to Zhejiang Energy's LNG terminals in China to increase the company's capacity for energy production. "The

agreement is consistent with our commercial LNG strategy to diversify our client base and target end consumers in the rapidly developing Asian Pacific market," Novatek's CEO Leonid Mikhelson said. Mikhelson said China was a key region in Novatek's LNG marketing strategy. Arctic LNG 2 is the second-largest liquefied natural gas project of Russia's biggest private company only to its flagship Yamal LNG. The Utrenneye field is the top resource base for Arctic LNG 2. Arctic LNG 2 envisages constructing three LNG liquefaction trains of 6.6 million tons per annum each. The total LNG capacity of the three liquefaction trains will be 19.8 million tons. The project's participants include Russia's Novatek (60 percent), France's Total (10 percent), CNPC (10 percent), CNOOC Limited (10 percent), and the Japan Arctic LNG, a consortium of Mitsui & Co., Ltd. and JOGMEC (10 percent). ■

25 June 2021

RUSSIA RAISES GAS PRICE FOR EUROPE

Russian gas giant Gazprom decided to raise the average gas export price for European countries. The company's managers expect it to reach \$240 this year, which is way more than what Gazprom and market analysts had forecasted. The decision is driven by the increasing demand for natural gas.

Russia's Gazprom has raised the average natural gas export price for non-CIS countries to \$240 per 1,000 cubic meters in 2021, Renaissance Capital was quoted as saying after the investment bank met Gazprom managers. This is more than what Gazprom Export's Andrei Zolotov had assumed in late May ("we expect that the price will never drop below \$200 a year"). Renaissance Capital had said previously it expected the average gas

export price for Europe to be around \$216 per 1,000 cubic meters this year. Gazprom added there had been an increase in bids for long-term contracts, a tendency that impairs its ability to boost spot trading volumes. Natural gas prices also rose to \$397 at the Dutch-based TTF hub. This year the average price of the day-ahead TTF contract reached \$266 per 1,000 cubic meters. At the same time, Gazprom's 2021 budget plan included an average gas price



SOURCE: GAZPROM.RU

of \$170 per 1,000 cubic meters for exports to what is referred to as “far abroad” countries (so also the European Union). Now more than 80 percent of Gazprom’s trade into Europe base on spots trading with different time bases. What proves best of gas shortages in Europe is the extent to which storages facilities are filled. As of June 22, gas storage facilities were at the lowest in roughly a month, since May 27, as resources cover current consumption.

Gazprom’s Europe-based storage facilities are now 45.22 percent full, which is 14.46 percent lower than in the past five years on average (59.68 percent). Analysts from Renaissance Capital also cite some comments from Gazprom managers who had said that gas consumers were increasing consumption based on long-term contracts. So the firm has no longer gas commodities to trade them immediately on the spot market. ■



SOURCE: DUMA.GOV.RU

30 June 2021

PANDEMIC CRISIS HITS RUSSIA AMID FAILED VACCINATION CAMPAIGN

Although the Delta variant is sweeping across the globe, Western countries are slowly recovering from the coronavirus pandemic. Meanwhile, Russia is now struggling with a more and more dramatic situation. The country saw its highest daily death toll since the outbreak of the pandemic while the nation remains dramatically under-vaccinated compared to other major world states. Yet Russia became the first country in the world to pride itself on developing a vaccine against coronavirus.

Although Russian President Vladimir Putin received a vaccine in February, it was only recently that he revealed that he had been inoculated with the domestically developed Sputnik V vaccine. He said he was opposed to mandatory coronavirus vaccinations for Russians, but added regional authorities

had right to introduce localized mandatory vaccinations to avoid a new lockdown. Also on June 30, Russia saw its highest daily death toll since the coronavirus pandemic spread worldwide, with 669 people dying. There were also more than 21,000 new infections. The country has battled a spike in new cases

since early June that authorities tend to link to the spread of the Delta variant. Moscow Mayor Sergei Sobyenin has said that the highly contagious version accounts for 90 percent of cases in the capital. But the main problem could be widespread reluctance among Russians to get a jab. Some 23 million people in Russia have received at least one dose of a Covid-19 vaccine, out of a population of more than 144 million, according to the country's health ministry who gave that figure as of June 28. This is why authorities in some twenty Russian regions have made coronavirus vaccines mandatory. Officials ordered businesses and institutions involved notably in retail and services to ensure that at least 60 percent of their staffs are fully vaccinated. Russia will fail to vaccinate 60

percent of its population against Covid-19 by the autumn as planned, Kremlin spokesman Dmitry Peskov told journalists on June 29. Authorities say none of the country's more than eighty regions is able to inoculate 60 percent of its population. The state coronavirus taskforce has revised its Covid-19 vaccination scheme along with its initial plan to vaccinate 60 percent by fall and now recommends inoculating just between 30 and 35 percent of people in Russia. New guidelines were sent out to governors. Now authorities in Russia say they want to reach a 60 percent target of adults having antibodies following both inoculation and infection. The earlier version mentioned just the vaccinated. ■

30 June 2021

RUSSIA PUMPS LESS CRUDE OIL

Russian oil and gas condensate output stood at 1,421,600 tons per day in June, a drop by 6,400 tons compared with May. But even though Russia does not comply 100 percent with the OPEC+ deal to cut output quotas.

U nder the agreement with OPEC, Russia could increase its crude output--since condensate is not included in this figure--by 39,000 barrels per day (bpd) in June month-to-month and pump 9.457 million bpd. In May 2021 Russia produced some 106,500 tons of condensate each day and 108,000 tons in the last five months. As the country's condensate output complied with the May baseline, throughout the twenty-nine days of June this was 1,315,100 tons per day, or 9.495 million barrels. Thus Russia is allowed to produce some 38,000 barrels above the level and its

compliance with the OPEC+ agreement could reach 98 percent in June. At the same time, OPEC countries and their non-OPEC allies expect that an oil supply deficit continue worldwide if output remains unchanged. On their agenda will be the plan to further ease crude output restrictions in August and demand for energy is slowly recovering after the Covid-19 pandemic. On June 29, the group's Joint Technical Committee (JTC) met to discuss this. The coalition's Joint Ministerial Monitoring Committee, or JMMC, is scheduled to meet again on July 1. On the same day, OPEC and



SOURCE: MEDIA.GAZPROM-NEFT.COM

non-OPEC ministers are expected to meet. According to some estimates by JTC cited by the Bloomberg news agency, the demand will hike past 1.7 million bpd in August. In the second six months of this year, the deficit will stand on average at 1.9 million bpd. The Committee will examine these forecasts and possibly accept

them, the agency said. At the meeting on July 1, OPEC and non-OPEC states might agree to see further hikes in oil production, it is not known by how much. Market analysts and traders predict an output increase by some 500,000 bpd. ■

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