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SOURCE: KREMLIN.RU

11 August 2021

RUSSIAN OIL TYCOON PAYS FOR DEALS WITH LUKASHENKO

Sanctions imposed on Belarus and people doing business with the Lukashenko regime by the European Union and the United Kingdom forced a Russian oligarch to formally sell off stakes in oil companies. Mikhail Gutseriev, a Russian businessman, handed over his shares in Russneft and Neftis to his brother.

Gutseriev, who was added to the UK sanctions list, quit the board of directors of the oil company Russneft. He transferred his 37.15 percent stake in the oil company to his younger brother Sait-Salam Gutseriev.

According to a company press release, the transfer took place on June 10, 2021. Earlier, Gutseriev took over an 11.89 percent share that belonged to his son, Said Gutseriev. The oil tycoon used to have a 25.26 percent stake

in Russneft, or 68 percent of the whole Safmar group. In July, Mikhail Gutseriev handed over control of another one of his key oil assets, the company Neftisa, to his brother. The transfer took place by redistributing shares in the Cyprus-based company Doneler Finance that holds 75 percent of Dolmer Enterprises Ltd, the owner of Neftisa. Until now, Gutseriev had been in charge of one of Russia's biggest oil companies. In 2020, Russneft and Neftisa had a total oil output of 14 million tons. In late June, Gutseriev announced he would quit the board of directors of the oil company Russneft. Earlier, the oligarch had been added to the EU sanctions list following the unlawful diversion of Ryanair flight. EU officials said the sanctions included trade measures on potash, petroleum products, and other companies that the Russian

businessman ran in Belarus. Safmar, a company controlled by Gutserev, supplied oil to Belarus when Lukashenko opened a dispute with Rosneft. After the 2020 election and Russia-Belarus rapprochement, a new long-term deal was struck between Minsk and the Sechin-controlled business. In addition, it was added that Gutseriev was a longstanding associate of Alexander Lukashenko. After the EU imposed the batch of sanctions, the tycoon was right to fear the measures would target companies he either owned or in which he had a majority stake. On August 9, the UK imposed a package of trade, financial, and aviation sanctions on Belarus, in response to the "continued undermining of democracy and human rights violations" by the Lukashenko regime. The punitive measures hit Gutseriev, too. ■

13 August 2021

RUSSIA PURSUES TWIN-TRACK POLICY TOWARDS TALIBAN

Russia completed joint military exercises with troops from Tajikistan and Uzbekistan on August 10 as the Taliban gained control of much of northern Afghanistan, which borders Moscow's Central Asian allies. It seems that it is just a matter of time when Kabul falls and the Russians are negotiating with the Taliban.

The drills took place at the training ground some 20 kilometers from the Afghan border. They involved some 2,500 troops, tanks, armored personnel carriers, Su-25 jets, and helicopters. The exercise was conducted against the background of the threat of penetration of "radical terrorist groups." The Russian military command informed it for the first time used tactics gained by Russian forces fighting in Syria. The exercises followed smaller

Russian-Uzbek drills held near Uzbekistan's border with Afghanistan that concluded before. Russian Defense Minister Sergei Shoigu said at a separate event on August 10 that Russian forces will continue to conduct regular drills with its Central Asian allies near the Afghan border. At the same time, Moscow is in talks with the Taliban. Representatives of Turkmenistan, Uzbekistan, and Russia have held talks with the chief of the group's political office in Qatar.



SOURCE: МУЛЬТИМЕДИА.МИНОБОРОНЫ.РФ

On August 11, Mullah Abdul Ghani Baradar had separate meetings with Russia's special envoy on Afghanistan, Zamir Kabulov, Turkmen Deputy Foreign Minister Vepa Hajiev, and the Uzbek presidential envoy to Afghanistan, Ismatulla Irgashev, in Qatar. Regional issues, including trade between Afghanistan and the former Soviet republics in Central Asia, were also discussed, according to the spokesman.

The spokesman for the Taliban's office in the Qatari capital, Doha, said that Baradar and Hajiev discussed "bilateral relations, border issues, economic projects, as well as security of Turkmenistan's diplomatic missions in Afghanistan." In July, a Taliban delegation visited Ashgabat. Turkmenistan shares an 800-kilometer border with Afghanistan. ■



SOURCE: MIR.RU

18 August 2021

RUSSIA WELCOMES POSITIVE SIGNALS FROM TALIBAN

Moscow calmly accepted the Taliban's sudden seizure of power in Afghanistan. Russian diplomats say they have long prepared for such a scenario. Russia has now a positive opinion about the new authorities in Afghanistan, seeking effective cooperation with the Taliban. For Moscow, it would be best for the Taliban to involve other political forces in forming a new government.

Both Russia's special envoy for Afghanistan and the country's foreign minister spoke approvingly of the new authorities in Afghanistan. "We see encouraging signs from the Taliban who say they would like to have a government that includes other political forces," the top Russian diplomat said on August 17. In

addition, the minister praised the capability of the Taliban to "effectively ensure law and order" on the streets of Kabul. Lavrov also added that Russia supported the former Afghan President Hamid Karzai's call for a dialogue, which should involve all ethnic and religious groups. Moscow makes any official recognition of the Taliban

authorities on the continued conduct of a winning side. The minister said Russia was in touch with China whose stance resembled that of Moscow. Both states will seek to come to terms with the Taliban. However, neither of them is sure whether the Taliban would keep the promises they had made before seizing Kabul and now. The Taliban consist of various Islamic fundamental militant groups and organizations. It is not known to what extent Taliban leaders could control Uzbek, Tajik, or

Uyghur militants that express their hostility to the authorities in Tashkent, Dushanbe, or Beijing. What highlighted the position of China and Russia in a new political reality in Afghanistan was the fact that the U.S. Secretary of State discussed the collapse with his Russian and Chinese counterparts. Putin's special envoy for Afghanistan Zamir Kabulov says that Russia is not afraid that Afghanistan under the Taliban rule could resemble the Islamic State group that it is now fighting against. ■

24 August 2021

RUSSIA INTRODUCES NEW SANCTIONS, “TAKING REVENGE FOR CRIMEA PLATFORM”

A few hours after German Chancellor Angela Merkel left Moscow, the Russian government published a new extended list of sanctions on Ukrainian officials. Kyiv says Moscow is taking its revenge for the Crimea Platform summit, scheduled for August 23. Merkel had been in Ukraine a day before.

More than seventy people were added to the Russian “blacklist,” including Foreign Minister Dmitry Kuleba and National Security, Defense Council Secretary Oleksiy Danilov, Verkhovna Rada’s Human Rights Ombudsperson Lyudmila Denisova, Governor of the Dnepropetrovsk region Valentin Reznichenko, and Audit Chamber chief Valery Patskan. They are all subject to a Russian-held asset freeze and a ban on exporting funds from Russia. Since 2018, more than 900 Ukrainian officials have been blacklisted by Russia. Also on August 20, Ukraine’s Council of National Security and Defense said it would impose sanctions on some pro-Kremlin figures in Ukrainian politics, businesses, and media, believed to spread “pro-Russian propaganda.” The most notorious person is Andriy Derkach,

a Ukrainian lawmaker that the U.S. government sanctioned in 2020 after accusing him of being a Russian agent who tried to interfere in U.S. elections. Secretary of Ukraine’s Council of National Security and Defense Oleksiy Danilov said the sanctions imposed by Moscow against him were the “best gift for Ukraine’s thirtieth anniversary of independence.” In turn, Ukraine’s foreign minister Dmytro Kuleba believes this was revenge for holding the Crimea Platform summit. Top officials from 44 countries and blocs said they would take part in the August 23 summit, including fourteen presidents, prime ministers, and EU leaders. Some countries, including Latvia, Lithuania, Estonia, Poland, Slovakia, Hungary, Moldova, Slovenia, and Finland, sent presidents. EU Council president Charles Michel was also going to the summit



SOURCE: PRESIDENT.GOV.UA

along with four prime ministers and two parliamentary speakers. Among the attendees were also fourteen foreign ministers, also from Germany. Kyiv seeks the Crimea Platform to return Crimea—as Russia seized the peninsula in 2014—to Ukraine as an international forum on the issue looked to rally international support. “It is aimed at creating a coalition of countries to support the de-occupation

of Crimea,” according to Kuleba. The Crimea Platform summit is part of Ukraine’s intense diplomatic efforts in the last days of August. On August 22, Angela Merkel flew to Kyiv while foreign guests will attend August 24 the ceremony to mark Ukraine’s thirtieth anniversary of independence. On August 31, Volodymyr Zelensky will fly to the United States for talks with U.S. President Joe Biden. ■

24 August 2021

COVID-19: DELTA VARIANT TAKES HEAVY TOLL IN RUSSIA

New days are bringing more than 800 new coronavirus deaths in Russia. The number of new infections remains high, too. The authorities do not know how to persuade people to get vaccinated. The poor vaccination rate in Russia and an uptick fueled by the Delta variant are both responsible for the surge in new cases across the country.



SOURCE: DUMA.GOV.RU

On August 17, Russia reported more than 20,000 new coronavirus cases and 800 pandemic deaths for another consecutive day. Since the pandemic broke out, 170,000 people have died while more than 6.6 million have been diagnosed. Russia saw for a few days in a row in mid-August a record-high number of fatalities when over 800 people died each day. Record-high numbers of fatalities result from the surge in new cases in July. Nonetheless, independent demographers and health specialists do not believe in the official figures, claiming that Russian officials underestimate both the number of death and new cases. The situation has even got worse in Moscow where more than 1.5 million new coronavirus cases were reported. City authorities said mortality in July 2021 was 70 percent higher than before the pandemic, in July 2019, and 60 percent higher than last year. They added that mortality figures skyrocketed as Russia dealt with usually hot summer while an intense heatwave contributes to ill health for the infected. The surge is being blamed on the Delta variant and

insufficient inoculation figures. Russia's Health Minister Mikhail Murashko stated that the Sputnik V vaccine against COVID-19 is around 83 percent effective against the Delta variant of coronavirus, lower than previously thought at 91.6 percent. Although Russia registered four vaccines, including its homemade Sputnik V, authorities did not convince the Russians to get their jab, which is why Russia's vaccination rate is one of the lowest in large developed countries. Russia introduces some incentives to have the vaccination, but these are unlikely to convince the Russians. For example, the country launched a lottery that will give 1,000 vaccinated winners 100,000 roubles (\$1,400). Authorities prefer the carrot to the stick, though. Moscow Mayor Sergei Sobyanin has canceled rules requiring employers in the capital to ensure at least 30 percent of unvaccinated staff work remotely. Guidelines to employers to regularly test employees for coronavirus and take temperature checks have also been scrapped. ■



SOURCE: PRESIDENT.GOV.UA

24 August 2021

U.S. FAILURE IN AFGHANISTAN RUNS BIGGER RISK OF WAR IN UKRAINE

Possible Russian aggression gives rise to increasing concerns in Kyiv. First, the United States gave its green light to complete the Nord Stream 2 natural gas pipeline that is a great danger to Ukraine. Now Washington is displaying helplessness in Afghanistan, which may encourage its enemies to take aggressive steps. Among them could be Russia, prone to attack Ukraine.

As democracy collapsed in Afghanistan, Germany said Angela Merkel would fly to Moscow to meet Vladimir Putin before heading to Ukraine. The order of both visits matters and is nothing good for the authorities in Kyiv. It seems that the German leader will offer a Kremlin-made ultimatum to Volodymyr Zelensky. And this looks all the

more significant as in its deal on Nord Stream 2 with the United States, Germany vowed to defend Ukraine's interests in face of negative consequences of the pipeline. Yet this is not the only problem for Kyiv. What could bring severe long-term consequences is a U.S. compromising withdrawal from Afghanistan. It damages the reputation of the entire Western

world and gives rise to the question of whether Washington is still reliable as an ally. This is one thing. Secondly, the U.S. shocking failure in Afghanistan may encourage the enemies of Washington and other Western states to launch an attack and test both the U.S. and NATO's readiness elsewhere in the world, even in Ukraine. Biden's consent to complete Nord Stream 2 runs a bigger risk of Russian

aggression while the situation in Afghanistan could contribute even more to that. What may raise concern is reports from the OSCE saying that Russian-backed separatists have deployed tanks and howitzers along the demarcation line, thus violating the existing rules. Rebel fighters restricted freedom of movement at checkpoints for members of the OSCE mission. ■

25 August 2021

NORD STREAM 2: U.S., GERMANY MAKE FICTITIOUS MOVES, PUTIN TRIUMPHS

While Angela Merkel and Vladimir Putin made a symbolic deal to the completion of the Nord Stream 2 natural gas pipeline, the United States imposed new sanctions on the project. They do not change much while the gas pipeline is set to be completed any day now. Moscow does not conceal that not only will it scrap the existing transit deal with Ukraine after it expires, but also it has no intention of meeting its commitments by 2024. It is pointless for Merkel and the EU to promise to do their utmost to make Russia continue sending gas through Ukraine.

U.S. Secretary of State Antony Blinken on August 22 said the United States would impose sanctions on one Russian vessel and two Russian individuals involved over the Nord Stream 2 pipeline. It is a tardy step and a little painful for Russia. Naturally, Washington is making the best of a bad bargain. Its officials say they condemn Nord Stream 2 and continue to “work with Germany and other partners and allies to mitigate any risks that the pipeline presents to Ukraine and countries on the edge of NATO and the EU, including those to their energy security.” Angela Merkel is making similar moderate declarations. “This [Nord Stream 2] is not a bilateral German-Russian

project, but a project of European dimension, because companies from other countries are also part of it,” Merkel said while in Moscow on August 22. These words are extraordinarily impertinent because two countries concocted the project and put it into practice—Germany and Russia. The energy project hits European security and crumbles the EU's energy solidarity. There are only 15 kilometers left to finish the link, Putin told Merkel during their Moscow meeting. Construction of the Nord Stream 2 gas pipeline from Russia to Germany is expected to be completed by September 12. Gazprom said its Nord Stream 2 could deliver 5.6 billion cubic meters this year. It



SOURCE: PRESIDENT.GOV.UA

means the company expects the first string of the pipeline to start operating in October. The Russian energy giant informed about its intention in the document outlining its figures from January to July 2021. However, in order for the first Nord Stream 2 line to become operational, it is necessary to complete the technical certification process, verify the integrity of the pipeline, and fill the pipe with gas. Russian foreign minister Sergey Lavrov said the new gas link would allow gas flows via the shortest route possible while Russia would continue to abide by its already existing gas deals with European states. “At the same time the transit countries will have to compete in the future for the right of transit, instead of trying to dictate their own terms,” Russia’s top diplomat noted. Only the naive can count on Moscow not using Nord Stream 2 to hit Ukraine. At the press conference after meeting Angela

Merkel, Putin made it clear that Russia might extend transit capabilities through Ukraine on terms that would favor Moscow only if Europe declared sufficient demand for Russian gas. In a nutshell, Moscow makes the transit dependent on new deals with EU customers, thus an increase in Russian gas imports; after all, Nord Stream, Nord Stream 2, and TurkStream will be already operational. These routes will primarily serve to pump Russian gas westwards while the remaining flows could at best pass through Ukraine. But EU countries need to increase their demand for Russian gas if Ukraine still wants to be a transit country for Russian-made energy commodities. Meanwhile, it is clear that at some point it will begin to decline due to the EU’s green agenda. But then the Kremlin could halt gas transit through Ukraine and blame Europe for that. ■



SOURCE: PRESIDENT.GOV.UA

27 August 2021

CRIMEA PLATFORM: UKRAINE'S SUCCESS, RUSSIA'S DEFEAT

Inaugurated on August 23 in Kyiv, a worldwide platform causes serious headache to Russia and its reputation. Not only does the world refuse to recognize Moscow's occupation of Crimea, but the issue is also gaining new momentum as the Crimea Platform was set up. That is the triumph of Ukraine's authorities and symbol of Zelensky's firm policy as the Ukrainian president does not focus solely on Donbas in his country's ties with Moscow but also bring back the peninsula to the international agenda.

Top officials from 46 countries took part in the summit that sought to put an end to the Russian occupation of Crimea, according

to Zelensky. Among top officials was the Polish delegation headed by President Andrzej Duda. During his three-day visit to Ukraine,

the Polish leader met with his Ukrainian counterpart Volodymyr Zelensky and attended celebrations for the 30th anniversary of Ukraine's independence. "We held a summit, during which a powerful international coalition was created to liberate the Ukrainian Crimea from the Russian occupation," the Ukrainian leader said. The joint declaration of the Crimea Platform was adopted, a document stating Ukraine's non-recognition of the Russian annexation of Crimea and considering new sanctions against Russia in the event of further aggression. Parties to the declaration condemned human rights abuse in Crimea—including the persecution of Crimean Tatars whose leaders Mustafa Jemilev attended the summit—as well as Russia's ongoing militarization of the peninsula and its restriction of navigation in the Black Sea. Combining the Crimea Platform summit with celebrations for the 30th anniversary of Ukraine's independence is a remarkable political success for Ukraine. Never before has the country seen so many top officials from other countries and blocs. Another success for Ukraine was that a special fund was set up to

help the nation mitigate Russia's destabilizing influence. In addition, it is a way to establish worldwide solidarity with Kyiv. On the 30th anniversary of Ukraine's independence, it was announced the Partnership Fund for Resilient Ukraine would be set up by the United Kingdom, Canada, Sweden, Switzerland, and the United States. Naturally, the Kremlin is doing its utmost to downplay the initiative. Kremlin spokesman Dmitry Peskov said Dmitry the Crimea Platform forum in Kyiv was now "declarative in nature." He added Moscow would draw conclusions from what he referred to as "an extremely unfriendly tone" of the initiative. Russian foreign minister Sergey Lavrov described the summit as the "witches' sabbath." Russia delivered a nervous response to the Crimea Platform, which corroborates how inconvenient the format is for Moscow. The Kremlin's tactic for Crimea has so far involved not raising the topic as there is no chance of recognizing the annexation. Publicizing the Crimea Platform as an event widely reported and commented on across the globe as an initiative to witness the occupation of the peninsula is a massive blow to the Kremlin and its policy. ■

27 August 2021

TENSIONS RISE ALONG NATO BORDER IN THE RUN-UP TO ZAPAD-2021 DRILLS

Communication forces kickstarted their part of the joint Russia-Belarus military exercise on August 26 in the run-up to the Zapad-2021 war games. Some Russian soldiers are already in Belarus while in the August 23 phone call, Vladimir Putin exchanged views on the drills with Alexander Lukashenko.



SOURCE: МУЛЬТИМЕДИА.МИНОБОРОНЫ.РФ

The extent of the communications drills shows that the whole Zapad-2021 exercise will be large-scale. The former, which will wrap up on September 2, includes personnel from the Collective Security Organization, the Baltic Fleet, and Russia's Western Military District. Although Zapad-2021 is slated for September 10–16 in Belarus and Russia, the war games will involve far more than what is on their official agenda. The purpose of these sideline drills is to conduct Russia's biggest inspection of combat readiness. Officially, Zapad-2021 will involve 200,000 troops, 80 aircraft and helicopters, 290 tanks, 15 warships, and several hundred pieces of other equipment, but surely there will be more than that. About 12,800 troops will participate in the drills on the territory of the Republic of Belarus, including 2,500

Russian personnel. First Russian personnel arrived near the Belarus-Poland border as soon as on July 22. According to Belarus, the scenario of Zapad-2021 envisages an escalation of the international situation and potential aggression against the Russia-Belarus Union State. It is no surprise as the Zapad drills are officially “defensive” in nature. The upcoming drills are a cause for concern in Poland, Latvia, and Lithuania— Belarus's neighbors and NATO countries that now witness migration crisis their borders. Lukashenko's regime is bringing thousands of migrants from Middle Eastern countries to the borders where Belarusian border guards are pushing them onto the territory of the European Union and NATO. The situation is running the risk of joint Russia-Belarus incidents, also military ones. ■



SOURCE: KREMLIN.RU

27 August 2021

RUSSIA STIFFENS STANCE ON THE TALIBAN

Moscow's recent decisions show it hesitates whether the Taliban will meet their commitments to stop the Islamic expansions northwards to Central Asian countries. The Russian military is beefing up its Tajik base, Vladimir Putin says Islamic factions could “infiltrate” the region while the country's deputy foreign minister adds that Moscow is not racing to recognize the Taliban as Afghanistan's rulers.

On August 25, Russia deployed a number of T-72 tanks from the 201st military base in Tajikistan and practiced long-range firing at moving targets. This is another Russian military drill in Tajikistan. On August 23, Russian troops took part in drills in the mountainous part

of the country to where they moved combat and transport helicopters. The latest Kornet anti-tank missile systems have reinforced the Russian military base stationed in Tajikistan, the press office of Russia's Central Military District reported on August 24. Moscow

maintains its largest foreign military base in Tajikistan. Russia has troops stationed at two facilities in Tajikistan — Dushanbe and Bokhtar south of the capital. Russia has called for joint action with its allies in Central Asia to prepare for potential security threats from the Taliban who had taken control of Afghanistan. Russia is ready to supply weapons and military hardware to its allies in the CSTO security bloc that border Afghanistan at special low prices, Russia's deputy prime minister Yury Borisov told journalists on August 23. On the day, an online summit of the Collective Security Treaty Organization (CSTO) took place, too. The event was closed to the media. Russian President Vladimir Putin told Central Asian

leaders that it is vital to avoid any spillover of radical Islam from Afghanistan into the region. Kremlin spokesman Dmitry Peskov on August 25 said Afghanistan is at particularly high risk of terrorism due to Islamic State rebels in the country. Russia said it would not meddle in the clash between the Taliban and protesters in the country's northeast. Oleg Syromolotov, Russia's incumbent deputy foreign minister in charge of combatting terrorism and former FSB deputy director and senior KGB officer, said Russia has no plans of sending a military contingent to Afghanistan. Nonetheless, he added Russia will be unlikely to move quickly to formally recognize their government nor remove the Taliban from its list of terrorists. ■

30 August 2021

GERMAN COURT REJECTS RUSSIAN NORD STREAM 2'S APPEAL

A German court in Düsseldorf has rejected an appeal by Nord Stream 2 AG to allow its pipeline to be exempt from the EU's gas directive rules. Thus Russia will be unable to use the full transport capacities of the new gas pipeline once it is launched soon. This will not affect EU customers, but Gazprom will still have to send large gas flows through Ukraine.

The Nord Stream 2 gas pipeline is not exempt from European Union rules that require the owners of pipelines to be different from the suppliers of the gas that flows in them to ensure fair competition, a German court ruled on August 25. This is another failure for Russia in its fight for derogation from the EU gas directive. In July, Berlin lost its fight to overturn a ruling from the Court of Justice of the European Union (CJEU) limiting Gazprom's access to the OPAL pipeline, which links the

Russian gas producer's Nord Stream line to the existing pipeline grid. This means that Gazprom can use no more than 50 percent of OPAL's transport capacities. Russia has no intention to give up. A representative of Nord Stream 2 AG, a company constructing the pipeline, said the Court of Justice of the European Union is now considering a complaint against the amendments to the updated gas directive. Russia would need to sign a transit contract for at least 40 billion cubic meters



SOURCE: NORD-STREAM.COM

annually with Ukraine by 2024. But using just a portion of the capacity of Nord Stream 2 should not affect Gazprom's export figures. Yet it is not financially profitable for the Russian gas giant as it needs to pay Ukraine to be able to transit gas through its territory. It is more useful to send gas commodities directly to Germany along the Baltic Sea. The demand for gas is still rising there and so are spot gas prices. Sending more flows through Ukraine--and not via Nord Stream 2--means more moderate gains for the Russian energy company. The ruling from the Court of Justice and now the German court

mean restricted use of both Nord Stream and its sister pipeline, Nord Stream 2. Through the two gas pipelines, Gazprom could send 110 billion cubic meters (bcm) of gas per year, but under the ruling, this should be no more than 65 bcm of gas. If nothing changes in this respect while Russia and perhaps also Germany exerts serious pressure, Gazprom will be forced to send gas via Ukraine also past 2024 when the gas deal expires. Ukraine could see more gas flows running through its territory if Gazprom reduces its transport capabilities of TurkStream running mostly through EU countries. ■



SOURCE: МУЛЬТИМЕДИА.МИНОБОРОНЫ.РФ

30 August 2021

CHINESE-RUSSIAN AXIS IN AFGHANISTAN

Russia and China are now following a coordinated policy towards the rapidly developing situation in Afghanistan. Both countries have been long in contact with the Taliban, seeking friendly ties with Afghanistan's new government and business deals in the country. Meanwhile, Moscow and Beijing are right to voice concern over the Taliban policy in the future while staying aware of possible threats Islamic fundamentalists pose to Afghanistan.

Chinese President Xi Jinping and Russian President Vladimir Putin exchanged views on Afghanistan in a call on August 25. Unlike other G7 states, China and Russia did not call

the Taliban to extend the August 31 withdrawal deadline. In fact, Xi Jinping called on the Taliban to form a "coalition" government in Kabul, cut off from terror groups, and keep peaceful ties

with the rest of the world. This is in line with Moscow's policy. Both are satisfied with the Western defeat in Afghanistan but are aware of how important it is to fill in the geopolitical void that emerged after the United States and NATO forces quit the country. Russia and China seek good ties with the Taliban for three reasons. First, to push its top enemy--the United States--out of the country. Second, to prevent the expansion of radical Islam from Afghanistan into Central Asia and Xinjiang. Third, to make money on economic deals in Afghanistan and weapons trade to the Taliban. Beijing and Afghanistan have long had a common stance on Afghanistan. Shortly after the Taliban seized Kabul, Russian foreign minister Sergey Lavrov said Russia remained in talks with China while their views were practically identical. Not only does this involve conditional support for the new government in Kabul, but also efforts to show joint decisiveness and send warning signals to the Taliban in the form of military

drills near the Afghan border. Russia has already held joint drills with Tajikistan and Uzbekistan while countries of the Collective Security Treaty Organization (CSTO) will take part in similar military exercises soon. Noteworthy are Russian-Chinese military drills in August, or a blatant signal for the Taliban that Beijing and Moscow can join forces in the military. It was the first time the two countries drilled large-scale maneuvers, targeting a specific adversary (Islamic fighters) in a designated area (Central Asia). Earlier there were just a few allied troops taking part in joint drills (as the Chinese military participated in the Vostok-2018 war games), but only now these are full-scale joint military exercises. On the one hand, this shows that Moscow and Beijing are afraid of the situation in Afghanistan, but, on the other, this consolidates the China-Russia geopolitical alliance while prompting some Western officials that it is no longer possible to drive a wedge between the two countries. ■

30 August 2021

RUSSIA DEPLOYS MISSILE FORCES TO GRODNO, BELARUS

Russia and Belarus are putting into practice their military cooperation deal both have concluded this spring. Units of the anti-aircraft missile forces of the Russian Federation arrived in Grodno to create three joint “combat training centers” for the air force and air defense forces of the two states. Thus for the first time in many years, Russia is beefing up its permanent military presence in Belarus.

There have been two Russian military facilities in the country so far as Lukashenko did not agree to install anymore. Hantsavichy Radar Station near Baranovichi in the Brest region of Belarus is a radar designed to identify launches of ballistic missiles from Western Europe. Also, the

43rd Communications Center of the Russian Navy has been situated west of the town of Vileyka since the 1960s as an important facility for transmitting orders to Russian nuclear-powered submarines across the globe. Now Russian personnel will be deployed to Grodno off Belarus's border with Poland, a NATO



SOURCE: MIL.BY

member state. The Belarusian defense ministry said on August 28 that Russian missile forces had arrived in Grodno, Belarus, to create a joint combat training center for the air force and air defense forces. On September 3, the arrival of the aviation component--the Su-30SM aircraft of the Russian forces--is expected at the Baranovichi airfield. The joint combat center is one of the three planned by the Russian army with the remaining two to be constructed in Russia. In addition, military facilities in Belarus will be used to train pilots

of multirole fighter aircraft and operating personnel of air defense missile systems. In turn, Russia's Baltic Fleet will be soon home to a training center for the land forces and a combat training center, both constructed in the Russian exclave of Kaliningrad. A few months ago, Russian Defense Minister Sergei Shoigu and his Belarusian counterpart Viktor Khrenin agreed during talks to establish three new joint military training centers. The two countries' defense ministries signed a five-year strategic partnership agreement (2021-2025). ■



SOURCE: KREMLIN.RU

31 August 2021

PUTIN GIVES CASH BEFORE STATE DUMA ELECTIONS: MORE FOR SILOVIKI, LESS FOR PENSIONERS

Russian President Vladimir Putin called for one-off cash payments to be awarded to Russia's pensioners and military service personnel in a highly anticipated pre-election move. The payments will total more than 500 billion roubles. The Kremlin and the government are doing whatever they can to give the ruling party the best possible result in the upcoming vote.

The Russian president promised to give all military personnel and cadets, as well as law-enforcement officers, a one-off payment of 15,000 roubles (\$200). At a United Russia congress in Moscow, President Vladimir

Putin unveiled also a 10,000 rouble (\$135) payment to pensioners, including those who have some side jobs. The president signed relevant decrees on August 31 ordering the payments to be handed out in September.

Naturally, distributing payments to siloviki and pensioners is a pre-election move as the Russians will rush to the ballot in September. By doing so, the Kremlin seeks to mobilize those who have been the bedrock of support for Putin and United Russia to vote for the ruling party. It is said that new outlays could amount to about 500 billion roubles. But this will grow more as Putin promised to allocate some money to other one-off, mostly social, expenses. One-off payments for military personnel and pensioners are nothing but a propaganda solution as they will not really improve the financial situation of these groups. First, these are modest sums. Secondly, their value goes down with rising inflation rate and soaring prices. Annual inflation has reached 6.5 percent this year. United Russia has seen its ratings fall in recent years. The ruling party is polling around 30 percent, according to Russia's top state-run pollster. It is a 25 percent drop from the last lower house elections in 2016.

The turning point was after the government passed a controversial pension plan in 2018 and as the country's economy has stagnated. To understand why the population reacted in such a negative way, it is necessary to explain the pension system in Russia. Until a few years ago, the Russians took early retirement and then most of them had some side jobs, treating their modest pension as extra money. The reform saw many Russians incur financial losses. United Russia has now 75 percent of seats in the State Duma. The Kremlin's top goal is to keep the parliamentary majority it now enjoys in the lower house of parliament. This is done through extra welfare payments—not only in cash; another example is a free gasification scheme across Russia—as well as repression against the country's opposition and independent media outlets. The purpose is to push all independent candidates out of the vote, censor media outlets, and prevent observers from participating in the ballot whose results will possibly be rigged. ■

31 August 2021

RUSSIA FACES RENEWED COVID-19 SURGE

While many countries around the globe are experiencing the fourth Covid-19 wave, Russia is still struggling with the third one. Russia saw the highest monthly coronavirus death toll of the pandemic in July 2021, with 50,000 people dying from Covid-19.

Of nearly 39,000 fatalities, some 11,000 were from Covid-19 and related diseases, according to Russia's Federal Statistics Agency Rosstat. Russia has recently reported nearly 20,000 new infections per day. The Delta variant is expected to account for 70 percent of all new cases in the country. Although Russian federal officials say they have no problem with vaccine shortage, leaks from a closed meeting at the health ministry show that as many as

nine regions lack the vaccine. Russia registered its fifth coronavirus vaccine, EpiVacCorona-N. The country's federal authorities blamed regional officials for being inefficient while tackling the pandemic. Russian authorities have long preferred not to curb economic activity. Vaccines are thus the top tool for fighting the pandemic. But many Russians refuse to be inoculated while in many places there is a shortage of vaccines. In some regions, there are



SOURCE: DUMA.GOV.RU

compulsory vaccination campaigns for some jobs. Regional authorities deal with a pandemic in different ways. In the Voronezh region, only the vaccinated are allowed to get married. In St. Petersburg, just 35 percent of people aged 60 years old or more have been inoculated. Nearly 22 percent of population received at least one dose of Covid-19 vaccine in Russia as of mid-August. Russia introduces some incentives to

have the vaccination, but these are unlikely to convince the Russians. The country will launch a nationwide lottery for citizens who are vaccinated, according to an order signed by Prime Minister Mikhail Mishustin. One thousand winners will be randomly selected to receive cash prizes of 100,000 roubles (\$1,400). ■

31 August 2021

RUSSIA TAKES INVENTORY OF ITS NATURAL RESOURCES

Russia's natural resources and environment ministry and energy ministry specified the exact amount of crude oil in the country. Russian Natural Resources Minister Alexander Kozlov said the country should continue geological research to find new deposits despite a global tendency to gradually shift away from crude oil and gas.



SOURCE: ROSENDRA.GOV.RU

According to Kozlov, in July 2021, the Ministry of Natural Resources and Environment presented the government a report containing results of the inventory of natural resources both onshore and offshore. The stocks went up by 5 million tons when compared to January 1, 2019. There are 2,716 deposits, according to the federal balance sheet for natural resources. Some 1,940 deposits containing 22.8 billion tons are now being explored. Kozlov said more precise data had been delivered for available stocks in the 708 most significant deposits. “Inventory works were continued in 2020,” he added. Now the natural resources and energy ministries are refining the results for individual deposits. The energy and finance ministries will examine the results to assess the existing tax conditions and deliver some proposals to prop up crude

oil output, Kozlov said. In 2020, Prime Minister Mikhail Mishustin ordered the ministries of natural resources, far East, economy, finance, and energy to look for some tax measures to stimulate exploration in the Arctic. In May, the ministries and companies tasked with mineral exploration held a special conference. These resources, however, are very expensive to develop right now, the Russian official said. He added that consumption of hydrocarbons may decline in the medium and long term. It is challenging to define when exactly demand will reduce or how fast this will be. New prospects for resources are related to the Arctic, according to the minister. Offshore resources are 15.7 billion tons of oil, 91.7 trillion cubic meters of gas, and 4.7 billion tons of gas condensate. They are examined in 4.7 percent, 10.1 percent, and 6.1 percent, respectively ■



SOURCE: GAZPROM-NEFT.RU

31 August 2021

THE ROLE OF HYDROGEN IN GAZPROM NEFT'S NEW POLICY

Mikhail Antonov, Head of Gazprom Neft's Oil and Gas Refining Directorate, announced that the company will modernize its refineries by 2025. This upgrade is expected to increase the production of hydrogen, which is gaining importance in the energy policy of Russia.

“Further development will continue towards petrochemistry. In particular, we are considering the conversion of the catalytic cracking at the Omsk refinery into a petrochemical one,” said the Director of Gazprom Neft. According to him, increasing the production of hydrogen is another promising

direction for the plants of Gazprom Neft. Currently, the company's refineries are among the largest manufacturers of hydrogen in Russia. They produce more than 100,000 tons of this gas annually using the steam methane reforming process (SMR). This hydrogen is used in fuel refining processes (hydrotreating).

Mikhail Antonov announced that Gazprom Neft expects to boost production by 2025, at first for its own purposes. However, its different uses, for instance, in transportation, are also considered. Simultaneously, in 2021, Gazprom Neft plans to increase oil processing by 6%, the production of gasoline and diesel by 5%, as well as the production of jet fuel by 28%. Thus, the company will surpass the pre-crisis 2019 indicators. In 2021, the volume of oil processing in Gazprom Neft's refineries is expected to increase to 31.5 million tons. The marked increase in production will provide the company with funds that will ensure the implementation

of modernization projects, including the "Euro+" complex at the Gazprom Neft Moscow Refinery. Additionally, the company has taken a number of measures to provide the domestic market with as much gasoline as possible in August and September, the peak demand period. In August, the production capacity of all refineries owned by the Gazprom Neft was increased. Consequently, the gasoline supplies to the domestic market grew by more than 40,000 tons. In addition, the corporation postponed planned maintenance at the Omsk refinery to Q4 of 2021. As a result, gasoline production can be increased in September. ■

31 August 2021

ROSNEFT IN TALKS WITH POTENTIAL INVESTORS IN VOSTOK OIL

Russia's biggest oil company Rosneft is in talks with various groups of investors on joining the company's flagship Vostok Oil project. Earlier the energy giant had seen a major lifeline to develop its Arctic project once it sold a 10 percent stake to international trader Trafigura.

The management said potential investor groups include oil traders, international integrated oil and gas companies as well as national champions such as Indian companies. Rosneft can sell shares in the project to foreign investors without losing control of the project but making a solid profit. A 10 percent stake in the Vostok Oil project was acquired by international trader Trafigura in 2020. In addition, Rosneft is close to secure a deal

with a consortium headed by Vitol to sell a 5 percent stake in the project while the terms for a transaction are already agreed upon. The Vostok Oil project in Taimyr Peninsula includes the already developed fields of the Vankor group and new fields in the north of the Krasnoyarsk region. Rosneft plans to start production of hydrocarbons at the Vostok Oil project in 2024 and bring it up to 100 million tons per year at the beginning of the next



SOURCE: SOVCOMFLOT.RU

decade. The state-controlled company reported a net profit of 233 billion rubles (\$3.17 billion) in the second quarter, a 57 percent increase when compared to the first quarter. EBITDA for the second quarter of 2021 was 571 billion roubles, marking a 28.3 percent increase while

the company's revenues rocketed by 25 percent, to 2.167 trillion roubles. The board of directors recommended to the shareholders' meeting to approve the payment of dividends for the first half of 2021 in the amount of 18.03 roubles per share, the company said in a statement. ■

31 August 2021

HUNGARY, RUSSIA AGREE NEW GAS CONTRACT

Hungary has agreed with Russia on all the conditions for a new long-term gas supply deal, according to Hungarian Foreign Minister Peter Szijjarto. The agreement is for 15 years and gas flows running to Hungary will bypass Ukraine.



SOURCE: GAZPROM.RU

Hungary's 1995 supply deal with Russia is set to expire soon thus Budapest decided to extend the agreement. After meeting the CEO of Gazprom Alexey Miller in St. Petersburg, Szijjarto told journalists that "our homeland decided to conclude a new long-term supply deal with Russia to attain stable and secure energy supplies." Under the 15-year deal, Hungary will buy 4.5 bcm of gas per year while this amount is set to decrease over the next five years. Gazprom would ship 4.5 billion cubic meters of natural gas to Hungary annually, via two routes: 3.5 billion cubic meters via Serbia (TurkStream) and 1 billion cubic meters via Austria. No details on the price were provided but Hungarian officials say it is way more advantageous than the current one. Both

countries are expected to sign the deal by late September to make it take effect on October 1, 2021. In 2020, Hungary purchased 8.6 bcm of Russian gas, or roughly twice as much as included in the new deal. Perhaps Budapest will also seal short-term contracts to supplement the country's demand for gas. The key route will be the Balkan leg of the TurkStream natural gas pipeline. Hungary's top diplomat said in early June Hungary would start receiving gas from Serbia by the end of this year. It was then that the string of TurkStream bringing gas from Turkey to Hungary was completed with an annual capacity of 15.75 bcm of gas delivered onwards to the Balkans and Central European countries. ■



SOURCE: KREMLIN.RU

31 August 2021

TRIBUTE TO RUSSIA: WILL LUKASHENKO GIVE BELARUS INTO RUSSIAN HANDS?

Many signs are that the Belarusian leader will accept a package of integration documents while in Moscow next week. Lukashenko and Putin will meet on September 9 to discuss the last details while the council of ministers of the Union State of Russia and Belarus will be convened a day later. On the same day, the joint Russian-Belarusian military drills Zapad-2021 will start officially.

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