

RUSSIA MONITOR

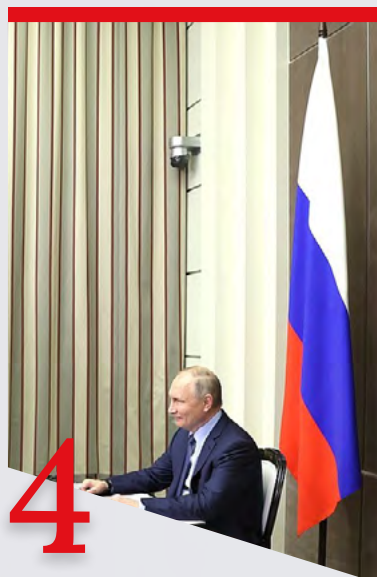
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CONTENTS



4

**BIDEN-PUTIN MEETING:
KREMLIN HAS REASONS
TO BE PLEASED**



17

**EUROPEAN GAS PRICES JUMP
TO RECORD AS RUSSIA CUTS
OFF FLOWS**



28

**RUSSIA BOASTS OF NEW S-550
MISSILE SYSTEM CAPABLE
OF TARGETING SATELLITES**

- | | | | |
|----|--|----|---|
| 3 | PUTIN'S INDIA VISIT MEANS ARMS AND ENERGY DEALS | 17 | EUROPEAN GAS PRICES JUMP TO RECORD AS RUSSIA CUTS OFF FLOWS |
| 4 | BIDEN-PUTIN MEETING: KREMLIN HAS REASONS TO BE PLEASED | 18 | OCCUPIED DONBAS: A STRONGHOLD OF RUSSIAN MILITARY |
| 6 | GAZPROM NEFT REACHES RECORD HYDROCARBON OUTPUT IN 2021 | 20 | VOSTOK OIL: TRAFIGURA INVESTMENT BACKED BY RUSSIAN LOANS |
| 7 | NOT ONLY UKRAINE AND GEORGIA: WHAT DOES RUSSIA WANT FROM NATO? | 21 | PUTIN BLAMES WEST FOR STOKING TENSIONS |
| 8 | UKRAINE IN THE MIDDLE OF GREAT POWER POLITICS | 22 | PUTIN THREATENS NATO WITH MILITARY DRILLS |
| 10 | NORD STREAM 2: INVERTED MEANING, RUSSIAN TRIUMPH | 24 | RUSSIA SENDS "GOVERNOR" TO MINSK |
| 11 | BEIJING, MOSCOW FORM A NEW ANTI-AMERICAN AXIS | 25 | ROSNEFT APPROVES NEW STRATEGY BY 2030 |
| 12 | RUSSIA LAYS OUT UNREALISTIC DEMANDS FOR U.S. AND NATO | 26 | HYPERSONIC WEAPONS AND NUCLEAR-POWERED VESSELS: A RUSSIAN DEMONSTRATION OF POWER? |
| 14 | HIGH OIL PRICES MAKE RUSSIAN PRODUCTION MORE PROFITABLE | 28 | RUSSIA BOASTS OF NEW S-550 OF TARGETING SATELLITES |
| 15 | NORD STREAM 2 UNDER SPECIAL PROTECTION | 29 | LUKASHENKO, PUTIN DISCUSS MILITARY IN RUSSIA |



SOURCE: KREMLIN.RU

9 December 2021

PUTIN'S INDIA VISIT MEANS ARMS AND ENERGY DEALS

While Russian President Vladimir Putin went to New Delhi for talks, many focused on a batch of military deals that mean more Russian weapons and equipment for India. But the two countries are also reinforcing their ties through energy cooperation. Not incidentally, while in Moscow in September, the Indian energy minister was encouraged to invest in Vostok Oil, Rosneft's giant energy project in the Arctic.

On December 6, Russian President Vladimir Putin met with Indian Prime Minister Narendra Modi in New Delhi for talks. In addition, a two-plus-two meeting took place involving defense ministers Sergei Shoigu and Rajnath Singh and foreign ministers Sergey Lavrov and Subrahmanyam Jaishankar. On this

occasion, Russia and India signed a raft of trade and weapons deals. One of them will see India produce more than 600,000 AK-203 assault rifles by 2031. Russian-licensed rifles will be manufactured in an Indian plant. Russia is also interested in continuing to provide S-400 air defense missile systems as the first regiment

was delivered to India under a 2018 deal. India and Russia concluded a military and technical cooperation pact until 2031 and a pledge to boost annual trade to \$30 billion by 2025. The two countries signed 28 investment pacts, including deals on steel, shipbuilding, coal, and energy. Moscow and New Delhi also inked a memorandum of understanding for Russia to send an uninterrupted supply of coal to India to support its steel production. Russian

oil company Rosneft said it signed a contract with Indian Oil to supply up to 2 million tons of oil to India by the end of 2022. However, Russia's biggest oil company is hoping for India's involvement in its flagship oil project in the Arctic. In early 2020, it was made clear by a former Indian energy minister. Vostok Oil was also on the agenda during the meeting between Vladimir Putin and Narendra Modi in 2019. ■

10 December 2021

BIDEN-PUTIN MEETING: KREMLIN HAS REASONS TO BE PLEASED

After a video link with U.S. President Joe Biden, Vladimir Putin said that Moscow would submit its proposals for a security dialogue with the United States in a few days. Biden said he would announce the date of a meeting of five major NATO allies and Russia, to discuss the future of Russia's concerns relative to NATO. All signs are that the December 7 meeting opened a new chapter in U.S.-Russia negotiations, where the Kremlin chooses what to discuss.

Vladimir Putin spoke first after the meeting with his U.S. counterpart. A day later, following talks with the Greek prime minister, the Russian leader repeated his insistence that Ukraine should not join NATO. President Putin said if Ukraine joined the bloc then military contingents, bases, and offensive weapons would follow. Russia views the prospect of Kyiv joining the Western alliance as an effort to cross a "red line." Russian President

Vladimir Putin promised that Moscow would submit its proposals for a security dialogue with the United States in a few days, one of few conclusions of the two-hour meeting on December 7. Washington's moves could have been set back then, too. Biden revealed them to the public the next day. He said he would announce the date of a meeting of five major NATO allies and Russia, to discuss the future of Russia's concerns relative to NATO. The



SOURCE: KREMLIN.RU

White House confirmed what the Kremlin said in a press release on December 7 that Biden and Putin agreed to further low-level talks through already proven platforms, including the NATO-Russia Council. President Joe Biden on December 8 ruled out sending US troops to Ukraine to defend the country from a Russian invasion a day after laying out the consequences for such an incursion during a stern phone call with President Vladimir Putin. Both this and plans to hold talks between the United States, NATO's group of five, and Russia weigh more than what was declared shortly after the Putin-Biden meeting. Naturally, Biden said he warned Putin he would impose sanctions "like none he's ever seen" should the Russian troops massed on Ukraine's border

escalate into an assault. However, the Russian leader is unlikely to launch an offensive as he is now intimidating the West and exploiting Biden's vulnerability. The December 7 meeting paved the way for Western guarantees that Ukraine would never join the North Atlantic Alliance. But Putin has a more important reason to be pleased. Before and after his conversation with the Russian leader, Biden spoke with the leaders of France, Germany, Italy, and the UK to debrief them on the call and to consult on the way forward. These countries, which are part of NATO's group of five, would see Russian officials for talks about the entire alliance. This is meant just to categorize NATO states. It is perilous for the Western military bloc yet tempting for Russia. ■



SOURCE: RU.WIKIPEDIA

13 December 2021

GAZPROM NEFT REACHES RECORD HYDROCARBON OUTPUT IN 2021

Gazprom Neft, a subsidiary of Russian energy giant Gazprom, is seeking to reach record-high gas and oil output this year. The increase is due to changes in restrictions on oil production under the OPEC+ agreement.

Gazprom Neft is Russia's number three oil producer. "For the full year, the company is expected to produce over 100 million tons of oil equivalent for the first time in its history, with further growth potential next

year," CEO Alexander Dyukov said in a release. The company is seeking bigger figures next year. In the nine months of 2021, Gazprom Neft increased production of hydrocarbons to 74.1 million tons of oil equivalent, up 2.7 percent on

the year. The company increased gas output after commissioning the gas processing line at the Vostochno-Messoyakhskoye oil field and the launch of infrastructure at the oil and gas Tazovskoye field in June 2021. Gazprom Neft initially expected to produce over 100 million tons of oil equivalent in 2020. However, the company had to delay that due to production restrictions agreed by the OPEC+ group of leading oil-producing countries, where Russia is a key member. In 2022, Gazprom Neft's total investment is expected to increase by more than 10 percent, to more than \$6.8 billion,

according to the company. When OPEC+ agreed to add 400,000 bpd of output this August, Gazprom Neft said it would ramp up production swiftly. The company has a network of oil wells, where output was limited amid OPEC+ cuts. Some oil wells have not been operational since last year. Gazprom owns 95.68 percent of shares at Gazprom Neft while the remaining 4.32 percent is in free float. The company's CEO is Alexander Dyukov while Alexey Miller, the CEO of Gazprom, chairs the board of directors. ■

15 December 2021

NOT ONLY UKRAINE AND GEORGIA: WHAT DOES RUSSIA WANT FROM NATO?

Moscow is stiffening its stance on the North Atlantic Alliance. Indeed, the Russian military buildup along the border with Ukraine sought to make Western nations discuss NATO's activity near Russia. The Kremlin has warned the West not to cross a "red line" with Russia, saying such a move would trigger a "military" offensive. It is yet unclear where this "red line" is actually going.

Deputy Foreign Ministry Sergei Ryabkov said Russia would respond "militarily" to what it perceived as NATO's encroachment on its western borders. His threat came just one day before meeting U.S. Assistant Secretary of State for European and Eurasian Affairs Karen Donfried. The U.S. diplomat is traveling to Kyiv and Moscow on December 13–15. She will then travel to Brussels to consult with NATO Allies and EU partners on efforts to pursue a diplomatic solution. Although Washington

says on the agenda will be efforts to ease tensions on the Russia-Ukraine border, Moscow is looking to up the ante. Russia demanded that NATO rescind a commitment to Ukraine and Georgia that they would one day become members and said the alliance should promise not to deploy weapons in countries bordering Russia that could threaten its security. The Kremlin seeks to influence the alliance's policy as Russia is bordered by Estonia, Latvia, Lithuania, and Poland--all of them NATO



SOURCE: KREMLIN.RU

members. Moscow said it would submit “legally binding security guarantees.” This means one Moscow will demand serious long-term guarantees, excluding any further NATO advance to the east, or Ukraine and Georgia. Russia wants to be sure that the alliance does not deploy weapons in its eastern countries that will in fact become second-class members of

the bloc. The Georgian foreign ministry decried as unacceptable Moscow’s call on NATO to annul the 2008 Bucharest Summit decision that Georgia and Ukraine would eventually become members of the Western military bloc. NATO Secretary General Jens Stoltenberg echoed this sentiment and stressed that the alliance’s position remained unchanged. ■

15 December 2021

UKRAINE IN THE MIDDLE OF GREAT POWER POLITICS

After recent talks, President Joe Biden reassured Ukrainian President Volodymyr Zelensky of the Western support for Ukraine, yet adding this would not involve any military assistance. Many signs are that the United States, France, and Germany will force Ukraine into some Donbas concessions amid growing pressure from Moscow. At stake might be Ukraine’s accession to NATO.



SOURCE: PRESIDENT.GOV.UA

Ukrainian President Volodymyr Zelenskyy said U.S. President Joe Biden had assured him that Kyiv's bid to join the NATO military alliance was in its own hands while Washington had sought to actively mediate in peace negotiations on Donbas. On the other hand, the Kremlin says it seeks security guarantees against NATO's eastward expansion. The Biden-Putin talk paved the way for further talks whose level is now unknown. The Kremlin emerged successful as it forced Biden into a face-to-face talk with Putin and imposed the agenda. No de-escalation efforts are likely to happen soon after a call Biden had with his Russian counterpart. Russia's activities and a possible drop in its military forces deployed to the Ukrainian border will depend on how diplomatic talks eventually unfold. What might indicate that the threat of war is still looming is that Russia rejected Ukraine's proposal for a new ceasefire in Donbas, including prisoner swaps, reopening a checkpoint, and expanding a joint communications center. Zelenskyy said

on December 10 that he had discussed ways to unlock the Normandy format peace talks on the conflict in eastern Ukraine with French President Emmanuel Macron. On the same day, the latter politician held talks on Ukraine with German Chancellor Olaf Scholz. The French leader will soon have talks with Russian President Vladimir Putin, Macron's press office said in a statement. The Ukrainian leader will soon meet Macron and German Chancellor Olaf Scholz. Kyiv should not count on any breakthrough on the Normandy format despite a new government in Berlin. Ukrainian Defense Minister Oleksii Reznikov told the Financial Times that Berlin had in the past month vetoed Ukraine's purchase of anti-drone rifles and anti-sniper systems. However, Germany had since relented on the first item. As Washington and Berlin cooperate closely, adding the United States to peace talks is unlikely to change anything, but can mount pressure on Ukraine to make concessions to Russia. ■



SOURCE: NORD-STREAM2.COM

16 December 2021

NORD STREAM 2: INVERTED MEANING, RUSSIAN TRIUMPH

For many years now, no one ever doubted that Nord Stream 2 had served Russia while targeting Ukraine. The only difference was whether the gas link was a purely economic project, according to Germany, or political, notably for Ukraine, Poland, and some other European countries, and the Trump administration. The White House remained attached to its stance also after Joe Biden came to power. Although Nord Stream got the green light from the United States, its officials said the project could cause damage. The narrative changed as Putin and Biden met for talks. The West now sees the pipeline as a tool for shielding Ukraine against a Russian offensive, naively believing Germany will halt gas flows through the link in case of war.

What the United States and Germany are saying after the Biden-Putin meeting is that a painful sanction for Russia in case of its offensive would consist in blocking gas flows

through Nord Stream 2. As the pipeline is not yet operational, it would be planned to halt it. There is also another option. If Russia invaded Ukraine and the pipeline was already launched,

Germany would freeze its gas imports through the link. What does this mean? If Russia does not launch an offensive against Ukraine (which is unlikely as little profitable for Moscow), Nord Stream will become operational upon a German certificate. A possible narrative could be that the West stopped the Russian invasion of Ukraine and such claims overshadow facts. The truth is that Nord Stream 2 causes harm to Ukraine's budget and security. There is no doubt the pipeline will be made operational and

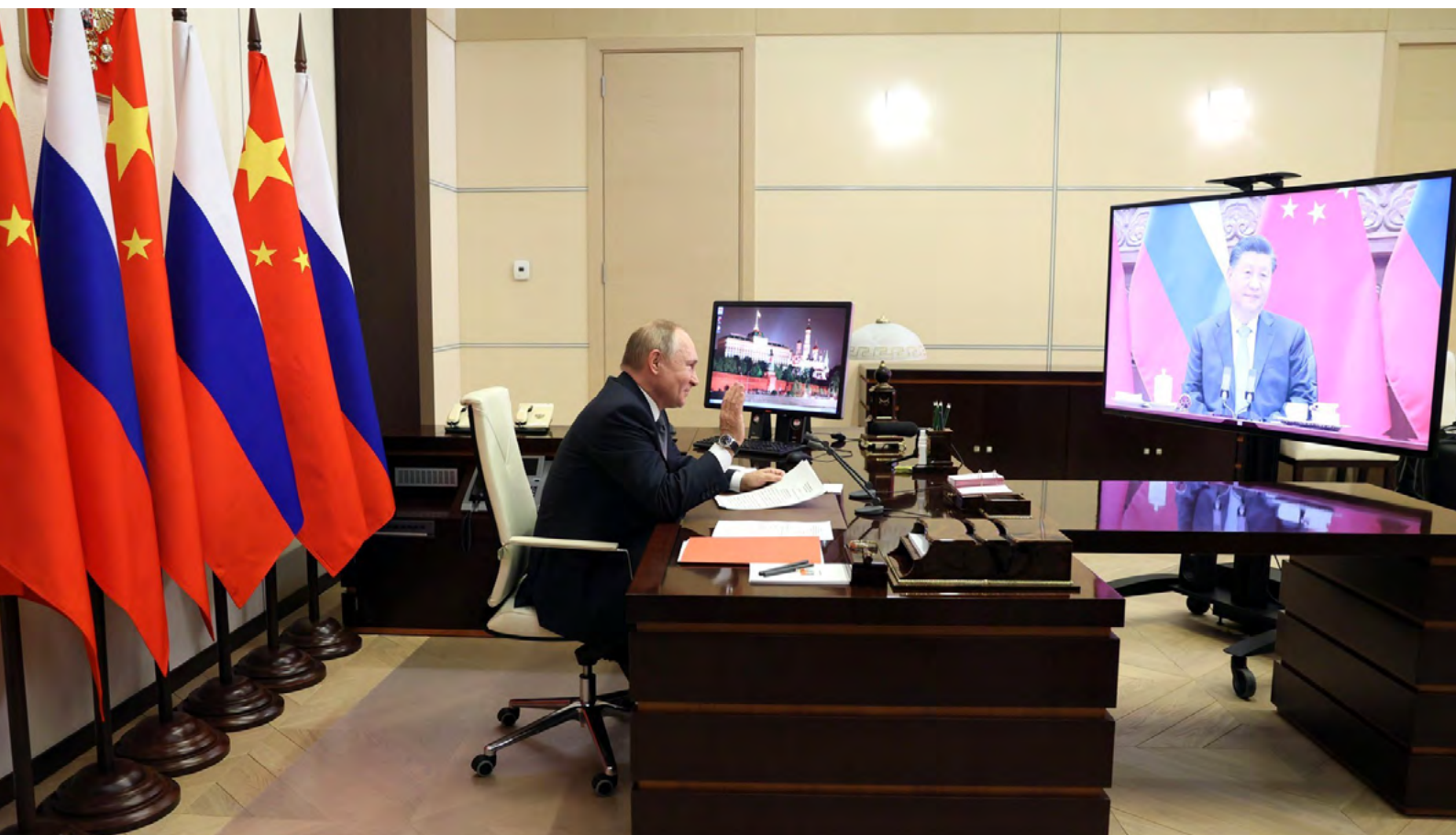
then depicted as beneficial for Kyiv. But even if Russia invaded Ukraine, it is not a foregone conclusion that Nord Stream 2 will be shut. It is true that Berlin and Washington allegedly agreed to shut Nord Stream 2 in case of the Russian threat in Ukraine, but there is no official document on this. No formal definition of invasion was laid out, either. Possibly Berlin will refuse to consider invasion a local offensive from Russia, such as seizing areas running from Crimea to Donbas. ■

16 December 2021

BEIJING, MOSCOW FORM A NEW ANTI-AMERICAN AXIS

The Russia-China summit confirmed their lasting alliance targeting the United States. The video meeting was vital for Vladimir Putin who has in recent months stiffened his anti-Western stance to force the United States into concessions on Ukraine and NATO's policy in Central and Eastern Europe.

SOURCE: KREMLIN.RU



The leaders met on December 15 via a video link, on the same day the Eastern Partnership summit took place in Brussels. During the meeting, Xi Jinping told Putin that “certain international forces” are currently interfering in the internal affairs of China and Russia and welcomed the “Kremlin’s firmly opposed attempts to drive a wedge between Russia and China.” The men spoke of “hegemonic acts” and “the Cold War mentality.” While neither China nor Russia named their enemies, there is no doubt that their meeting was meant to deal a blow to the United States. The conference cemented an informal alliance between China and Russia at

the time of their strained ties with the West. Xi and Putin reiterated their urge to counter U.S. domination of the international economic and political order. Russia’s aggressive behavior in Europe (Ukraine) and Chinese pursuits in the Pacific, including its looming threat to Taiwan, show coordinated moves of these two, which is a serious obstacle to effective U.S. diplomacy. The two powers shared views on many regional problems, one example being the situation in Afghanistan after the Taliban takeover. The two presidents discussed their cooperation within the Shanghai Cooperation Organization, the UN Security Council, and the BRICS group. ■

17 December 2021

RUSSIA LAYS OUT UNREALISTIC DEMANDS FOR U.S. AND NATO

The Russian foreign ministry has presented the United States with a set of proposals for binding Western security guarantees during a meeting with U.S. Assistant Secretary of State Karen Donfried in Moscow on December 15. Undoubtedly, Russia’s far-reaching demands are highly unlikely to be accepted by the United States and NATO. The Kremlin could be seeking their refusal to grab a comfortable excuse to stiffen its stance and perhaps also invade Ukraine.

Russian President Vladimir Putin has earlier stressed the need to set demands to defuse a crisis over Ukraine. As Moscow spelled out its proposals, Russian forces are massing at Ukraine’s border. Western countries and Ukraine say Russia may be planning an offensive. Putin said that the Western-backed military

development of Ukraine posed a serious threat to Russia. The eight-point draft treaty was released by Russia’s foreign ministry, with the fourth point saying that “the United States shall exclude a new eastward expansion of the North Atlantic Alliance, mostly that of former Soviet republics.” The United States would be banned



SOURCE: KREMLIN.RU

from establishing military bases in the former Soviet republics that are not NATO members, from using their infrastructure for military activity, and from developing bilateral military cooperation with them. This refers to any deployments of ground-launched medium and short-range missiles as well as nuclear weapons. Most of the Russian demands pertain to the United States while they contain no mention of Moscow's unilateral commitments. Russia has also demanded that NATO rule out further expansion, including the accession of Ukraine into the alliance (Article 6), and that it does not hold drills without previous agreement from

Russia in Ukraine, eastern Europe, in Caucasus countries such as Georgia or in Central Asia (Article 7). U.S. officials and NATO leaders said Russia cannot have a veto on further expansion of the alliance. In 2008, Ukraine and Georgia were promised seats at the North Atlantic Alliance. Although neither Ukraine nor Ukraine has received a formal invitation to join the bloc, NATO says it keeps its doors open to both states as long as they introduce a batch of appropriate reforms. Western countries are offering assistance to Ukrainian armed forces while the United States is providing small arms and ammunition to Kyiv. ■



SOURCE: MEDIA.GAZPROM-NEFT.RU

20 December 2021

HIGH OIL PRICES MAKE RUSSIAN PRODUCTION MORE PROFITABLE

Russian Deputy Energy Minister Pavel Sorokin said oil extraction costs in Russia were unacceptable at the current price of hydrocarbon. For the production cycle, they range from \$15 to \$45 per barrel, he said.

The energy official added that the country's output would bring profits if the price rises to \$50–60 per barrel and Russia will retain its current market share. Traditional light crude is in a critical phase while it is pricier

to exploit fresh oil and at some point, oil rents will disappear. The dynamics of crude output in Russia will depend on many scenarios of reducing demand until 2050. Energy analysts say by 2050, the global thirst for hydrocarbons

will reduce slightly or by more than a half. Total Russian production of crude and condensate was 512.8 million tons in 2020, down 8.6 percent (50 million tons) that the year before. Addressing a meeting at the Russian Energy Week, Russian President Vladimir Putin said that according to expert forecasts looking at a 25-year horizon, the share of hydrocarbons in the world energy balance might decrease from the current 80-85 percent to 60-65 percent. As crude and coal would be dropped, natural gas, which is the most environment-friendly fuel, would only grow in importance. Russian oil output will depend on the pace of

energy transition. So far seventeen countries have rolled out national hydrogen strategies. The European Union and other top players are planning to cut demand on hydrocarbons or phase them out over the next three decades. On the other hand, what might thwart these efforts is the tendency to commission renewable power plants. According to some scenarios based on the Russian energy strategy, in 2050 Russian oil output will fall to the 2020 baseline by 20 percent in the best-case scenario. Both base and worst-case scenarios forecast a 40 percent and 60 percent drop, respectively. ■

20 December 2021

NORD STREAM 2 UNDER SPECIAL PROTECTION

After talking to Vladimir Putin, U.S. President Joe Biden said gas flows through Nord Stream 2 would be cut off if Russia invaded Ukraine. Nonetheless, Germany is not likely to bend to U.S. pressure. Having unfrozen the project, Biden has no longer any tool of pressure on the authorities in Berlin. Nord Stream 2 will not be a Western argument against Russia, as stated by the new Austrian chancellor.

Chancellor Olaf Scholz has spoken out against linking the operating permit for the natural gas pipeline Nord Stream 2 to efforts to de-escalate the Ukraine crisis. “Nord Stream 2 is a private sector project,” he told journalists after the EU summit in Brussels. Such a position is hardly surprising. Scholz made no mention of Nord Stream in his first keynote speech as a new chancellor in Bundestag on December 15. Germany is thus not interested in making Nord

Stream 2 its political leverage, which is what Joe Biden promised after meeting Vladimir Putin on December 7. Yet Berlin and Washington did not agree on a set of conditions under which it could be possible to cut gas flows through Nord Stream 2. None of them specified the scope of Russian aggression that could trigger a tit-for-tat move from Germany. What Scholz has said recently confirms that Berlin sought to remain idle in case of war in Europe’s



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SOURCE: BUNDESTAG.DE

east. This jeopardizes security guarantees for Ukraine that the United States and Germany discussed in July 2021 when both unlocked the completion of Nord Stream 2. Also, the July memorandum was vague and was by no means a binding document. The attitude of those who are in favor of Nord Stream 2 and closer cooperation with Russia is clear. They care little about Ukraine. During an interview with the German newspaper Welt, the new

Austrian Chancellor Karl Nehammer said that Nord Stream 2 was an important project that gives the European Union security of energy supply. “Nord Stream 2 is a European project that should not be used as a means of putting pressure on Moscow,” Nehammer said. Austrian energy company ÖMV has a stake in Nord Stream 2 while Gazprom holds considerable gas storage facilities in Austria. ■



SOURCE: GAZPROM.RU

22 December 2021

EUROPEAN GAS PRICES JUMP TO RECORD AS RUSSIA CUTS OFF FLOWS

As freezing temperatures took hold in Europe, Gazprom has cut off gas flows through a top energy link. On December 21, Gazprom halted gas flows from the east via the Yamal pipeline. In consequence, European gas prices hit a new record high of \$1,800 per thousand cubes on Tuesday morning. This is the policy Moscow began to pursue months ago, seeking to deplete European gas supplies before the end of harsh winter time to make Russia impose its own conditions, also politically.

Gazprom is manipulating its gas supplies into Europe by elevating their prices across the continent. One example of this strategy is through limiting and then cutting off flows through the Yamal pipeline that is running to Germany via Poland and Belarus. The Yamal pipeline operates at a full capacity of 89 million cubic meters (mcm) per day. On December 17, it was 27 mcm but dropped further to 5.2 mcm (December 18), 4.7 mcm (December 19), and roughly 3.8 mcm on December 20. On December 21, Gazprom stopped pumping gas from the east. The German grid operator Gascade reported so-called reverse flows, with gas going eastward into Poland. On December 20, gas prices in

Europe increased by more than 7 percent and surpassed \$1,723 per 1,000 cubic meters. Prices soared as Gazprom had suspended gas transit through the Yamal link, to \$1,800 the next morning. A further increase in prices can be expected. In auctions held on December 20 for January transit supply, Gazprom rejected an option to book extra supplies through Ukraine for a fourth consecutive month and booked only 22 percent of proposed extra supplies on the Yamal route. Natural gas intake from European underground storage facilities has reached its record high in the past five years. At this pace, countries in Europe might run out of gas before winter ends. ■

22 December 2021

OCCUPIED DONBAS: A STRONGHOLD OF RUSSIAN MILITARY

The so-called people's republics in Donbas are in fact under Russian occupation. Moscow appoints the "authorities" in Donetsk and Luhansk as it provides financial assistance to both rebel-held areas. However, what links the occupied Donbas and Moscow is security, as confirmed by recent reports from Ukrainian intelligence services.

A group of 600–800 officers and generals from the Russian armed forces are permanently deployed to the occupied part of Donbas, according to the intelligence directorate of the Ukrainian Defense Ministry. They both hold senior positions in the armed formations of the "people's republics" the 1st

Army Corps (Donetsk) and the 2nd Army Corps (Luhansk). Both are attached to the Russian military structures and are part of Russian strategies. Russian officers who serve in Donbas receive military decorations and are promoted to high ranks in the Russian army. Russia has in recent weeks built up its military



SOURCE: МУЛЬТИМЕДИА.МИНОБОРОНЫ.РФ

in the occupied areas of Donbas, which is likely to see increased tensions in the first weeks of 2022. Ukraine says Russia has sent tanks, artillery, and snipers to the front in rebel-held areas. It is easier for Russians to dispatch troops to Donbas after this fall the OSCE mission was denied entry to the border crossings between Russia and the “people’s republics.” In some areas along the demarcation line, extra 122-mm self-propelled guns were deployed, forbidden under the Minsk agreements. The intelligence directorate of Ukraine’s defense ministry said

in late November that Russian-controlled forces in eastern Ukraine were increasing combat readiness and had carried out large-scale exercises in the region. Russia could invade Donbas at the time of Orthodox Christmas while tensions will escalate further in early February. Interestingly, Russian authorities have published new regulations on the expedited mass burial of humans and animals who die as a result of military conflicts. They will enter into force on February 1, 2022, possibly allowing Russia to conceal the true scale of casualties. ■



SOURCE: SOVCOMFLOT.RU

25 December 2021

VOSTOK OIL: TRAFIGURA INVESTMENT BACKED BY RUSSIAN LOANS

Trafigura Group's risk is limited in its investment in Vostok Oil, the company's chief financial officer told Bloomberg News. Disclosing some details is beneficial for state-run Rosneft that is still looking to attract some foreign investors into its major Arctic project.

Trafigura bought a 10 percent stake in Vostok Oil last December. However, it is only now that details of the deal have become public. The stake was valued at 7 billion euros, out of which Trafigura contributed 1.5 billion euros of its own funds and the remainder was funded by debt. Today it was reported that the banks that had backed the

deal were Russian. “We are an investor into an SPV (special purpose vehicle) where we put equity. This SPV has raised indebtedness with a consortium of Russian banks,” the CFO of Trafigura Christophe Salmon told Bloomberg. In consequence, the debt is not consolidated into the company’s financials. Trafigura accountants claim the value of the investment has dropped in the last few months. The investment, including the stake in Vostok as well as contractual agreements alongside supply contracts, was valued at \$862 million in Trafigura’s accounts. In late March it was \$1.3 billion. According to Trafigura, this was due to an accounting technicality. The investment in Vostok Oil was one of Trafigura’s largest-ever

deals. Importantly, involving Trafigura, which is a major energy trader, was of great significance for the Russian energy project. It is also the first foreign support for the vast Russian Arctic project that’s set to be one of the world’s major new sources of oil supply in the next decade. The project would be worth about \$85 billion, according to some. However, many of the key details of the deal and how it was funded have been kept private. Back in January 2021, Bloomberg reported that Trafigura’s acquisition of the Vostok Oil stake had been funded by a 5.775 billion-euro loan. This is yet not the first foreign-made investment in Russia that was financed by a consortium of Russian banks. ■

27 December 2021

PUTIN BLAMES WEST FOR STOKING TENSIONS

It is nothing new that the Russian president threatens NATO and the United States, a strategy that now fits into Moscow’s policy of intimidating Western nations. Moscow distorts the fact, saying the West is posing a threat to Russia that has to respond accurately. Naturally, the situation looks different. Moscow’s aggressive behavior compels the United States and NATO to act defensively.

Putin blamed the West for increased tensions at an extended meeting of the Russian Defense Ministry Board that took place on December 21 in Moscow. “If the aggressive line of our Western colleagues continues, we will take adequate military-technical response measures and react harshly to unfriendly steps,” Putin told the meeting. Russia’s defense secretary also claimed without evidence that

over 120 U.S. mercenaries were on the ground in eastern Ukraine and threatening Russia with chemical weapons. At the meeting with the country’s top military brass, Putin accused the West of escalating tensions across Europe. He said Russia was extremely concerned about the deployment of elements of the U.S. global missile defense system near its border. “The Mk41 launchers, which are located in Romania



SOURCE: KREMLIN.RU

and are to be deployed in Poland, are adapted for launching the Tomahawk strike missiles,” the Russian leader was quoted as saying. The Russian president reiterated his demand for guarantees from the U.S. and its allies that NATO will not expand eastwards. He said signs were that partners were willing to work on these proposals. What Putin and Shoigu said indicates that Moscow is seeking to force

Western countries into security proposals or at least persuade the United States and NATO to begin talks as soon as possible. The extended meeting of the Russian defense ministry (December 21) comes as yet another display of Russian power in an attempt to up the ante in the Kremlin’s political game for a new division of spheres of influence throughout Central and Eastern Europe. ■

27 December 2021

PUTIN THREATENS NATO WITH MILITARY DRILLS

The Russian leader is carrying on his information warfare against Western nations while pondering various options if they fail to meet Moscow’s demands for security guarantees. NATO offered to sit at the negotiating table on January 12, 2022, to discuss this topic, among others. Before this, the Kremlin might be using the military buildup to create a position of strength, also by comparing the standoff now to the Cold War-era Cuban missile crisis.



SOURCE: МУЛЬТИМЕДИА.МИНОБОРОНЫ.РФ

Asked to specify what Moscow's response could be, the Russian president said on December 26 that "it could be diverse." "Due to the West's ongoing deceit with regard to NATO's advancement towards the east, obtaining security guarantees has become a matter of life and death for Moscow," Kremlin spokesman Dmitry Peskov said on the same day. The Russian foreign ministry confirmed it had been invited for talks on January 12, 2022, under NATO-Russia Council. It would be the first meeting of the council since July 2019. Also on January 12, NATO's highest military authority, the Military Committee, will meet in Brussels, Belgium. The proposals, laid out on December 17 by the Russian Foreign Ministry, are unacceptable to the West. Nonetheless, Russian officials keep insisting on them. "We must put an end to the advancement of NATO, NATO infrastructure, and NATO capabilities

further east. We must exclude Ukraine from joining NATO," Russian Deputy Foreign Minister Sergei Ryabkov said, comparing the situation to the 1962 Cuban missile crisis when the world stood on the brink of nuclear war. Some belligerent declarations from Russian officials seem stronger as Russia is deploying its troops for drills across the country. On December 27, the Western Military District, which borders some NATO countries, said its air forces were practicing against a large-scale air attack. The drill allegedly involved 1,000 military personnel. On December 23, the Western Military District said in a statement that the exercises had taken place on some training grounds in the Voronezh, Belgorod, Kursk, Bryansk, and Smolensk regions. On the same day, a group of 1,200 Russian paratroopers started drills in Crimea. A similar exercise took place on December 24 in the southern city of Novorossiysk. ■



SOURCE: KREMLIN.RU

28 December 2021

RUSSIA SENDS “GOVERNOR” TO MINSK

Moscow is replacing its incumbent ambassador to Belarus who has been in office for just a few months. A new candidate will be tasked with ensuring that the Kremlin consolidates its grip on the regime in Belarus. A new Russian ambassador to Minsk is an experienced official and a longtime ally of Vladimir Putin.

Yevgeny Lukyanov, in office since March 2021, is the incumbent ambassador. However, on December 22, the State Duma Committee for the affairs of the CIS, Eurasian integration and relations with compatriots endorsed Boris Gryzlov’s nomination as Russian ambassador to Belarus. Gryzlov now remains chairman of the Supreme Council of the United

Russia party. He was Interior Minister from 2001 to 2003 and Speaker of the State Duma (the lower house of parliament) from 2003 to 2011. In 2005–2007 he was Chairman of the United Russia party. He is also one of the leaders of the largest Russian political party. Since December 2015, Gryzlov has served as Russia’s envoy to the contact group on Donbas.

A top Russian official in the embassy in Minsk might indicate that integration roadmaps for Belarus and Russia will speed up while Gryzlov will become a partner in talks with Lukashenko. Some claim he will serve as a Russian governor in charge of overseeing these roadmaps to make sure Lukashenko is fulfilling its obligations toward the Kremlin. Many signs are that Moscow is seeking to soon dispatch more personnel and weapons to Belarus. According to some declarations, Russia would deploy its nukes, possibly short-range tactical weapons. It

is because of Moscow's pressure on the North Atlantic Alliance. If the West fails to comply with most of the Kremlin's demands, Putin may deploy troops and military hardware to Belarus. On December 29, Lukashenko and Putin will take part in an informal summit of the CIS leaders in St. Petersburg. On December 25, the two men discussed defense cooperation in a phone call. Perhaps after the December 29 meeting, Belarus and Russia will announce some new arrangements on Russian military presence in Belarus. ■

29 December 2021

ROSNEFT APPROVES NEW STRATEGY BY 2030

The board of directors at Rosneft approved the new strategy “Rosneft-2030: Reliable Energy and Global Energy Transition.” It targets reduction of greenhouse gas emissions while further improving the operational and financial efficiency of the company. As a result, Rosneft will strengthen its position on the global hydrocarbon market as an efficient and reliable producer and supplier of energy resources. Another benefit will be to curb carbon footprint and environmental impact.

“ New strategy supports free cash flow growth, which is expected to more than double by 2030. It facilitates sustainable growth of the company's shareholder and investor value. Carbon reduction objectives confirm the company's status as a responsible energy supplier and one of the leaders in the energy transition in Russia,” Igor Sechin, Rosneft CEO, was quoted as saying. Rosneft has achieved most of its objectives laid out in its 2022 strategy ahead of the deadline. The new strategy is built upon the achievements of the previous strategic cycle and, at the same time, is adjusted to current trends related to the

low-carbon agenda, global energy transition, and the need for reliable supplies of affordable and clean energy. Rosneft's new strategy by 2030 is aimed at achieving net-zero emissions by 2050. By 2030, the company is planning to implement its strategy through some actions aimed at reducing emissions including the use of low-carbon power generation, energy-saving technologies, and carbon capture and storage technologies. Rosneft's ambition is to remain the number one company in production costs. High efficiency of the portfolio of production assets allows Rosneft to keep its lifting cost at a level significantly lower than the industry



SOURCE: FSIN.GOV.RU

average for many years. The company's flagship project is Vostok Oil, its vast Arctic endeavor. As part of efforts to reach that goal, the share of natural gas in total hydrocarbon production will grow to 25 percent by 2025. The company's

board of directors now includes Gerhard Schroeder, Igor Sechin, Matthias Warnig, Karin Kneissl, and Russian Deputy Prime Minister Alexander Novak. ■

30 December 2021

HYPERSONIC WEAPONS AND NUCLEAR-POWERED VESSELS: A RUSSIAN DEMONSTRATION OF POWER?

An inherent part of the Russian policy is to convince the world of its military might. This explains why Moscow has recently hailed multiple launch tests or some hand-over ceremonies, especially amid smoldering tensions between Russia and the West over Ukraine and NATO's posture in Central and Eastern Europe.



SOURCE: KREMLIN.RU

On December 24, President Vladimir Putin said the Russian military successfully fired a salvo of its Tsirkon hypersonic missiles. The test was conducted by the Northern Fleet. In early October, the missile was launched from the Severodvinsk nuclear submarine that serves the Northern Fleet. Moscow boasts that its Tsirkon is capable of evading a U.S.-built anti-missile shield. The estimated range of the Tsirkon may be up to 1,000 kilometers while both vessels and submarines in the Russian fleet will be equipped with it. On December 21, the Russian leader attended the hand-over ceremony for the two new nuclear-powered submarines: Knyaz Oleg (Project 955 A/Borey-A-class) and Novosibirsk (Yassen-M multipurpose submarine). Knyaz Oleg was built from 2014. It is now the fifth nuclear-powered unit in the class. In October 2021, it test-fired a Bulava intercontinental ballistic missile. Construction of Novosibirsk began in 2013. It is the third nuclear-powered

unit in the class in the Russian fleet. Shortly, both Knyaz Oleg and Novosibirsk will join the Pacific Fleet. The two vessels are building up their strike forces in waters bordering the United States. Knyaz Oleg is equipped with Bulava ballistic missiles and the multipurpose submarine cruiser Novosibirsk – with Kalibr and Onyks cruise missiles. Meanwhile, the Russian defense ministry is praising its further efforts to modernize the country's military. For instance, the Western Military District, which is key in the Russian confrontation with NATO, says its forces are 72 percent modernized while even fully modernized for air forces, communications, air defense, and spetsnaz. It is better to take these declarations with a pinch of salt, as no one knows what kind of criteria Russia uses to define a weapon as modern. However, this fits nicely into Russian propaganda seeking to make the world believe in the country's rising military might. ■

О ДОЛГОСРОЧНЫХ ПРИОРИТЕТАХ РАЗВИТИЯ
КОСМИЧЕСКОЙ ДЕЯТЕЛЬНОСТИ
В РОССИЙСКОЙ ФЕДЕРАЦИИ



SOURCE: KREMLIN.RU

30 December 2021

RUSSIA BOASTS OF NEW S-550 MISSILE SYSTEM CAPABLE OF TARGETING SATELLITES

Russia has successfully tested the S-550 air defense system, Russian military sources reported on December 28. The new system is derived from the S-500 Prometheus but will be capable of hitting ICBMs and satellites. It is another step toward building a Russian offensive space capacity that is dangerous to U.S. items orbiting around the Earth. Given how important satellites are for the U.S. military, Russian strategists believe that targeting America's top defense link would at least shortly cripple Washington's advantage in the event of an armed conflict.

According to the state-run TASS news agency, the first-ever batch of S-550 has just entered combat service. The source described the new system as a new and unrivaled mobile system of strategic missile defense. It is reportedly capable of hitting spacecraft, intercontinental ballistic missiles, and hypersonic targets at altitudes of tens of thousands of kilometers. Russian Defense Minister Sergei Shoigu was first to inform about the S-550 system at the ministry's conference call on November 9. He said the S-550 system should be used to target ICBMs and satellites while the S-500 Prometheus would shoot down enemy ballistic missiles and aircraft. Launching the newest system is part of the Russian missile buildup for space-used weapons. On November 1, 2021, Russian President Vladimir Putin met the defense ministry leadership and defense

industry heads in his summer retreat in Sochi. On the table were efforts to develop the Russian Space Forces and in particular these space components. In addition to deploying the newest anti-aircraft missile systems, the Russian Space Forces are preparing to install the S-500 Prometheus system. Putin told the meeting that all missiles and radars "must be capable of tracking, intercepting, and destroying ICBM warheads on all sections," meaning space, too. Also in Sochi, a decision must have been made to conduct a test of a Russian anti-satellite system, known as Nudol. Two weeks later, it destroyed Cosmos-1408, a defunct Soviet satellite, in orbit, leaving behind a cloud of debris that Western nations, including the United States, said would pose a threat to the International Space Station (ISS). ■

30 December 2021

LUKASHENKO, PUTIN DISCUSS MILITARY IN RUSSIA

Vladimir Putin and Alexander Lukashenko met in St. Petersburg on the sidelines of an informal CIS summit, a meeting that confirms Moscow's growing appetite to integrate its military with Belarus as soon as possible. Belarus is growing in importance for Russia amid mounting tensions with the North Atlantic Alliance and a tug-of-war in Ukraine.

In a phone call on December 25, Putin and Lukashenko discussed defense cooperation. On December 29, the two men met face-to-face, saying a new round of Russian-Belarusian exercises would begin in early 2022. Putin has welcomed Lukashenko's proposal to hold another round of joint military drills. The military exercises would be held in February or March. Earlier, the Belarusian

dictator asked Putin not to suspend military cooperation, not only in the form of joint drills but also through joint "training centers." The first ones were opened in 2021. In November, Russian and Belarusian paratroopers took part in joint military exercising near the border with Poland. In September, Belarus and Russia hosted the strategic military drills, Zapad-2021, that involved 200,000 people and 80 aircraft



SOURCE: KREMLIN.RU

and helicopters. For years now, Belarus has been part of Russian military potential but it is only recently that Moscow and Minsk have demonstrated this so strongly. One example is providing details of Russian air patrols along the borders Belarus shares with NATO

states. Belarus has increased the number of air defense units on duty along its western and northwestern border areas, the country's defense ministry said on November 10. It added flights performed by Russian strategic bombers in Belarus would be performed regularly. ■



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Russia Monitor is a review of the most important events relating to Russian security. Warsaw Institute experts monitor and analyze the activities of the Kremlin and its subordinate services to anticipate the short-term and long-term consequences not only for Russia, but also for neighboring countries and the Western world. Therefore, the subjects of our analyses are both events and phenomena closely related to the internal situation in Russia, as well as its foreign policy. We are interested in Russian politics behind the scenes, changes in security forces and special forces, and the driving factors behind offensive activities, including military operations. Our analytical experience, including the ability to form in-depth assessments and forecasts, is here to serve you. Our experts, who have been monitoring the situation in Russia for years, provide an unmatched quality and depth of analysis. We want Russia Monitor to help politicians and businessmen in making decisions, while bringing the attention of all concerned to the reality of Putin's Russia.

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