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SOURCE: PRESIDENT.GOV.BY

14 July 2022

IS THERE POSSIBILITY OF BELARUS ENTERING RUSSIA'S WAR ON UKRAINE?

Rumors are that Russia could launch an offensive on Kyiv from the north, amid prompting concerns that Belarusian troops were about to be deployed in Ukraine. Russian forces are deployed in Belarus for Moscow's invasion of Ukraine yet Lukashenko himself will be a general without an army if he decides to send in his troops.

For the Belarusian strongman, joining Russia's military action in Ukraine could be an unpopular move as 80 percent of Belarusians are against sending their army to Ukraine. But as the Russian invasion continues, with more troops being killed every day, Moscow could feel somewhat eager to send tens of thousands of Belarusian soldiers to Ukraine. The Belarusian

military is scheduled to hold mobilization training exercises this month in the Gomel region, which is located on the country's southern border with Ukraine. These drills will cause serious concern for Ukraine. Since Russia invaded Ukraine, Belarus has played a key role in supporting its ally. It has provided logistical support to Russia's invasion, with some Russian

forces entering Ukraine across the Belarus border. Some Russian shelling occasionally hit Ukraine from Belarusian territory, too. A Ukrainian official has stated that Belarus has given “full control” of the Zhyabrovka airfield near the Ukraine-Belarus border to Russia, to where Iskander and S-400 missile systems had been deployed. Ukrainian officials also say that Belarusian special forces and airborne troops take part in some “political classes,” during which they are taught about the necessity to take part in what Russia refers to as a “special operation” in Ukraine. There are up to seven Belarusian battalions on the border between

Belarus and Ukraine. Ukraine’s intelligence agency has warned against Russian sabotage and reconnaissance groups that might infiltrate the country from Belarus. There are reinforced efforts at Ukrainian checkpoints. Ukrainian forces have built a new line of defenses along the country’s previously unfortified northern border with Belarus. There is no sign that either Belarus or Russia are forming strike groups to attack Ukraine from the north. However, Ukraine’s Armed Forces have warned of an increase in military activity and troop levels by Belarus near the border. ■

15 July 2022

A REAL BATTLE OF DONBAS IS YET TO COME

Weeks of fighting in Ukraine’s eastern towns of Severodonetsk and Lysychansk just prompted the beginning of the real battle of Donbas. Russian efforts to push back Ukrainian forces from the entire Luhansk region have great propaganda significance, but can hardly be seen as a military success. For weeks now, Russian forces have sought to capture a small area, which affected its military capabilities elsewhere. In addition, many Russian soldiers were killed. Ukrainian troops had enough time to build a new line of defenses in Donbas. A real battle is yet to come.

Before Russia invaded Ukraine on February 24, Russian proxy forces had captured a third of Ukraine’s Donbas—two regions of Luhansk and Donetsk—in 2014. A Ukraine-controlled swath of this land consists predominantly of the Donetsk region. Capturing Severodonetsk and adjacent settlements is a Pyrrhic victory for Russia but Ukraine could not keep control of these swathes of land anyway. A prolonged and bloody battle of the

Ukrainian foothold across the Donets River, which Russian forces had encircled from three sides, is in fact a failure of Russian forces. This is where Ukrainian defenders fought fiercely, delivering a serious blow to the Russians. This put Ukrainian forces in a much better strategic situation. They are now in an advanced position near the settlement of Bilogorivka while the town of Siversk will see heavy fighting. In this manner, Russian forces will get through directly



SOURCE: TWITTER

to Ukrainian defenders, deployed along the M03 highway running southwards, from Iziun to the suburbs of Sloviansk and Bakhmut. Just behind sits the city of Kramatorsk, which has been the provisional seat of Donetsk Oblast since 2014. But the Russian offensive there could take longer than in Severodonetsk and Lysychansk due to local infrastructure, Ukrainian defense capabilities, and exhaustion of Russian resources. Russia's potential seems

much weaker there than in the Luhansk region. Ukrainian forces have withdrawn the threat from Russian forces that advanced from Iziun while blocking Russian troops near Kharkiv. There is no risk of being cut off. In addition, Ukrainian forces are equipped with Western-made weapons that hit precisely Russian munition depots throughout Donbas, also beyond the front line. ■



SOURCE: SOVCOMFLOT.RU

20 July 2022

TRAFIGURA SELLS STAKE IN VOSTOK OIL TO MYSTERIOUS BUYER

Trading giant Trafigura is continuing to unwind Russian business with the sale of its 10 percent stake in Rosneft's Vostok Oil project. It sold a stake to an obscure Hong Kong registered purchaser.

In April 2022, Trafigura said it would not buy a Vostok Oil share, promising to exit the project. The trading giant said the sale of its Vostok stake, including the associated non-recourse bank debt, was completed July 12 for an undisclosed price. No information was disclosed about the mysterious purchaser, behind which there may be a serious business player seeking to remain anonymous. Commodity trader Trafigura has sold a multibillion-dollar stake in a giant Russian oil project to Nord Axis Limited, an obscure Hong Kong company that was incorporated only on February 15, 2022. The company has lifted large amounts of Russian oil since the beginning of March. The Hong Kong filings list its sole shareholder as a company called Asia Business Consultants Ltd, which is registered at the same address as Nord Axis under the name of Yun Jin Li, a Hong Kong resident. It is unclear who is behind Nord Axis or what funds it had to raise to acquire the Vostok stake. Rosneft's Vostok Oil is Russia's biggest-ever oil project since the Soviet era. Its resources amount to more than 6 billion tons of oil, which is a fifth of all Russian oil resources combined. The Vostok

project comprises 52 license areas involving comprising 13 oil and gas fields in the northern Krasnoyarsk Krai and the Yamalo-Nenets Autonomous Region, including the Vankor field and the Payakshky field. The project includes exports through the Northern Sea Route via an oil handling terminal on the Taymyr peninsula. Trafigura paid \$7 billion to help pay for the 10% stake in Vostok Oil in 2020, also via a syndicated loan arranged by a private Russian bank, Credit Bank of Moscow. The loan facility was secured by the stake in Vostok Oil. Rosneft took money from the Trafigura deal to buy back the Taymyr field from its former CEO, Eduard Khudaynatov. Sechin claimed the project to become operational by 2024 to send 30 million tons of oil abroad; as scheduled, in 2030, up to 100 million tons of oil will be annually shipped. But Western sanctions dealt a serious blow to Vostok Oil, which has now a years-long delay. In late 2021, The Trafigura deal valued the Vostok Oil project at \$85 billion. Yet it must have seen a drop in value. Nonetheless, the gargantuan Arctic development is backed by Russian president Vladimir Putin. ■

20 July 2022

RUSSIAN OIL REVENUES RISE DESPITE LOWER SHIPMENTS

Russia's oil revenues rose back despite lower shipments in June 2022 amid a rally in energy prices across the globe. While output is rising, an EU embargo on Russian oil will eventually come to force.



SOURCE: GAZPROMNEFT-OIL.RU

Russian oil exports in June fell by 250,000 bpd month-on-month to 7.4 million bpd, the lowest since August 2021. Russia's oil exports rose back above \$20 billion, an increase of \$700 million from a month earlier, according to the International Energy Agency. Rising revenues stem from a rally in energy prices. This time, the decline was led by crude oil, while product shipments were relatively stable at 2.4 million bpd. Russian daily shipments shrank by 530,000 bpd between April and June while they rose back above \$2.3 billion. Throughout June, Russian oil and gas condensate production rose by 490,000 bpd, to 11.07 million bpd. Those accountable for an increase in national output were oil giant Rosneft and Bashneft,

its subordinate company. Russian national output is forecast to decline in June amid lower refinery throughputs, according to the IEA. "As an EU embargo on Russian oil is set to come into full force at the end of the year, the oil market may tighten once again," the report reads. Oil output is eventually forecast to stand at 10.37 million bpd. The U.S. Department of Energy is now forecasting that Russian national oil output will rise to 10.7 million bpd in the second six months of 2022 before declining to 9.3 million bpd in 2023. A forecast increase later this year is because Russia could keep its output at the same level before EU sanctions come into force in late 2022. ■



SOURCE: KREMLIN.RU

21 July 2022

PUTIN HEADS TO TEHRAN FOR TALKS, IRAN RISKS AMID BETTER TIES WITH MOSCOW

Russian President Vladimir Putin on July 19 held bilateral and trilateral meetings with the leaders of Turkey and Iran and then Iranian President Ebrahim Raisi and Supreme Leader Ayatollah Ali Khamenei. While traveling to Iran, Putin was keen to show that international sanctions have failed to isolate Russia because Moscow has some powerful allies across the globe.

Russian President Vladimir Putin met Turkish and Iranian leaders in Tehran—only his second foreign trip since he launched the invasion of Ukraine. But unlike the Russian leader's visit to Central Asia, the meeting

agenda mattered not only to Russia. Unblocking Ukrainian grain exports via the Black Sea was also high on the meeting agenda. The Russian leader also produced his version of the invasion of Ukraine. The leaders of Russia and

Iran discussed Western sanctions as Iranians have plenty of experience and channels they have used to circumvent sanctions. Kremlin spokesman Dmitry Peskov told Iranian journalists that Russia, like Iran, was used to “dealing with Western sanctions.”

As reported a few days before the July 19 trip, the leaders of Russia and Iran would allegedly discuss a new deal between the two states. Putin’s foreign policy aide, Yuri Ushakov, said the countries shared “a desire to take their relations to a new level of strategic partnership.” Indeed, both countries could see this for their military-technical cooperation, but a rapid increase in trade seems unlikely.

Iran’s Raisi sought to win staunch support from Putin for a revived nuclear deal to eventually lift some sanctions on Iran. The sourer are ties between Iran and the West, the better for Moscow, though. The lifting of oil sanctions on Iran would release more oil to the market, making it cheaper and thus delivering a severe economic blow to Russia. Russian oil shipments dropped amid Western sanctions but the federal budget enjoys more cash due to a rally in global energy prices. While in Tehran, Putin sought to discuss his idea to pump oil through Iran to Moscow’s top purchasers—through the Caspian Sea to Iran, and then from Persian Gulf ports further to India and China. The problem is that, however, Russian oil now competes with Iranian crude in many countries throughout Asia. It is hardly imaginable that Tehran would facilitate supplies to India or China even more than now.

Media reports surfaced that the Iranian government is preparing to supply Russia with several hundred drones, including weapons-capable drones. The Russians reviewed Shahed-191 and Shahed-129 drones, according to some U.S. sources. The Kremlin did not confirm this information, saying the topic will

not be on the July 19 meeting agenda. Iranian foreign minister refuted these claims when talking to his Ukrainian counterpart on July 15. But sources close to the Islamic Revolutionary Guard Corps (IRGC) claim that Iran could be gearing up to supply Russia with combat drones. “Currently, we are ready to export military equipment and weapons,” Iran’s army ground forces commander Kiumars Heydari said a week after the United States accused Iran of preparing to send “several hundreds of drones” to Russia.

The focus of the talks among the three presidents was the decade-old conflict in Syria. Indeed, Russia, Turkey, and Iran form what is known as the Astana Triangle, a successful platform that helped all three to accomplish many goals in Syria. The parties would discuss efforts to encourage a political settlement, while Erdogan is expected to take up Turkey’s threats of a new military offensive in northern Syria to drive away Syrian Kurdish fighters. Russia and Iran, both of which side with Syria’s Al-Assad, strongly opposed the planned incursion. Any effort to torment the situation in Syria could be a hurdle to Moscow, which is now busy attacking Ukraine, and Tehran—as the latter is afraid of Israel that has long sought to push Iranian forces out of war-torn Syria.

What Putin discussed with Raisi and Khamenei will soon come to light. The world will then learn whether Iranian diplomats tamed hawkish IRGC officials and conservative clergymen to tighten the military alliance with Russia regardless of possible repercussions from the West. If this happens and combat drones are delivered, Washington will no longer be keen to ease sanctions and renew a nuclear deal with Iran. It gives an asset to Iran’s enemies across the region, notably Saudi Arabia and Israel. A recent visit of U.S. President Joe Biden to both countries seems crucial in this context.. ■



SOURCE: DUMA.GOV.RU

21 July 2022

PUTIN SIGNS HARSHER 'FOREIGN AGENT' LAW

Russian President Vladimir Putin has signed into law a bill expanding the definition of so-called foreign agents. The new law encompasses anyone deemed to have fallen under “foreign influence.” Russia has used its so-called foreign agent laws for the past decade to label and punish critics of government policies. Under the new document, anyone could be registered as a “foreign agent.”

The law signed on July 14 will come into force on December 1. The original 2012 legislation, which targeted NGOs and rights groups, has since been expanded to target media organizations, individual journalists, YouTube vloggers, and virtually anyone who receives money from outside of Russia and, in the eyes of the Kremlin, voices a political

opinion. The new legislation expands the “foreign agent” designation through an array of new provisions and bans. The Act defines “foreign agent”, “foreign influence”, “foreign sources” and types of political activity, and introduces the concept of a natural person “related” to foreign agents. The new law signed by Putin expands the definition of “foreign

agents” to those who receive support of any kind, not just money, from abroad, but also are politically active or collect data on the Russian military activity to pose a threat to the country’s security. According to the law, the four existing registries of foreign agents will be merged and a new list will be created to register all individuals tagged as foreign agents. The law introduces the definition of Individuals who are officially labeled as foreign agents. These are founders, members, participants, or employees of any organization labeled as a “foreign agent” and those who received money from such entities. A special registry will be created to identify them all. What this will mean for them

will come out later. Any person tagged as a foreign agent will no longer be able to receive state grants for creative activities, work as teachers, organize public events, or work for organizations that distribute information. In addition, Putin has signed a law on measures in response to discrimination against Russian media outlets abroad. Under the document, the Russian attorney general has the right to ban foreign media outlets that operate in Russia and suspend the media outlet’s activities for up to three months in case of a first infringement. A similar order of up to six months could be issued if recurrence occurs. ■

21 July 2022

ROSNEFT’S SECHIN BRAGS ABOUT ARCTIC OIL DISCOVERY

Russian energy major Rosneft claims to have discovered an 82-million-ton oil field in the Pechora Sea in the Arctic. While many oil analysts speculate that Russia lacks the needed technology to develop offshore Arctic fields, Rosneft boss Igor Sechin assures the country can boost output. The CEO of Rosneft says sanctions are illegal and Western countries will be hit more with a Russian oil embargo.

The company reportedly controls a total of 28 offshore licenses in the Arctic, eight of them in the Pechora Sea. The Pechora Sea is, in effect, a southeastern extension of the Barents Sea that sees the inflow of the Pechora River. Rosneft discovered the field thanks to a drilling campaign in the Medynsko-Varandeysky area.

The company noted that the oil is light, low sulfur, and has low viscosity. Rosneft described the findings as proving the “significant oil potential of the region.” The Pechora Sea is in the eastern Barents Sea, waters that normally are ice-covered mid-winter and early spring. The sea is shallow and in this drilling area,



SOURCE: KREMLIN.RU

only 10-19 meters. The license area is close to Gazpromneft's Prirazlomnoye field, the only operative offshore oil-producing platform in the European part of the Russian Arctic. There are several onshore oil fields producing oil shipped to markets via a subsea pipeline to the offshore Varandey terminal operated by Lukoil. From there, ice-strengthened tankers bring the oil to Murmansk for reloading to larger tankers sailing to world markets. The discovery announcement comes after Rosneft head Igor Sechin, a close ally of Russian President Vladimir Putin, told an economic forum on Friday that Western sanctions are illegal, warning of a coming cataclysm in the global oil market. Both Putin

and Sechin demonstrate reckless disregard for sanctions. In mid-June, Rosneft said it was going ahead with its Vostok Oil project in the Arctic, which Sechin has described as "the only project in the world that can bring a stabilizing effect on the oil market." While Western analysts have speculated that Russia will not have the necessary technology under sanctions to grow oil production, Sechin has disagreed, despite the exit of partner Trafigura. "We have all needed competences, knowledge, and experience, and in these kinds of projects 98 percent of technology is produced in Russia," Sechin told journalists about the Vostok Oil project. ■



SOURCE: МИНИСТЕРСТВО ОБОРОНЫ РОССИЙСКОЙ ФЕДЕРАЦИИ

22 July 2022

RUSSIA FORMS “ETHNIC” BATTALIONS DEPLOYED IN UKRAINE

The Kremlin is looking for new troops in a method that does not utilize mandatory military service. The Russian leadership is reluctant to practice conscription for ethnic Russian Slavs, hence continuous efforts how to draw troops into the Russian war.

Amid heavy losses in Ukraine, Russian authorities decided to recruit and financially incentivize volunteers to form new

battalions. But this proved little efficient as Russia lacks military personnel anyway. Instead, Kremlin officials have a new strategy. While

members of ethnic minorities in Russia are unlikely to join the federal army, they could be recruited regionally. The Kremlin likely ordered Russian federal subjects to form volunteer battalions to participate in the Russian invasion of Ukraine, instead of declaring partial or full mobilization in Russia. Top Russian officials believe the Chechen military model is just right to create groups or battalions composed of ethnic Russians. A newly formed battalion is based in Moscow, but its personnel is ethnically

non-Russian. In these impoverished regions like Dagestan or Buryatia, men are eager to go to war while identifying with their region rather than the federation. The burden then falls onto the shoulders of ethnic fighters, which also ramps up tensions along ethnic lines. Back in April, a shootout occurred between Buryats and Chechens fighting for Russia. Deploying ethnic battalions in Ukraine is not a morale booster for the Russian army, though. ■

22 July 2022

RUSSIA'S LAVROV CONFIRMS MOSCOW'S EXPANDED WAR GOALS

It has been on since months that Russia could roll out a plan to annex the two “people’s republics,” with Moscow’s objectives extending into the south of Ukraine. According to many sources, Russia would prepare to hold fake plebiscites while Kremlin officials bragged about better living standards in the Russian-occupied regions. What Lavrov said about “different geography” could mean that these regions could indeed hold sham referendums on September 11.

SOURCE: MID.RU



The Kremlin is pursuing a fait accompli strategy in Ukraine, with the seized regions being incorporated into Russia as soon as possible. Two proxy republics of Donetsk and Luhansk have declared they might join Russia. Perhaps no sham plebiscite would be held there. Another thing is Ukrainian lands that Russian managed to seize past February 24 beyond the Luhansk and Donetsk regions: the eastern part of the Kharkiv region in Ukraine's east that is adjacent to Russia and Donbas and almost the entire Kherson region and two-thirds of the Zaporizhia region in the country's south. A sham referendum could be held in the south to ask residents whether they are in favor of the Kherson People's Republic and then join Russia. As Russia is unlikely to annex what is formally a part of Ukraine, an "independent" state is to be created before submitting its official request to be recognized as Russian territory. On July 20, Russian Foreign Minister Sergey Lavrov told state media that the "geography is different." "It is far from being only DPR (Donetsk People's Republic) and LPR (Luhansk People's Republic), it is also Kherson Region, Zaporizhzhia Region,

and a number of other territories, and this process continues, it continues steadily and persistently," Lavrov said during an interview with RIA Novosti. The Russian diplomat added Russia might need to push even deeper if the West kept pumping Ukraine with more weapons. "We cannot allow any weapons in the part of Ukraine controlled by Zelensky or whoever will replace him that pose a direct threat to our territory or the territory of the republics that declared independence or those that wish to determine their future independently," Lavrov said. In remarks, the chief Russian diplomat confirmed that the occupied areas would declare "independence" before being incorporated into the Russian Federation. White House warns that Russia plans to annex more of Ukraine. A new status of the Russian-occupied swathes of land, albeit illegal, will lay the groundwork for a Kremlin response to any Ukrainian attack targeting these areas. Moscow could then consider an attack on Kherson similarly to that on Belgorod, for instance. ■

25 July 2022

BATTLE OF KHERSON IS KEY FOR RUSSIAN-CONTROLLED SOUTHERN UKRAINE

Ukrainian counterattacks had pushed Russian forces to the east on the eastern bank of the Dnipro while Ukrainian forces managed to take back several towns in the Kherson region. In Russian-controlled Kherson, Ukrainian artillery strikes damaged facilities, thus worsening the Russian military standing on the western bank of the Dnipro. Kyiv has announced a major offensive in the country's south—even if failed, pushing Russian troops to Crimea and eastwards or capturing Kherson is a great achievement for Ukraine while a political and military defeat for Russia.



SOURCE: TWITTER

The Ukrainian military is exerting pressure on the Russian personnel in the south. On July 24, Ukraine's President Volodymyr Zelensky said his forces were advancing "step by step" into the occupied southern region of Kherson. The area between the front line and Kherson City is rural and primarily composed of small settlements, where Ukrainian troops have recently made some territorial gains. It is not known whether it is the counteroffensive in the south that Kyiv had spoken about. Nor is it clear to what extent Ukraine rebuilt its personnel resources to launch an offensive in Donbas, where the army is stopping the Russian attack. However, Russian forces stationed on the western bank of the Dnipro are in a worsening situation. Moscow's forces are targeting the Inhulets River, a tributary of the Dnipro. Russian troops are also mining roads and the banks of the Inhulets River in the areas

bordering Snihurivka in the Mykolaiv region. The Ukrainian advance meant that Russian supply lines and ammunition depots west of the river were increasingly at risk. Ukrainian forces keep targeting the Antonivskiy Bridge over the Dnipro. Ukrainian shelling badly damaged the bridge in the Russia-controlled Kherson region of southern Ukraine, so all military supplies to Kherson are redirected via a bridge near the settlement of Kakhovka, some 85 kilometers north of Kherson. Since early July, the Russian military appeared to be regrouping units in key towns in the occupied south, moving personnel and military hardware between the southern cities of Kherson, Mariupol, and Melitopol. On July 21, Zelensky said Ukraine has "significant potential" to advance on the battlefield. The statement came after the president met with chief military officials. ■



SOURCE: MID.RU

25 July 2022

HUNGARY BETS ON RUSSIA, NOT ONLY FOR ENERGY SUPPLIES

The Hungarian policy that favors Moscow is aimed at Orbán's retaining power amid a worsening economic situation in the country. This is why the Hungarian leader is accusing Western nations and Ukraine of war and austerity. Orbán is going to war with Brussels while playing a Hungarian-speaking community in Romania's Transylvania, seeking friendly ties with Russia to avoid the looming energy disaster. But Orbán's policy will eventually isolate his country, with its staunch allies like Poland turning back. Possibly those that will help Hungary will be just Serbia or other Russian allies.

Hungary refuse to veto new batches of sanctions on Russia, but try to mitigate their effects, and agreed on transit arms deliveries to Ukraine through its territory. Orban is famed for his warm relations with Russia--instead of supporting Ukraine. As Moscow is cutting off gas supplies for some EU and NATO allies of Hungary, Hungarian Foreign Minister Peter Szijjarto went to Moscow on July 21 to discuss a gas deal. Under a 15-year deal with Russian energy giant Gazprom signed last year, Hungary receives 3.5 billion cubic meters (bcm) of gas per year via Bulgaria and Serbia, and a further 1 bcm via a pipeline from Austria. Szijjarto told a news conference that Hungary needed a further 700 million cubic meters of gas on top of the existing supply deal and it would not be possible to buy that much without Russian sources. Hungary is also in talks with Russia about redirecting all of its gas shipments under the long-term supply deal to the Turkstream pipeline that brings gas to Hungary via Serbia, possibly amid limited Russian gas supplies through the Baltic Sea. Russia will consider a request from Hungary to buy more Russian gas, Russian Foreign Minister Sergei Lavrov said after meeting his Hungarian counterpart. Szijjarto also held talks with Deputy Prime Minister Aleksandr Novak and Denis Manturov, who is also a deputy prime minister as well as the minister of industry and trade. "Today the political situation is rather complicated, but we appreciate the

position of the Hungarian government, which consistently defends its national interests. We are determined to further develop our relations, including in the energy sector," Novak told Szijjarto, according to the statement. Szijjarto's visit to Russia came on the same day the government announced that it was scrapping decade-long caps on gas and power prices for higher-usage households from next month – a move that will lead to considerable price hikes for extra energy consumption. Not incidentally, two days after Szijjarto went to Moscow to seal a deal with Russia, Hungary's Prime Minister Viktor Orban made a statement on the Russian invasion of Ukraine that deviated drastically from what Western countries have said so far. While addressing the Baile Tusnad Summer University in Romania's Transylvania region, home to a large Hungarian-speaking community, Hungarian Prime Minister Viktor Orban has called on the United States and Russia to hold peace talks to end the war in Ukraine. The Hungarian prime minister somewhat justified the Russian invasion of Ukraine, saying that Russian demands for Western security guarantees "could indeed make sense." He reiterated the Kremlin's claims about an alleged Ukrainian military threat. Contrary to what Poland and the Baltic States believe, Urban said Russia would never target a NATO country, claiming this statement was nothing but a piece of Ukrainian propaganda. ■



SOURCE: SOVCOMFLOT.RU

25 July 2022

CHINA FACES INDIAN COMPETITION FOR RUSSIAN OIL

It seems that the time when Russia sold large amounts of crude to China is slowly coming to an end. But Moscow has little cause for concern as another Asian giant is next to claim Russian crude supplies.

Russia remained China's top supplier for the second month in a row, surpassing Saudi Arabia, as Chinese buyers, including

state-run Sinopec and Zhenhua Oil, cashed in on lower-priced supplies. Imports of Russian oil, including supplies pumped via the East

Siberia Pacific Ocean pipeline and seaborne shipments from Russia's European and Far Eastern ports, totaled 7.29 million tons (1.77 million bpd) in June, up 9.5 percent from a year ago, according to data from the Chinese General Administration of Customs. That was over 2 million tons more than China received from Saudi Arabia, its traditional main supplier. The world's second-biggest economy imported about 8.42 million tons (2 million bpd) of oil from Russia in May, a 55 percent rise from May 2021 and a 25 percent rise from April 2022. China reduced its oil supplies from Russia in recent weeks, a sign that the Asian energy market might not be able to take as much Russian crude as previously expected. China was possibly seeking to replenish its strategic crude stockpiles with cheap Russian oil, which is why it ramped up supplies and then

saw a sharp decrease. However, according to Bloomberg, India has ramped up purchases of crude from Russia's far east, a grade that's typically favored by Chinese oil refiners. Four cargoes carrying Russian oil are en route for India, with two tankers heading for Paradip port on the east coast, where a refinery operated by Indian Oil Corp. is located, according to data compiled by Bloomberg. The trade is typically not attractive to Indian buyers due to the long distance from the Russian loading port of Kozmino and because ESPO crude cargoes are usually transported in Aframax vessels that carry between 80,000 and 120,000 tons of oil. However, the cheaper price compared with other grades from West Africa and Brazil is likely to have prompted the buying, according to traders. ■

27 July 2022

MOSCOW AGAIN PLAYS TRANSNISTRIA CARD

Moldova has refrained from outright condemnation of the Russian invasion of Ukraine, with its pro-Western government trying not to tease Kremlin officials. This, however, is unlikely to prevent belligerent Russian behavior. An array of provocations in Moldova's breakaway region of Transnistria was the first warning and both Ukraine and Moldova were accused of them. Now pro-Russian separatists say they want to join Russia, which is a tough nut to crack for the authorities in Chisinau. What it seems is that playing a neutral card, instead of backing Ukraine and filing for NATO membership, is a big mistake as the authorities in Moldova see a drop in popularity ratings. What might be behind Moldova's policy is its full reliance on Russian gas and scarce military capabilities.

Transnistria's so-called Foreign Minister Vitaly Ignatiev on July 22 said that the unrecognized republic was continuing its

course towards independence with the eventual accession to Russia. This was welcomed in Moscow. Dmitry Belik, a member



SOURCE: MIL.RU

of the State Duma Committee on International Affairs, said that the will of the self-proclaimed Republic of Transnistria to join Russia should be taken seriously. Leader of the unrecognized Transnistrian republic Vadim Krasnoselsky has extended special security measures in connection with the threat of terror attacks, in force since April 25, until August 5. On July 21, Alexey Polishchuk, director of the Russian Foreign Ministry's Second CIS Department, told the Moldovan government that a conflict could possibly break out in the statelet if they resumed an economic blockade of Transnistria. The timing for his statement was unknown and did not coincide with any move of the Moldovan government. It must be Moscow

that is playing the Transnistria card again; the region, which is home to 2,000 Russian personnel, does not pose any threat to Ukraine. The Transnistria "army" is nothing spectacular, either, but has some potential to destabilize Moldova and its modest military capabilities. Moscow is sending warning signals, seeking to prevent Chisinau from supporting Ukraine or following a pro-NATO course. It is a bluff but for the Russian military presence in the region. To add Transnistria, Russia would first have to occupy and then annex the Odessa region. It is yet a hypothetical scenario for now. So the whole Transnistria thing is more a game rather than a threat. ■



SOURCE: DUMA.GOV.RU

27 July 2022

TOTALENERGIES AND EQUINOR QUIT RUSSIA'S KHARYAGA OIL PROJECT

French and Norwegian oil majors TotalEnergies and Equinor quit the Kharyaga oil field in Russia, with their combined 50 percent share to be divested to Zarubezhneft, a state-run energy company.

The Russian government instructed Energy Minister Nikolai Shulginov to transfer a 20 percent share of France's TotalEnergies and a 30 percent share of Norway's Equinor in the Kharyaga Production Sharing Agreement to Zarubezhneft. The Russian energy minister

will sign an annex to the December 1995 deal between the Russian government, Nenets Autonomous Region officials, and French energy major TotalEnergies EP Russie that referred to the Kharyaga oil field. The document provides for "transferring 30

percent of Norway's Statoil Kharyaga AS and 20 percent of France's TotalEnergies EP Russie to Zarubezhneft alongside full investor rights and commitments." TotalEnergies said on July 6 that it would exit the Kharyaga oil project in Russia. The transaction value has not been disclosed. The French oil major still has minority stakes in a number of non-state-owned Russian companies: Novatek (19.4 percent) and its projects that include Yamal LNG, Arctic LNG-

2, and TerNefteGas, according to data compiled by Reuters. Following Western withdrawal, Zarubezhneft will have a 90 percent share in the Kharyaga oil deposit. Nenets Oil Company holds the remaining 10 percent interest in the project. Last year, the Kharyaga field reported production rates of 1.56 million tons of oil. A subsidiary of Zarubezhneft, which owns 40 percent of the Kharyaga project, operates the deposit.. ■

28 July 2022

JAPAN WARNS OF CHINA-RUSSIA ALLIANCE IN ANNUAL DEFENSE PAPER

In its annual white paper, the Japanese defense ministry voiced concern about Chinese and Russian belligerent activities worldwide. Worryingly for Japan, Russia could look to “strengthen its relationship with China.” Like many Western countries, Japan blacklisted Russia but is unlikely to quit the Sakhalin-2 oil and gas project for energy reasons.

This year's defense white paper shines a spotlight on the greater cooperation between Russia and China while adding a new chapter addressing the Russian invasion of Ukraine. The document pointed out the heavy damage inflicted on the Russian military and noted that “there is the possibility that could lead to a decline in Russia's national power in the medium- and long-term as well as a change in the military balance with the surrounding region.” Special attention was placed on the Russia-China situation with a new analytical piece dealing with the topic. Among the details

included were the joint sailing of ships of the Russian and Chinese navies in waters near Japan in October 2021 and the joint flying of Russian and Chinese bombers in May 2022 near its airspace after the Russian invasion of Ukraine. Pointing out that Beijing has not criticized the invasion of Ukraine, the white paper indicated “the relationship was one of consenting if the other party invaded another nation.” Shortly before, Russia had imposed sanctions against 384 members of Japan's parliament. In May, the Kremlin had banned entry to several dozen Japanese officials, including Prime Minister



SOURCE: KREMLIN.RU

Fumio Kishida. Like many countries across the globe, Japan imposed a batch of sanctions on Russia amid its invasion of Ukraine, by freezing the assets of Vladimir Putin and his close associates. Furthermore, the Japanese government announced banning the export of several product lines to Russia. But what soured Russian-Japanese economic ties was a Russian presidential decree that enabled the country to take full control of the Sakhalin-2 oil and gas project. The Japanese government has warned of damage to Japanese shareholders in the oil

and gas project. Japanese utilities buy liquefied natural gas from the Sakhalin-2 project so the Japanese government barred Mitsui and Mitsubishi, which jointly have a 22.5 percent share, from quitting the project. Energy major Shell, which also has a share in the Sakhalin-2 project, is looking for a buyer, but under the decree, the British-Dutch giant will be unable to sell shares in Sakhalin-2. The company thus has two options—either taking a share in a Russian-registered company or selling it to the Russian state. ■



SOURCE: MID.RU

29 July 2022

LAVROV VISIT TO AFRICA AS AN EFFORT TO BLAME WESTERN COUNTRIES

Russian Foreign Ministry Sergey Lavrov went on an African tour that includes Egypt, Congo, Uganda, and Ethiopia, aimed at courting these countries to get more friends and convincing them that Russia was not responsible for the food crisis.

Lavrov was in the Republic of Congo on July 25, the second day of his tour, to meet with the leadership of the central African nation. His first leg of the African trip was in Cairo,

Egypt. In Egypt, Lavrov met with Arab League leadership, seeking the support of the group's 22-member states and accusing the West of ignoring his country's security concerns. He is

expected to do the same when he visits African Union headquarters in Addis Ababa. Russia's top diplomat reassured Egyptian leaders that their orders for Russian grain would be met. Russia said it played no role in the food crisis, and in an article posted on the Russian Foreign Ministry's website ahead of the trip, Lavrov rejected Western claims that Moscow is to blame for the growing global food crisis, dismissing them as "another attempt to shift the blame to others." Moscow has denied responsibility for the food crisis, blaming Western sanctions for slowing its own food and fertilizer exports and Ukraine for allegedly mining the approaches to its Black Sea ports. Lavrov flew to Africa shortly after his country had reached a deal

with Ukraine, aimed at allowing grain exports. But for the grain agreement, his African tour would be simply pointless. Lavrov used the Cairo speech to press the Kremlin's narrative that the West pushed Russia to invade Ukraine and accused the West of ignoring Moscow's security concerns stemming from NATO's expansion eastward. The chief Russian diplomat flew to Africa to open new cooperation tracks. Almost half of Africa's imports of military equipment come from Russia. The number of African countries buying weapons from Russia has grown to 21 from 16 in a couple of years. A handful of countries, including Libya, Sudan, the Central African Republic, and Mali, also use Russian-supplied mercenaries. ■

29 July 2022

STATE DUMA ADOPTS HARSHER TREASON PENALTIES

Amendments to the Russian criminal code further engulf the country in a climate of fear, giving the regime tools to persecute journalists and pundits.

State Duma, the lower house of the Russian parliament, on July 6 adopted a raft of amendments on treason and espionage to the Russian criminal code. They expand Russia's existing definition of state treason and espionage. State treason is punishable by between 10 and 20 years in prison under Article 275 of Russia's Criminal Code. The legislation will expand Russia's existing definition of espionage, amending Article 276 of the Criminal Code, also punishable by up to 20 years in prison. The new law lays out prison sentences for those found guilty of distributing "false information." Once amended, Russian law

would impose the following penalties for such incitements: up to eight years for participating in the activities of foreign organizations, up to seven years in prison for online actions intended to undermine Russian security, and up to four years in prison for exhibiting Nazi symbols. A new law was added to Article 275.1 of Russia's Criminal Code that criminalizes any "secret" contact not just with foreign intelligence agencies but also with any foreign or international organization at all that acts in the interests of a foreign intelligence agency. The new legislation applies to "the collection of intelligence to be transferred to the foreign-



SOURCE: DUMA.GOV.RU

based enemy any information that could be used against the Russian Federation and its security.” The law is yet vague, which makes its possible interpretations countless. Those that might be trialed for espionage could be people drafting reports for international organizations or those doing interviews with a foreign-based news media outlet that might harm state security, according to the Russian authorities. If a person collects data from public resources, they cannot be convicted of treason. If a Russian citizen manages to convey information that constitutes a state secret or succeeds in aiding one of these groups, it qualifies as treason. It

remains unclear how the authorities intend to determine such “assistance.” Those affected could be organizations labeled as “foreign agents” or foreign media outlets. According to human rights defenders in Russia, virtually anyone who has ever contacted a foreigner or a scientist working for a foreign-based scientific paper could be convicted of state treason. More treason and espionage cases are to be expected. Between 2009 and 2013, a total of 25 people were convicted, with an uptick since 2014 as the number of convicted rose from 15 in 2015 to 17 in 2021. ■



SOURCE: WIKIPEDIA

31 July 2022

THE PHILIPPINES CANCELS RUSSIAN HELICOPTER DEAL OVER POTENTIAL SANCTIONS

The Russian invasion of Ukraine scrapped Moscow's plans to sell its weaponry abroad. Russian forces fall to Ukrainian troops and their Western-made military equipment. In addition, countries seeking to purchase Russian weapons may face U.S. Congress sanctions.

The Philippines has scrapped a contract to buy 16 transport helicopters from Russia over fear of U.S. sanctions under the CAATSA legislation (Countering America's Adversaries Through Sanctions Act). The deal was scuttled in June 2022 by former president Rodrigo Duterte shortly before stepping down

from office. The deal was signed in November 2021. An initial payment had been made by the Philippines in January 2022, which is 15 percent of the whole deal. The \$227 million deal to acquire sixteen Mi-17s from Moscow was signed, with the first batch of the multi-purpose helicopters initially scheduled for delivery in

2024. Moscow can appeal Manila's decision to back out during the contract's "termination process," but the Philippine government has little room to reconsider, the AP cited an unnamed Philippine military official as saying. The United States, the Philippines' treaty ally that has imposed heavy sanctions on Russia aimed at forcing it to withdraw from Ukraine, could offer Manila similar heavy-lift helicopters in exchange for the scrapped Russian deal, U.S.-made CH-47 Chinook was also considered in the bid, eventually won by Russian-made Mi-17.

The Philippines opted for the Russian offer as it included more helicopters at the same price. The Russian-made helicopters could have been used for combat, search and rescue operations. It is a popular piece of Russian weaponry in Asia and Latin America. Unlike other Southeast Asian countries such as Cambodia, Thailand, or Vietnam, the Philippines has never bought any Soviet- or Russian-made weapons. Buying a batch of Mi-17 helicopters would mean Duterte's better ties with Moscow, also to winning a new foreign market. ■

31 July 2022

RUSSIA'S ROSNEFT STARTS CONSTRUCTION OF VOSTOK OIL

Russian energy giant Rosneft said it has started construction of an Arctic oil terminal at the Bukhta Sever port, part of its huge Vostok Oil project, aimed at facilitating the development of the Northern Sea Route. The project aims to show to what extent the Russian oil sector may resist Western punitive measures.

Rosneft also announced it started drilling in the Payakha cluster, part of the Vostok Oil megaproject. Located near Dikson in northern Krasnoyarsk Krai, the first phase of the project will involve the construction of three cargo and two oil berths totaling nearly 1.3 kilometers in length. The project will also include an acceptance and shipment point with 27 tanks of 30,000 cubic meters each and auxiliary infrastructure. According to the Russian energy company, the Bukhta Sever port will become the largest oil terminal in the country. To be

built by 2030, the port is expected to have 102 reservoirs. Rosneft's Vostok Oil megaproject is the biggest oil project in the world for a decade and since the 1970s in Russia. Its resources amount to more than 6 billion tons of oil. Rosneft is pushing forward its megaproject although Russia is facing challenges in developing its oil industry due to the sweeping Western sanctions imposed against Moscow's invasion of Ukraine that began on February 24. Amid that, Trafigura completed its exit from the Vostok oil project. The Singapore-based



SOURCE: ROSNEFT

commodity trading company sold its 10 percent shareholding in the project, which includes the associated non-recourse bank debt, to Nord Axis, for an undisclosed price. Rosneft hopes

to see the terminal handle 30 million tons (600,000 barrels) per year. It will have scope to accommodate a gradual expansion to 100 million tons by 2030. ■



SOURCE: TWITTER

31 July 2022

UKRAINE'S TWO FRONT LINES: WHICH ONE'S MORE IMPORTANT?

Russia's war with Ukraine has entered a phase of rivalry that will force the enemy on the side to accept the location and terms of the next major armed confrontation. Russian forces are making effort to target Ukrainian positions in Donbas while the Ukrainian army has announced a counteroffensive in the Kherson region, possibly to dissuade the enemy from the idea of taking Donbas now when forces are needed along the southern front.

Many signs are that Russia is curbing its targets in Ukraine's Donbas to build up its forces along the southern front that might soon fall under the Ukrainian attack. Instead of targeting Siversk in the north and Bakhmut in the south, the Russians focused on the latter direction only. Progress will stall while some of the troops could be moved elsewhere, including the Kherson region where Ukrainian forces had managed to take back control from Russian invaders a key patch of land, amid fierce fighting along the Inhulets riverbank. Officially, Russia is seeking to seize the Ukraine-controlled Donets foothold stretching from Izium in the north to Donetsk in the south. The front line runs through the cities of Sloviansk and Kramatorsk. Meanwhile, Ukrainian troops are

seeking to win some advantage in the Kherson region. What was announced in early July as a counteroffensive could indeed take its toll on Russian military activities in Donbas. Since then, Moscow has pushed some of its forces to the lower riverbank. Will this give Russia any military gain? Once Ukrainian forces destroyed key bridges, Russian troops on the western bank of the Dnipro River communicate poorly with units on the eastern riverbank. Extra Russian troops advancing from Crimea or Donbas are unlikely to improve the situation of the Russian military. What could be the most plausible scenario is that Ukrainian forces push Russian troops to the left bank of the Dnipro River within the next month while the latter make scarce progress in Donbas. ■



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