

# RUSSIA MONITOR

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INSTITUTE

SOURCE: ENG.MIL.RU

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SOURCE: MEDIA.GAZPROM-NEFT.COM

19 April 2023

# **RUSSIAN OIL EXPORTS HIT RECORD HIGH DESPITE WESTERN SANCTIONS**

Supplies of seaborne Russian oil products totaled 3.13 million barrels per day (bpd) in March 2023, a 31.2 percent year-on-year increase. It is over the previous record of 3.1 million bpd exported in February 2022.

Exports of seaborne Russian oil products grew 17 percent month-on-month in March and 31.2 percent year-on-year. Russia's oil product export loadings averaged 90 million barrels in March up from 69.6 million barrels in February. March oil product exports from Russian ports rose partially due to the volumes accumulated in February. In early February, companies refused to ship some oil supplies as they awaited a new price cap agreement. A full embargo of Russian oil product exports to European Union countries went into effect on February 5, 2023, including price caps on Russian fuel shipments. One is a \$100-per-barrel cap on products that trade at a premium to crude, like diesel, and the other is a \$45 cap for petroleum products. At the same time, the EU lifted sanctions and price caps on Russian-extracted oil products that are produced outside the country and mixed

with other suppliers' oil products. As a result, EU members Greece and Malta accounted for 88 percent of Russian oil product exports in March, Vedomosti cited energy expert Kirill Rodionov as saying. Yet Moscow has managed to divert its oil supplies to alternative markets. Breakdown of Russian oil product exports showed most of the country's 1.28 million bpd of diesel going to Turkey and Brazil, followed by Libya and Morocco. Some 20 percent of the exported Russian diesel was delivered to unknown customers. Russian fuel oil exports also reached an all-time high of 208,000 bpd, with the main buyers being the United Arab Emirates, Nigeria, Singapore, and India. Markets in the European Mediterranean, North Africa, and the Middle East were less logistically challenging for Russian oil product exports. From there, Russian oil products can be re-exported to the Far East and India. ■

24 April 2023

## CHINA HAILS STRONGER TIES WITH RUSSIA

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**If anyone hoped Beijing could mitigate Russia's stance on Ukraine, it now seems that it is quite the opposite as China is embracing a new stance on Russia, fearful of Moscow's military defeat. Beijing has sought to portray itself as a neutral party in the Ukraine conflict, although it is increasingly favorable to Moscow. So far China has helped Russia politically while offering a lifeline—Beijing has increased purchases of Russian exports—but the signs are that the Chinese government could supply Moscow with military aid, too.**

**L**i Shangfu met the Russian president on his first trip overseas in the role of Chinese defense minister. In the April 16 meeting also attended by Russia's Defense Minister

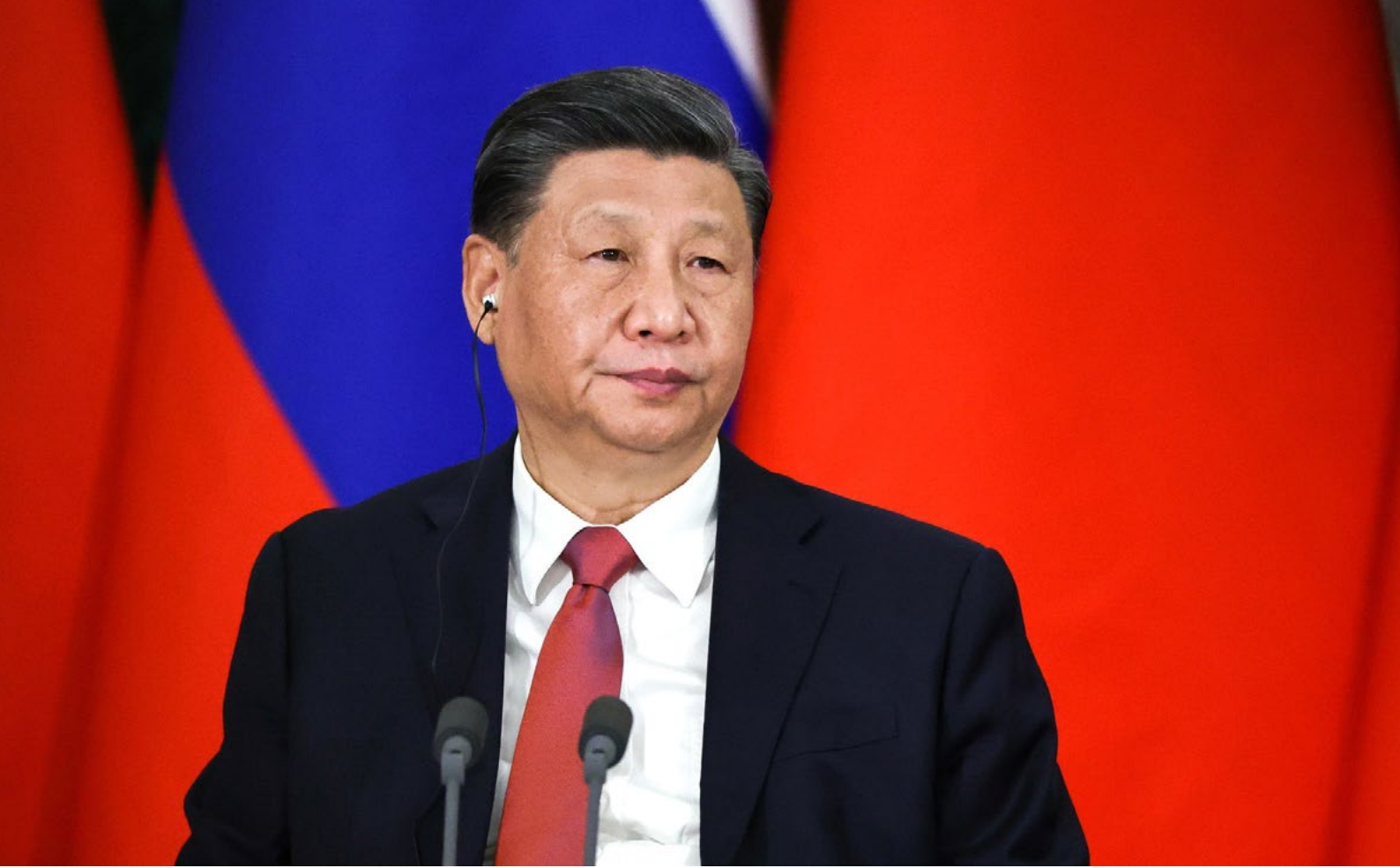
Sergei Shoigu, Putin welcomed military cooperation between Russia and China. In opening remarks, Putin called the cooperation between Moscow and Beijing in the military



SOURCE: KREMLIN.RU

sphere “successful and diverse,” noting that the military departments of the two countries regularly exchange information and conduct joint exercises. The Chinese defense minister said ties between Russia and China “surpass the military-political alliances of the cold war era”, while not being targeted at any other countries. Putin met the new Chinese defense minister a few weeks after Chinese President Xi Jinping visited Moscow. Li Shangfu had been previously included in the U.S. sanctions list amid the military cooperation of the Chinese army with Moscow. His appointment as defense minister in March 2023 was considered beneficial for Russia. Li has been notorious for his hawkish views on the Chinese military. No details of what was discussed at the meeting were disclosed. In Ukraine and Western states, concerns are rising over China’s

potential willingness to offer military aid to Russia, which now seems unlikely. Yet both states benefit from flourishing economic ties that work well for China while providing a lifeline to the Russian economy, already on the brink of collapse amid Western sanctions. This just raises the ire of Western states. China’s foreign ministry spokesperson Wang Wenbin on April 21 insisted that no country has the right to interfere in its relationship with Russia, commenting on U.S. Treasury Secretary Janet Yellen’s remarks that China’s support for Russia was a worrisome indication that it is not serious about ending the war. The Chinese foreign ministry stated that Russia-China cooperation was not targeted at any state. The Chinese government refused to condemn the Russian invasion of Ukraine, calling it either a “crisis” or a “Ukrainian issue.” ■



SOURCE: KREMLIN.RU

24 April 2023

## WOULD CHINA MEDIATE IN UKRAINE-RUSSIA WAR?

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**After French President Emmanuel Macron returned from a trip to Beijing, sources said that he tasked a top foreign policy adviser to work with China on a “framework” for future negotiations between Russia and Ukraine. The increasingly supporting stance is noticeable in other Western countries that so far have offered more aid to Ukraine than Germany and France.**

**I**talian Defense Minister Guido Crosetto recently commented that China could act as a mediator between Ukraine and Russia. National Security and Defense Council Secretary

Oleksiy Danilov called for a stop to constant efforts to put Ukraine at the negotiating table, asking instead to give the embattled nation more weapons. “When the goal of

the Russian aggressor remains unchanged — the destruction of Ukraine — the initiatives for a peaceful settlement that have been voiced recently are nothing more than pro-Russian peacekeeping. Stop bringing us to the negotiating table all the time and give us enough weapons. Weapons are the best mediator and the only argument for communication that Russia understands,” Oleksiy Kuleba wrote on April 23. Any temporary truce would only allow Russia to achieve its goals. That was also what Putin thought by either coming to terms after his initial plan failed or by withdrawing forces from the western bank of the Dnieper River near Kherson. Since last fall Russia has waged a battle of attrition, capturing four Ukrainian regions, announcing what was referred to as a partial mobilization, and putting the whole state economy in war mode. Any ceasefire

would also allow Russia to recreate its military capabilities much faster than Ukraine. After all, the Ukrainian economy has been badly damaged by war while Russian forces have occupied some regions of Ukraine—and not the other way around. In addition, a protracted conflict through a possible truce would erode Western support for Ukraine. Putin also hopes the U.S. presidential campaign means less U.S. aid for Ukraine. Under no circumstances will we start negotiations with Russia, the authorities in Kyiv say. All the signs are now that the very idea of starting talks will materialize after an upcoming and much-awaited Ukrainian counter-offensive. Its outcome will depend on whether the warring parties are ready to negotiate. But even then Ukraine seems unlikely to agree to the Chinese role as a mediator. ■

25 April 2023

## UKRAINE'S NAFTOGAZ DECLARES VICTORY OVER RUSSIA IN COURT BATTLE

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**A court in The Hague has ordered Russia to pay \$5 billion in compensation for seizing assets from Ukraine's state energy firm following Moscow's 2014 illegal annexation of Crimea. Since the occupation, Russia has “nationalized” Ukraine's 15 oil and gas fields alongside four oil rigs in the Black Sea. Naftogaz initiated arbitration proceedings in 2016.**

The court issued a ruling in favor of Kyiv back in 2019 and recently the tribunal has ordered Moscow to pay compensation to the Ukrainian company. Moscow has said it does not recognize the ruling of the court

in The Hague. The tribunal found that the recompense should equal the fair market value of Naftogaz's assets before the expropriation. Despite Russia's insistence that Naftogaz is not entitled to any compensation for confiscating



SOURCE: NAFTOGAZ.COM

its assets, the tribunal disagreed with this assertion. In addition, the court ruled that Russia should reimburse Naftogaz for the costs associated with the arbitration proceedings. Kremlin spokesman Dmitry Peskov reacted to the court ruling by saying that Russia will analyze it. “Our specialists, who are defending our rights in the case, will analyze the court’s decision and determine our next steps,” Peskov said. Leonid Slutsky, the current leader of the right-wing populist Liberal Democratic Party of Russia party, said the ruling was nothing but a political game aimed at “looting Russian assets” by Western countries. Oleg Morozov, a United Russia politician, said Russia should take legal action against Ukraine to claim compensation

for territories lost since Ukraine has been an independent state. He claims Crimea is within Russian borders so the Russian legislation should apply. Thus Ukraine will struggle to get what Russia has seized from it. Therefore, if Russia refuses to voluntarily implement the award, in accordance with the New York Convention of 1958, Naftogaz has the right to initiate the process of recognition and enforcement in the territory of those states where the assets of the Russian Federation are located. The problem is that amid Western sanctions on Russia, many Russian assets have been either frozen or nationalized. Consequently, there are fewer Russian assets to seize to compensate Naftogaz for losses. ■





SOURCE: FACEBOOK.COM

25 April 2023

## UKRAINE'S COUNTER-OFFENSIVE IS COMING

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An offensive that Russia began in January in Donbas failed to materialize into success. There have been no major shifts around the Kreminna-Svatove line in Luhansk province that Ukrainian forces had pushed last fall. In Donetsk province, Russian forces made some idle assaults in Lyman, Avdiivka, and Vuhledar. Russian forces also failed to seize Bakhmut, which remains Moscow's primary objective in Donbas.

Although Russian troops managed to seize most of the city, they are not capable of pushing Ukrainians out of its western districts. Neither can they do that as Ukrainian forces in Bakhmut still control a supply route. Russian forces have been unable to cut Ukrainian supply routes to the west, towards Sloviansk and Kramatorsk. The situation in Bakhmut somewhat stalled in late April as the Russian offensive lost momentum. Aware of that, the Russian military command is now readying for an upcoming Ukrainian counter-offensive. Since their withdrawal from the western bank of the Dnieper River, Russian troops have fortified their lines in Kherson and Zaporizhzhia provinces. There are three Russian defensive fortifications there, with the fourth one in northern Crimea. Moscow fears that Ukraine might be bracing for retaking Crimea once an assault is set in the south. Losing the peninsula would be a strategic defeat for Moscow. In turn, its still being in a Russian grip will ensure that the right flank of Ukrainian forces seeking to liberate Donbas will face a threat from Russian forces. With Russian-occupied Crimea, Kyiv could not stage an effective military operation

in Donbas. That said, Ukrainian forces are likely to begin their counter-offensive in the southern direction. The longer the Ukrainian counter-offensive is delayed, the better Russian preparations. Seeking to break the front line, Ukrainian forces have no choice but to surprise the enemy, perhaps with fighter jets Kyiv has received from its Western allies. It seems that without air support, it will be difficult for the Ukrainian army to succeed, even by striking on land with a powerful NATO-trained unit equipped with Western tanks and armored vehicles. Ukraine's upcoming counteroffensive has been delayed due to a combination of factors, including rainy weather or an intelligence leak from the Pentagon. This makes the counteroffensive have to be prepared even more carefully, the forces have to be even larger, and the key will be the surprises the Ukrainians have to prepare for the enemy if they think of success. At the same time, it is worth noting that even no matter how powerful a fortification line is, it will not succeed without properly trained soldiers, which causes a major problem for Russia. ■

25 April 2023

## **RUSSIA'S STATE DUMA APPROVES LIFE SENTENCES FOR HIGH TREASON**

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**The lower house of Russia's parliament approved legislation increasing the punishment for treason to life imprisonment and boosting the penalty for terrorism, up from its current penalty of 20 years. This is another chapter of Moscow's domestic crackdown on citizens. Russian law enforcement agencies might detain a journalist or any person who makes contact with someone the FSB considers a foreign agent.**



SOURCE: DUMA.GOV.RU

The Russian parliament's lower chamber, the State Duma, on April 18 approved all three readings of a bill amending Article 275 of the Criminal Code that would set a penalty of life imprisonment for high treason. Punishment will be now life imprisonment, up from its current penalty of 12 to 20 years. The new amendments introduce life sentences for those convicted of treason, espionage, disclosing state secrets, or providing any kind of assistance to a foreign government. In addition, Russian lawmakers voted to introduce harsher penalties for terrorism (Article 205 of the Criminal Code). Penalties for organizing terrorist groups, recruiting prospective terrorists, and complicity in terrorist acts will also increase to seven years in prison, up from five years now. The amendments also usher in more severe penalties for sabotage. The bill was proposed days after Vladlen Tatarsky, the

pro-war Russian blogger, died in a bomb blast. Like in Stalin's time, murdering a person loyal to the regime increased the intensity of political repression against Russian citizens. Experts believe that facing life imprisonment, many detained would snitch on others so they can get a lesser sentence. The new legislation is so vague the government can now brand any inconvenient figure a traitor-- two notable examples being journalist Ivan Safronov and politician Vladimir Kara-Murza, sentenced to 24 and 25 years in prison on trumped-up treason charges. The number of convictions for high treason has risen dramatically since Russia launched its ongoing invasion of Ukraine. The legislation represents an escalation of the Kremlin's domestic crackdown as people are detained every week across Russia on suspicion of treason. ■



SOURCE: МИНИСТЕРСТВО ОБОРОНЫ РОССИЙСКОЙ ФЕДЕРАЦИИ

25 April 2023

## CIVIL WAR IN SUDAN IS A PROBLEM FOR RUSSIA

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**A rattling conflict between Sudan's military and the country's main paramilitary force is worrying Russia that so far has had friendly ties with the two warring sides. Now Moscow decides whom to support, at least unofficially. If the one Russia has bet on fails, Moscow will be in big trouble in Sudan. What might also pose a threat to Russian interests in Sudan is taking power by mostly pro-Western civilians.**

**S**hortly before the Rapid Support Force (RSF) targeted military facilities throughout the county, an RSF-controlled airport hosted planes carrying weapons and munitions that

had been flying from the Libyan district of Jufra for two consecutive days. Jufra District is now controlled by Khalifa Haftar, the commander of the Tobruk-based Libyan National Army (LNA).

He has for years fought the Tripoli government, with some support of the notorious military company Wagner Group. Despite a ceasefire in Libya, the paramilitary group stays in the country, including Jufra District. The Russian mercenary group Wagner has been supplying Sudan's Rapid Support Forces with missiles, some of which had been sent from Russia to Libya via Syria. Perhaps all cargoes were financed by Saudi Arabia and the United Arab Emirates, both of which support Haftar and General Dagalo, the commander of RSF. That means Russian support for Dagalo. However, General Abdel Fattah al-Burhan, Sudan's military ruler and his arch-rival, has recently agreed to set up a Russian naval base on the Red Sea. So why does Russia unofficially undermine al-Burhan? It is about other Russian

interests in Sudan. Prigozhin's companies likely won access to Sudan's most lucrative gold mines back in 2018. When anti-corruption agencies started probing into the case after former President Omar al-Bashir had been ousted, Sudan's military seized power in a coup in the fall of 2021. When Sudanese authorities investigated Russian smuggling in February 2023, General Dagalo on April 15 staged a coup. Not incidentally, he is a top ally of Moscow in Sudan; he also helped Wagner mercenaries take gold out of the country. His triumph would be best for Moscow, but if al-Burhan claims power, Russia will not be in trouble. A nightmare scenario for Russia is a rapid ceasefire, with power taken by pro-Western civilian opposition forces. ■

26 April 2023

## UKRAINE RECEIVES MILITARY EQUIPMENT FROM WESTERN ALLIES

**NATO allies and partner countries sent a new batch of tanks, artillery systems, and rounds of ammunition to Ukraine. Importantly, hundreds of thousands of Ukrainian soldiers receive military training in NATO countries. Western allies of Ukraine intend to fully equip nine new Ukrainian armored brigades, a major component of Ukraine's coming offensive.**

**N**ATO allies and partner countries have provided Ukraine with 1,500 armored vehicles and 230 tanks to form units and help it retake territory from Russian forces. U.S. Defense Secretary Lloyd Austin announced the timeline on April 21 during a meeting with allies at Ramstein Air Base. The Pentagon has decided to speed up the tank timeline

for Ukraine, in what would be a major step in training. About 2,500 Ukrainian soldiers are conducting training right now in Germany. Another 8,800 have completed training and have returned to Ukraine. NATO allies thus seek to fully equip nine armored brigades. The White House on April 19 announced a new aid package for Ukraine that is the 36th



SOURCE: KREMLIN.RU

drawdown of U.S. arms and equipment for Kyiv. This security assistance package includes more ammunition for U.S.-provided HIMARS and artillery rounds, as well as anti-armor systems. In its thirty-five tranches of military aid, the U.S. has pledged to deliver \$35 billion worth of weapons. On the same day, Ukrainian Defense Minister Oleksiy Reznikov said his country had received U.S.-made Patriot surface-to-air guided missile systems. Six Leopard 2A4 tanks destined for Ukraine on April 21 left the Spanish port of Santander. They all have been repaired before their being dispatched. Spain will soon provide Ukraine with anti-missile systems and military equipment for the country's navy. Defense ministers of Poland, Ukraine, and Germany have signed a letter of intent on the establishment of a servicing center for the Leopard 2 tanks in Gliwice, Poland. Latvia will hand over to Ukraine all Stinger anti-aircraft missile systems from its arsenal, the country's Defense Minister Inara Murniece said on April

21. Latvia also continues its training program for Ukraine's military, aiming to train almost 3,000 Ukrainian soldiers by the end of the year. Ukraine's defense minister on April 29 informed his country had received 19 French-made Caesar truck-mounted howitzers from Denmark. Three days later, the Slovenian news agency STA reported the Slovenian government had secretly donated 20 light armored personnel carriers to Ukraine. They are armed with a 40mm gun and 12.7mm machine guns, but they are mostly used to move troops. Slovenia had earlier handed over 28 M-55S tanks, 25 M80A infantry vehicles, 20 Humvee military trucks, 16 M2A1 howitzers, and other military equipment. Estonia will send Ukraine 155 mm shells as part of the European Union's plan of delivering one million artillery rounds, as reported on April 20. The aid package also includes night-vision equipment and ammunition for small arms. ■



SOURCE: PRESIDENT.GOV.UA

26 April 2023

## **STOLTENBERG VISITS KYIV, SAYS NATO STANDS WITH UKRAINE**

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Many NATO countries have backed Ukraine's path to membership. NATO chief Jens Stoltenberg has defiantly declared that Ukraine's "rightful place" is in the military alliance, while his trip to Kyiv is an effort to invite Ukraine to join the bloc. However, France, Germany, and now also Hungary have cast doubt on Ukraine's long-held aspiration to join NATO so a July summit in the Lithuanian capital of Vilnius could be nothing but a bitter disappointment for Kyiv.

All decisions are not made at the summit but before it takes place. It is thus not a foregone conclusion that Ukrainian President Volodymyr Zelensky attend the top-level NATO meeting. In the next two months, NATO allies will make a set of decisions on whether or not to invite Ukraine to join the bloc. The alliance chief's historic trip to Kyiv mattered for the upcoming NATO summit to be held in July in Vilnius. Stoltenberg and Zelensky discussed the bloc's support for Ukraine, Kyiv's coming offensive, and its prospects for rapprochement with the military alliance. The NATO chief said that since last February, the alliance's allies have delivered more than 155 billion euros of support, including 65 billion euros of military aid. He also added that fellow NATO states would agree to provide more support to Ukraine at the Vilnius summit. Stoltenberg said the topic of Ukraine's NATO membership and security guarantees will be "high on the agenda" at

July's NATO summit in the Lithuanian capital of Vilnius, and he also invited the Ukrainian president to join the meeting. Speaking at a joint conference in Kyiv, Zelensky pressed Stoltenberg on when Ukraine would be invited to join NATO, asking him to make it happen in July. He said that Ukrainians and most NATO societies expected an invitation to the alliance at the July summit in Vilnius. Shortly after his trip to Kyiv and before a meeting of the Ukraine Defense Contact Group at Ramstein Air Base, Germany, Stoltenberg said all NATO allies had agreed that Ukraine would become a member. Both Hungary's prime minister and Germany's defense minister dismissed the country's NATO dreams. The Vilnius summit is likely to resemble that in Bucharest back in 2008 when Germany and France rejected membership action plans for Ukraine and Georgia. This is all the more so because Kyiv has high expectations. ■

26 April 2023

## KREMLIN CRITIC KARA-MURZA SENTENCED TO 25 YEARS IN PRISON

**Since the start of its war in Ukraine, Russia has moved to quash almost all forms of dissent. In the most recent case, Vladimir Kara-Murza, an opposition figure, was sentenced to 25 years in prison. The man in the past had survived two poisonings. His prison sentence is a new record as the Kremlin seeks to muzzle any criticism of its ongoing invasion of Ukraine.**

Vladimir Kara-Murza, a prominent Russian human rights advocate and Kremlin critic, on April 17 was sentenced to 25 years in prison. His trial was held behind closed doors. The

politician has been imprisoned in Russia since last April and has been facing the continuous expansion of charges against him. The sentence formally applies to all of them. The court found





SOURCE: DUMA.GOV.RU

Kara-Murza guilty of treason (18 years in prison), “false information about the Russian army,” (7 years), and affiliation with an “undesirable organization” (3 years). No top-secret documents were considered at the trial, which usually takes place when it is behind closed doors. Kara-Murza is a longtime associate of Boris Nemtsov, the Russian opposition leader who was assassinated outside the Kremlin in 2015. He was also among some of Russia’s leading opposition figures to launch an anti-war committee to protest Russia’s invasion of Ukraine. The lawyer for the Russian opposition activist Vladimir Kara-Murza, who was jailed for 25 years this week, had to flee Russia before the verdict. Both the prosecutor and the judge in the process, for various reasons, stated that the lawyer should not only be expelled from the bar association, but also considered the issue of initiating a criminal case. Western governments slammed Kara-Murza’s prison verdict as politically motivated. Some even blacklisted

individuals having any links to the case. Britain sanctioned five individuals “connected to the poisoning and arrest” of Vladimir Kara-Murza, a British-Russian dual national. It also sanctioned the judge who approved Kara-Murza’s initial arrest, investigators who participated in his arrest, and officers of the Federal Security Service (FSB) who followed Kara-Murza during his trips before he was poisoned in 2015 and 2017. The five sanctioned Russian citizens are banned from entering the United Kingdom, and their assets in Britain will be frozen. Latvia also has banned ten Russian nationals from entering its territory in connection with the case of Kara-Murza. Two days after Kara-Murza was sentenced, a Moscow court dismissed a prominent Russian opposition figure’s appeal of his eight-and-a-half year prison sentence for criticism of Russia’s actions in Ukraine. Ilya Yashin is also a longtime ally of the late Boris Nemtsov, assassinated back in 2015. ■



SOURCE: МИНИСТЕРСТВО ОБОРОНЫ РОССИЙСКОЙ ФЕДЕРАЦИИ

26 April 2023

## **RUSSIA IS DESPERATE FOR CANNON FODDER FOR ITS WAR IN UKRAINE**

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Russia needs more men for its war in Ukraine. The defense ministry routinely conscripts men for compulsory military service twice a year, which is not sufficient. The Kremlin is yet unlikely to initiate another wave of mobilization following the one that Putin ordered last September. Reports suggest Moscow is seeking to recruit as many as 400,000 volunteer professional soldiers. At the same time, it closes all loopholes in its conscription model.

Russian President Putin on April 14 signed a bill allowing authorities to issue electronic notices to draftees and reservists amid the fighting in Ukraine. Russia's military service rules previously required the in-person delivery of notices to conscripts and reservists who are called up for duty. Under the new law, the notices issued by local military conscription offices will continue to be sent by mail but they would be considered valid from the moment they are put on a state portal for electronic services. Recipients who fail to show up for service would be prohibited from leaving Russia, would have their drivers' licenses suspended, and would be barred from running their business activity. In the past, many Russians avoided the draft by staying away from their address of record. The new law closes that loophole. Once a photo of the person is put on a state portal, such an individual is not safe anywhere in Russia. At the same time, the Russian military has launched an advertising

campaign to encourage men to sign up for the war. According to unofficial reports, Russia has acknowledged that it needed 400,000 more troops, but it does not plan a wave of mobilization as the one last fall. Russia is looking for recruits not only among ethnic Russians. Pressure is being exerted on Central Asian migrants, mostly from Uzbekistan, Kyrgyzstan, and Tajikistan, to fight alongside Russians in Ukraine. Those who accept are granted Russian citizenship while those who refuse might risk deportation. Russian lawmakers in the past have passed some amendments allowing foreigners to join the Russian army. Another loophole is a bill allowing people aged 18 years old to join the army right after graduating from high school. Furthermore, the Russian military's spring call-up has also targeted Moscow students. University students are typically exempt from conscription, according to the current law. ■

26 April 2023

## NATO JETS SCRAMBLED TO INTERCEPT RUSSIAN AIRCRAFT IN NORTHERN EUROPE

**Russian aircraft have increased the number of flights near Baltic and Scandinavian airspace. Perhaps Russia is flexing its muscles after Finland joined NATO while Sweden intends to follow suit. NATO fighters were scrambled twice to intercept a Russian intelligence aircraft in Baltic airspace.**

Meanwhile, Eurofighter jets belonging to Germany and Britain on April 26 intercepted three Russian military aircraft, including two Su-27 fighters and one Il-20 reconnaissance plane, flying over international waters in the Baltic Sea, all with their

transponders switched off. The incident echoes another that occurred on April 14. Typhoon fighter jets from the UK's Royal Air Force and German Air Force scrambled to intercept three Russian aircraft flying over the Gulf of Finland. One of the aircraft was a Russian Il-20 aircraft



SOURCE: TWITTERCOM

transiting to the Kaliningrad enclave. It was met by two Russian Su-27 fighter jets based in Kaliningrad which escorted the Il-20 south through the northwest area of the Estonian flight information region. The NATO aircraft escorted the Russian jets through the Estonian flight information region before handing over to Saab Gripen fighters of the Swedish Air Force. Russian aircraft often fly close to Baltic airspace. In 2022 NATO fighters scrambled to respond to Russian military flights on well over 200 occasions. Russian aircraft have rarely intruded Estonian airspace without permission, which was more than 40 times since 2016. NATO states Estonia, Latvia, and Lithuania do not have their own fighter jets, so the military alliance has been securing their airspace since 2004. To this end, the allies regularly deploy fighter jets and personnel to the air bases in Siauliai (Lithuania) and Amari (Estonia). At the beginning of April,

after eight months, the Bundeswehr handed over command of the NATO air surveillance mission to Great Britain. However, the German Air Force will continue to support it until the end of the month to support the ally. Russian jets have also made regular flights north of Scandinavia. NATO was alarmed on April 25 as radars up north detected Russian planes approaching Norway's airspace of interest over the Barents Sea. A pair of F-35 fighter jets were on their wings out of Evenes airport to check out. The planes were identified as two Tu-160 strategic bombers followed by two tank planes to support mid-air refueling and three MiG-31 fighter jets protecting the bombers. The flight lasted for 14 hours and the planes continued west to airspace over the Norwegian Sea and the Barents Sea. Russian strategic bombers often fly close to Baltic airspace. ■



SOURCE: WIKIMEDIA.ORG

27 April 2023

## **PAKISTAN PLACES FIRST ORDER FOR RUSSIAN CRUDE**

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**Some controversies over payments and technical issues eventually did not prevent Pakistan from striking a crude deal with Russia. The two countries secured an energy deal despite a more pro-American stance of the Pakistani government. Pakistan now struggles with energy and fuel shortages and even the United States accepted the country's decision to buy Russian crude below the Western price cap.**

Pakistan has placed its first order for discounted Russian crude oil under a new deal struck between Islamabad and Moscow, Pakistan's Petroleum Minister Musadik Malik told journalists on April 20, 2023. The first cargo will dock at the port of Karachi in May 2023. Pakistan's Refinery Limited (PRL) will initially refine the Russian crude in a trial run, followed by Pak-Arab Refinery Limited (PARCO) and other refineries. He also did not comment on the rate of imports or discounts. However, he said his country could procure Russian crude oil at around \$50 per barrel. Russia and Pakistan began talks on an energy deal last fall. Cash-strapped has problems with energy supplies and blackouts regularly hit cities and

villages. In October Pakistan's finance minister said Pakistan was actively considering buying oil from Russia but it should be at a price which is lower or at par with India. In November Russian Energy Minister Nikolay Shulginov had a working meeting with Pakistan's Petroleum Minister Musadik Malik and Pakistani Ambassador to Russia Ali Khan. The deal will see Pakistan buy crude oil only, not refined oil, and imports are expected to reach 100,000 barrels per day. In January 2023 Russia reached conceptual agreements with Pakistan on the supply of crude oil and petroleum products that also established a timeline of shipments, payments, and insurance. ■

27 April 2023

## RUSSIA STOPS PUBLISHING STATS ON OIL PRODUCTION

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**The Russian government has ordered that the publication of statistics on oil production be suspended. Russia's statistics agency Rosstat omitted monthly oil production data from Q1 2023. Perhaps the Russian government is seeking to remain silent about the decline in oil output.**

Russia's oil production has slowed down amid a barrage of Western sanctions. In March, Rosstat published statistics on oil production in February. The agency reported that oil production including condensate in Russia in February 2023 decreased by 8.5 percent compared to January, to 42.1 million

tons. With a clear cut in production and a reduction in exports, the authorities are keen to ensure that the raw material is sold as most beneficial to the budget, not the exporters themselves. Russia is therefore switching to a reference point based on a fixed differential to benchmark Brent crude. Russia's upper house



SOURCE: MEDIA.GAZPROM-NEFT.RU

of parliament approved a law changing the oil price assumptions Moscow uses to calculate its multi-billion rouble tax levy on oil exports starting from June 2023. If the average price of Urals oil on the Mediterranean and Rotterdam markets in the monitoring period from April 15 to May 14 is lower than Brent by \$204.4 per ton (\$28 per barrel), and from May 15 to June 14 and beyond by \$182.5 per ton (\$25 per barrel), the price of Urals oil for June will be set as Brent minus \$204.4, and from July as Brent minus \$182.5. If the Urals price is higher than these

values, it is used for the calculation. Through the new law, the Russian government is seeking to make more money from selling oil abroad and force oil companies to conduct fiercer negotiations with clients. Furthermore, an adjustment was introduced to recalculate the rate of mineral extraction tax (MET, or NDPI in Russian) on oil fields covered with extra income tax. A discount will be added to a coefficient on the level of taxation on oil produced in such fields. The amendment will remain in force by the end of this year. ■



SOURCE: SOVCOMFLOT.RU

27 April 2023

# **RUSSIA ANNOUNCES REDUCTION OF ENERGY EXPORTS TO EUROPE**

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**Russian Deputy Prime Minister Alexander Novak said that Moscow would redirect exports of about 140 million tons of crude oil and oil products from Europe to Asia. In 2023 Russian crude exports to Europe will average between 80 and 90 million tons, down from 220 million tons in 2022.**



Novak told the board of trustees of the Moscow Energy Institute that in 2022 Russia had rerouted some 20 percent of oil supplies from Europe to Asia, mainly China and India. In 2022, about 40 million tons of Russian crude were rerouted from Europe to Asia. The Russian official argued that his country, while struggling with sanctions, managed to open new supply chains and conclude new deals with countries in Asia-Pacific, Central Asia, Africa, and Latin America. Novak also said that in April Russia was abiding by its voluntary pledge to cut oil output by 500,000 barrels per day (bpd). The official did not provide any details on the level of oil production. Russia agreed to cut production in March while now it has decided to keep its oil production at a reduced level through June. Novak said the move was

targeted at reducing discounts on Russian oil and ensuring stable supplies. Russia's statistics agency Rosstat omitted monthly oil production data but provided some statistics on crude processing. Between April 17 and 23, Russia's diesel output was 1.678 million tons, down 4.4 percent week-on-week. The country's gasoline production fell by 3.7 percent to 808,000 tons. "Some of the Russian refineries are undergoing maintenance works, which might be the reason for a slight decrease in refinery output. Generally, this does not affect the domestic market as we have enough petroleum products," Novak was quoted as saying. Diesel is one of Russia's main exports; it was mainly supplied to European countries, while gasoline is mostly consumed domestically. ■

27 April 2023

## UKRAINE'S COURT FREEZES ASSETS UNDER NAME OF WIFE OF VIKTOR MEDVEDCHUK

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**A court in Ukraine has frozen more assets belonging to Oksana Marchenko, the wife of pro-Russian politician Viktor Medvedchuk, a move to deal another blow to pro-Russian politicians in Ukraine. Medvedchuk currently lives in Russia after a prisoner swap last year.**

The Security Service of Ukraine (SBU) said that the assets, estimated to have a value of more than 1 billion hryvnias (more than \$27 million), are related to a 13.7 percent stake Marchenko owns in the Zaporizhzhya Ferroalloy Plant in the city of Zaporizhzhya that is the largest metallurgic facility in Europe.

SBU officials believe Marchenko had stakes through four offshore businesses. "The freezing of these assets will prevent their re-registration under other fake names and will allow them to be transferred for our state's needs," the SBU statement said. The SBU said in March that the assets, estimated at 440 million hryvnias



SOURCE: KREMLIN.RU

(\$11.9 million), are related to a 6.8 percent stake Marchenko owns in the Dnipropetstal steelworks in the city of Zaporizhzhya. In February, Ukrainian courts froze and impounded assets and property in Ukraine held by Marchenko with an estimated value of 5.6 billion hryvnias (more than \$152.4 million). Marchenko is suspected of financing actions to forcibly disrupt Ukraine's constitutional order, seize power, and change the state borders of Ukraine. Medvedchuk was the leader of the pro-Russia Opposition Platform-For Life political party that a court in Ukraine banned

after the Russian invasion. He is a longtime Ukrainian political fixture and reportedly a godfather to Russian President Vladimir Putin's daughter. He was arrested in 2021 on charges of treason and terrorism financing and later placed under house arrest on bail. Three days after Russia launched its invasion of Ukraine, Medvedchuk escaped house arrest but was rearrested in April while trying to flee to Russia. In September, Ukrainian authorities handed the politician over to Russia in a prisoner exchange. ■



SOURCE: WIKIPEDIA.ORG

28 April 2023

# UKRAINE WILL NEVER GIVE UP ON CRIMEA, RUSSIA FEARS NEW UKRAINIAN ATTACK

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After a suspected drone strike sparked a huge fire at a fuel storage facility in the Russian-occupied Crimean port city of Sevastopol, traffic chaos again hit roads linking the peninsula to Russia. Many fear that Ukraine is readying an assault to seize back territory occupied by Russia, which is a priority for the authorities in Kyiv.

Seizing back Crimea is of vital political and military significance for Kyiv. Recapturing the territories that Russia had seized after February 24, 2022, will not guarantee Ukraine's security as the peninsula remains a military fortress. There are two possibilities--either a Ukrainian assault on Crimea and blocking the peninsula while forcing Russian forces to retreat. On the peninsula, preparations are underway to repel a Ukrainian attack while both civilians and military are fleeing Crimea. Earlier, Oleksiy Danilov, the secretary of Ukraine's National Security and Defense Council, outlined a twelve-point agenda the government in Kyiv would take after the country reclaims control of Crimea. The strategy provides for seizing back control of the Crimean Peninsula. It also includes dismantling the strategic bridge that links the seized Black Sea peninsula to Russia or expelling all Russian

citizens who had moved to Crimea after 2014. Perhaps the city of Sevastopol would also be renamed Akhtiar. The city was called Akhtiar in 1783–1784 and 1797–1826. The Russian-backed governor of the city, Mikhail Razvozhayev, said the twelve-point report could not be taken seriously. Both Ukraine and Russia consider Sevastopol administratively separate from Crimea. The city has been the main base for the Russian Black Sea Fleet. In 2014 Russia invaded and subsequently annexed the Crimean Peninsula from Ukraine. In September 2022 Russian President Vladimir Putin announced that four occupied regions of Ukraine (Kherson, Zaporizhzhia, Donetsk, and Luhansk) would formally be incorporated into Russia. Ukraine and Western states do not recognize them as Russian territory. Ukraine has not changed its plans for the return of territory occupied by Russia. ■

28 April 2023

## DECREASE IN RUSSIAN GAS EXPORTS MEANS DECLINE IN OUTPUT

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**Russia has seen a major decline in its natural and liquefied natural gas production while forecasts are gloomy. It is challenging to reroute gas supplies for technical reasons.**

Russia's gas production fell 14.1 percent in annual terms in the first quarter of 2023 to 149 billion cubic meters (bcm). Natural gas production in March lost 15.3 percent in annual terms to 49.8 bcm, yet up 6.4 percent month-to-month. Russia's natural gas production was 8 million tons in the first quarter of 2023, down

7.2 percent year-on-year. In March Moscow's liquefied natural gas production was 2.9 million tons, down 2.8 percent year-on-year and up 13.5 percent month-on-month. Annual pipeline gas exports from Russia to non-CIS countries could halve from 100 bcm to 50 bcm, according to the forecasts published by the State Council



SOURCE: NOVATEK.RU

Committee on Energy. The situation requires the exploration of new directions and new sales markets, according to the report. However, it could be more challenging than rerouting oil supplies that could be seaborne. Most gas is sent through pipelines while amendments to the existing infrastructure usually take time. Both sanctions and the geopolitical landscape exerted a profound impact on energy markets, according to the Committee. Russia sent less gas in 2022 as it had shut some routes while now the volume of gas supplies roughly resembles that in October–December 2022. After Russia invaded Ukraine in 2022, Europe endured a cutoff of natural gas exports from Moscow.

Russia has stopped the flow of gas via the Nord Stream 1 pipeline to Europe as the result of sabotage while Nord Stream 2 has never been launched. Eastbound gas flows via the Yamal–Europe pipeline also stopped over the European countries’ refusal to pay for supplies in roubles. In addition, Russian gas exports via Ukraine have plummeted dramatically. Shortly after full-scale hostilities began in Ukraine, Kyiv shut one of its border transit points for security reasons. Gas flows through a second transmission point on the northern section of the Ukrainian–Russian border, where no major fighting has taken place since March 2022. ■



SOURCE: NOVATEK.RU

28 April 2023

## **RUSSIA'S NOVATEK LAUNCHES NEW PROJECTS, BOASTS RECORD PROFITS**

Russia's Novatek increased its share of the global LNG market to 5.4 percent in 2022, per the company's annual report. One of the factors driving the higher earnings was the increase in output at Yamal LNG and Vysotsk. The company had a net profit of 640 billion roubles (\$8 billion) for 2022. What harmed Gazprom, indulged Novatek. Exporting liquefied natural gas is now more profitable than selling piped gas. Novatek also enjoys backing from President Vladimir Putin and the Russian government.

**N**ovatek shareholders approved a total dividend payout for 2022 of 183.9 billion roubles, or 60.58 roubles per share, including a payout of 45 roubles per share already granted for the first half of last year. A total dividend payout for 2022 will be 319.9 billion roubles. The company's net profit for 2022 could be 640 billion roubles. The company can make more money in 2023 despite war and sanctions. Novatek increased LNG portfolio sales by 60 percent to 2.97 billion cubic meters (bcm) in the first quarter of 2023. Gas output totaled 20.88 bcm, up 1.2 percent. The company produces 3.08 million tons of crude and gas condensate, up 4.3 percent. According to estimates, the third train of Arctic LNG-2 will ship 20 million tons of liquefied natural gas and other energy commodities eastwards and 23 million tons westwards. The first of the project's three trains will be ready for operations in late 2023 while the second and the third trains will be launched in 2024 and 2026, respectively. Vladimir Kudrin, vice president of Novatek, said incentives were necessary to keep up with a high level of gas production in the Yamalo-Nenets Autonomous Region. Consequently, Novatek CEO Leonid

Mikhelson asked the Russian Prime Minister for incentives for some gas deposits that are challenging to extract. The prime minister promised to handle the matter. Novatek has asked the government to grant its key Yamal LNG project a deferral of additional profit tax for 2022 while simultaneously cutting its rate. Yamal LNG is facing an increase in the profit tax for 2022 of 40 billion roubles due to the finance ministry's new approach regarding exchange rate differences. This jeopardizes the financing of the Arctic LNG 2 and Obs LNG projects. The Kremlin has reportedly issued an order for the sale of Shell's former 27.5 percent stake in the Sakhalin-2 project to Novatek for 94.8 billion roubles. The Sakhalin-2 energy project is run by Sakhalin Energy. Novatek has received Putin's consent to transfer the money to Shell. The deal between Novatek and Shell allows the Western company to recoup some of the money for its assets in Russia, while Novatek will pay for them at a discounted price and dividends owed to Shell on its stake in the Russian project will not be paid in full. The remaining shareholders are Gazprom (50 percent), Japan's Mitsui (12.5 percent), and Mitsubishi (10 percent). ■

28 April 2023

## **PUTIN ORDERS TO SEIZE FINNISH AND GERMAN ASSETS, EARNS MONEY**

**Russian President Vladimir Putin signed an order transferring temporary control of power assets belonging to Fortum (83.73 percent) and Uniper (98 percent) to Rosimushestvo, the Federal Agency for State Property Management. Moscow's move to take temporary control of the assets of Finnish energy group Fortum and its former German subsidiary Uniper was in retaliation for what it called the illegal seizure of Russian assets in Finland and Germany.**

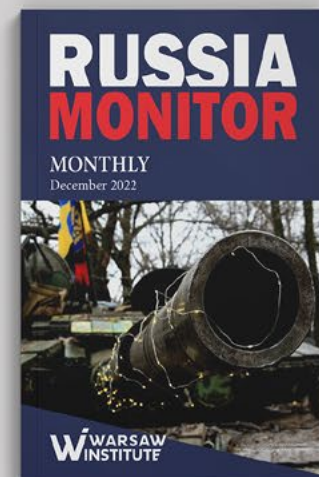
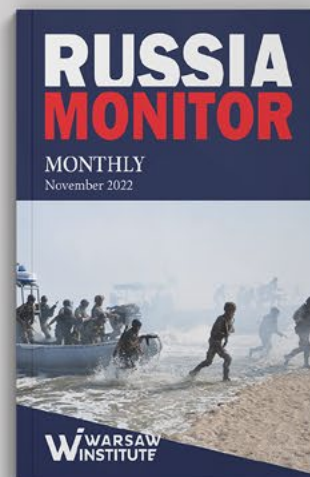
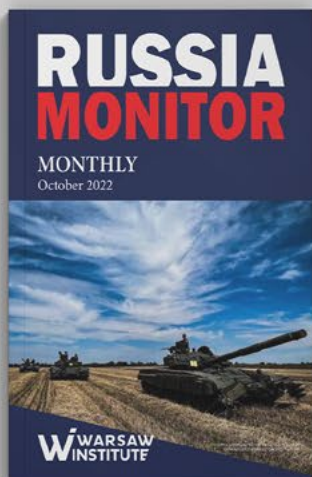
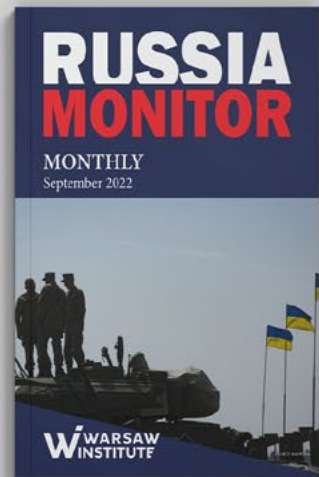
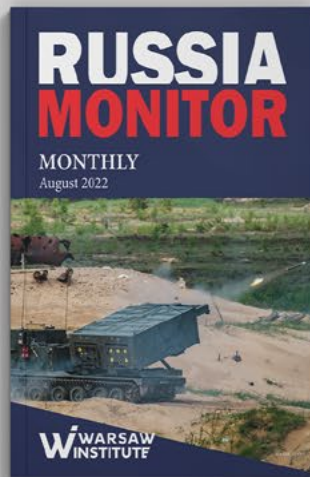
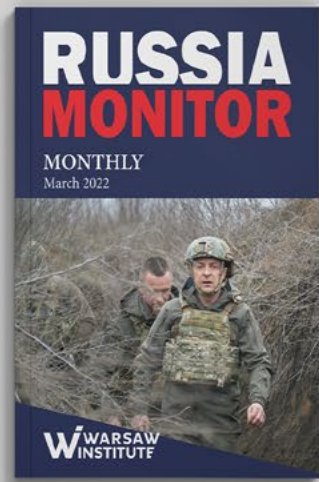
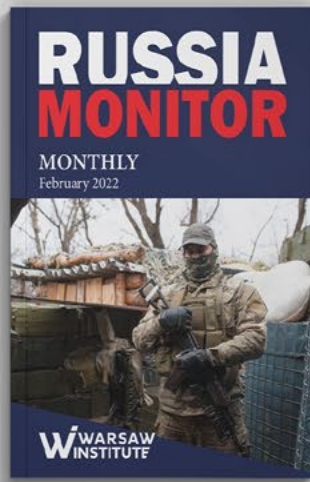


SOURCE: KREMLIN.RU

Under the decree, Russia can take control of other assets owned by investors from what Moscow refers to as “unfriendly” states. The president can decide to seize assets or resign from managing them. Rosimushestvo seized temporarily ownership of the two assets that it is also entitled to manage their inventory. External management is temporary and financed through the company’s income. However, the former owner has no right to make any managerial decisions. Seizing the assets of Uniper and Fortum means their being expropriated and nationalized. This is a clear signal to other foreign companies that continue to keep their assets in Russia. Germany’s Uniper and Finland’s Fortum are among many Western companies that have announced plans to exit the Russian market in response to the war. This

process has been complicated by financial sanctions and government intervention in the control of assets. Russia laid down strict new rules for foreigners seeking permits to sell Russian assets and transfer money abroad--below the market value. First, Rosimushetsvo appointed new managers for both companies. The new CEOs were appointed--both in the past worked for Rosneft CEO Igor Sechin. Many signs are that those who actually benefited from the seizure of Fortum and Unipro is Igor Sechin--through the energy company Inter RAO. Like Rosneft, Inter RAO is controlled by Rosneftegaz, widely known as “Putin’s wallet”. The company’s board of directors is chaired by Igor Sechin while the CEO of the management board is Boris Kovalchuk, a son of Yuri Kovalchuk who is one of Putin’s acolytes. ■





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