



THE KREMLIN'S INFLUENCE QUARTERLY

ITALY

HUNGARY

SPAIN

AUSTRIA

GEORGIA BULGARIA

UKRAINE

COVID-19

DIPLOMACY

LAW

ECONOMY

POLITICS

MEDIA

#1

THE KREMLIN'S INFLUENCE QUARTERLY



FREE RUSSIA FOUNDATION

2020

Free Russia Foundation

Editor-in-Chief

Anton Shekhovtsov

Project Manager

Grigory Frolov

Authors

Anton Shekhovtsov

Péter Krekó

Dominik Istrate

Vladimir Zhabankov

Martin Malek

Egor Kuroptev

Alisa Volkova

Georgy Chizhov

Proofreading

Courtney Dobson, Bluebearediting

Layout

Free Russia Designs

CONTENTS

Intro	5
Summary	6

COVID-19

Anton Shekhovtsov. Russian Malign Influence Operations in Coronavirus-hit Italy	9
---	----------

DIPLOMACY

Péter Krekó, Dominik Istrate. Russian-Hungarian Diplomatic Relationship: An Iceberg above the Abyss	18
---	-----------

LAW

Vladimir Zhabankov. Russian Lawfare and Other Malign Influence Operations in Spain	26
--	-----------

ECONOMY

Martin Malek. The (Geo-)Political Aspects of Austrian-Russian Business Relations (Part I)	37
---	-----------

POLITICS

Egor Kuroptev. A Study of Disruptive Russian Influence in Georgia	45
---	-----------

Alisa Volkova. Russian Money Supports Corrupt Bulgarian Politicians	55
---	-----------

MEDIA

Georgy Chizhov. Pro-Kremlin Influence in the Ukrainian Media	63
--	-----------

THEORY

Anton Shekhovtsov. Conceptualizing Malign Influence of Putin's Russia in Europe	73
---	-----------

INTRO

Two years ago, we began to conduct research into what seemed like several disparate malign campaigns orchestrated by the Kremlin. As our list of examples grew, we began to realize they all had something in common: To undermine the democratic institutions in the West. As we began to catalog the actions taken by the Kremlin or under the guidance of the Kremlin, we published our first report that “connected the dots” and demonstrated that very little happens in campaigns against the West that doesn’t include the Kremlin’s fingerprints. Therefore, our biggest challenge in our compendium report, *Misrule of Law*, was having too many examples and determining what to keep and what to save for a later date.

Today we embark on a quarterly journal entitled *The Kremlin’s Influence Quarterly*, which continues our coverage of the Kremlin’s soft power, malfeasance and misfeasance and the persistence of its coordinated effort to do permanent damage to venerable institutions in the West. We thank our Senior Fellow Dr. Anton Shekhovtsov for taking a role as editor-in-chief of this journal as well as for writing a methodological base for it in the report “*Conceptualizing Malign Influence of Putin’s Russia in Europe.*”

The authors of this project are outstanding European analysts and representatives of key watchdogs and think tanks based in countries under current Kremlin attacks. In addition, we are thankful for the research and analytic writing of several Russian authors, many who have found new homes outside of Russia.

The Kremlin’s Influence Quarterly is focused on the Kremlin’s malign activities in three key areas: the European Union and United Kingdom, the Eastern Partnership countries and the Western Balkans. As a result, we will be covering actions taking place in “Big Europe,” which is of a particular interest to the Kremlin.

The first issue of the journal covers the operations of Kremlin or pro-Kremlin actors in Spain, Italy, Austria, Hungary, Bulgaria, Ukraine and Georgia. We will be following up with reports on the majority of the European Union, the Eastern Partnership countries and the Western Balkans states, thereby putting together the entire puzzle of the Kremlin’s plans in Europe.

We hope this quarterly journal will shine a brighter light on the Kremlin’s duplicity and send a message to those in the West that the Kremlin may appear to come with an outstretched hand of friendship when, in reality, it’s only looking for leverage options.

Natalia Arno,
President of Free Russia Foundation

Grigory Frolov,
Vice-President of Free Russia Foundation

SUMMARY

The first issue of *Kremlin Influence Quarterly* looks at malign influence operations of Vladimir Putin's Russia in the areas of diplomacy, law, economy, politics, media and responses to the COVID-19 pandemic.

The opening essay, "*Russian Malign Influence Operations in Coronavirus-hit Italy*" by Dr. Anton Shekhovtsov argues that by sending medical aid to Italy — a country that was among the hardest hit by the pandemic — the Kremlin pursued a political and geopolitical, rather than a humanitarian, agenda. The Kremlin sent aid to Italy against the background of rising distrust toward the EU in Italy as European institutions were late in demonstrating solidarity with the Italian people suffering from the pandemic. The Kremlin's influence operation was meant to show that it was Russia, rather than the EU or NATO, that was the true friend of Italy. Putin's regime hoped that it would undermine Italy's trust in the two international institutions even further and strengthen the country's opposition to the EU's sanctions policy on Russia.

In their chapter on Russian-Hungarian diplomatic relations, authors Péter Krekó and Dominik Istrate write that while Putin's Russia has often had a maliciously close relationship to some former Hungarian prime ministers, Russian influence over Hungary has gradually expanded since Viktor Orbán returned to power in 2010. The authors note a huge asymmetry that characterizes the relationship between the two countries, noting that the benefits are much more obvious for the Russian state than for Hungary. The diplomatic relations seem to be only the tip of the iceberg in the non-transparent bilateral ties—with the frequency of the meetings and some background information suggesting a deep and shady relationship.

Drawing on the example of Spain, Vladimir Zhbakov argues that the Russian authorities are directly affiliated with criminal groups in Europe. With the help of these groups, they launder their incomes and provide themselves and their friends and partners the opportunity to live comfortably in developed countries. Despite the efforts of Spanish authorities to investigate and prosecute illegal activities of Russian criminal groups and eliminate the effect of their malign influence on internal affairs, the results are still underwhelming.

In the first part of his essay on Austrian-Russian business relations, Martin Malek focuses on their political framework conditions, as well as side effects and consequences over the past two decades. The author asserts that the supply of natural gas and crude oil from Russia to and via Austria plays a special role in this relationship, since it accounts for the lion's share of Moscow's exports, and that it is also relevant for other EU countries which likewise purchase Russian gas. Furthermore, the author asserts that trade relations between Russia and Austria have advanced Russia's malign influence.

Egor Kuroptev's chapter provides an overview of disruptive Russian influence in Georgia. This influence manifests itself in a number of areas ranging from politics to disinformation. As a consequence of the 2008 Russo-Georgian war, the two coun-

tries have no diplomatic relations. Russia still occupies Georgian regions of South Ossetia and Abkhazia, while the Russian military continue its so-called “borderization,” a process of illegal movement of occupation lines deeper into the territory of Georgia. However, the author writes that Moscow is not interested in a change of the ruling regime in Tbilisi, as it sees them as more loyal to the Kremlin than any existing opposition party in Georgia.

In her essay Alisa Volkova discusses how large Russian businesses have successfully established close connections with Bulgarian politicians in order to promote their interests and deepen Bulgarian dependency on Russia’s energy sector, as well as keep corrupt politicians in positions of power. The author warns that such politically driven business activities directly and indirectly undermine the rule of law in Bulgaria by restricting media freedom and democratic institutions, such as elections.

Georgy Chizhov’s chapter looks at the workings of the pro-Kremlin media in Ukraine. The author identifies these media and analyzes narratives they promote in order to discredit democratic values and institutions in Ukraine and in the West, and to sow distrust both inside Ukrainian society as well as regarding European and American partners. He also examines Ukraine’s attempts to resist Russia’s information influence.

Anton Shekhovtsov’s concluding chapter provides a comprehensive theoretical framework for analyzing malign influence of Putin’s Russia in Europe. This influence is defined as one that directly or indirectly subverts and undermines European values and democratic institutions. The author highlights major areas in which actors of Putin’s Russia exercise malign influence and identifies main categories of Russian operators and their European facilitators that conduct or help conduct the Kremlin’s political warfare against the West.



RUSSIAN MALIGN INFLUENCE OPERATIONS IN CORONAVIRUS-HIT ITALY

Anton Shekhovtsov

An aerial photograph of a city, likely Rome, showing the Colosseum in the upper right quadrant. The image is overlaid with a green semi-transparent rectangle on the left side, which contains the title and author information. The text 'COVID-19' is overlaid at the bottom of the image in a large, white, sans-serif font.

COVID-19



ABOUT AUTHOR

Anton Shekhovtsov

Anton Shekhovtsov is a Senior Fellow at the Free Russia Foundation (USA), external lecturer at the University of Vienna (Austria), and expert at the European Platform for Democratic Elections (Germany).

INTRODUCTION

Pandemics always provided fertile soil for conspiracy theories, as facing global disasters often disempowers people and makes them susceptible to conspiratorial explanations of the sources of calamities. Global disasters are also often used by world powers to advance political objectives either domestically or vis-à-vis other nations.

In the 1980s, when AIDS started to spread across the globe and became the “the first postmodern pandemic,”¹ the Soviet Union ran a covert international campaign to convince the world that AIDS was a result of the Pentagon’s experiments aimed at creating new biological weapons.² At that time, while the Soviet leadership was convinced that the US was preparing a nuclear strike against the country, the Soviets realized that they could not compete with the West in the technological and military spheres. However, political warfare was a much cheaper means of competition with the West, and the Soviet Union became especially active in this particular area.

Today, observing the confrontation between Russia and the West, one can see similarities and dissimilarities with the Cold War, but one analogy with the later period of the Cold War is obvious: due to its economic weakness, Russia is unable to match Western technological advances and increasingly relies on various instruments

of political warfare in order to damage the West by subverting transatlantic relations, undermining trust in the EU and NATO, and sowing discord between Western nations.

As COVID-19 spread from China to the rest of the world and became a pandemic, Moscow used the disaster to intensify its political war against the West. Despite the fact that the pandemic hit Russia too, Vladimir Putin’s regime seems to have refused an opportunity to scale down political confrontation with the West by ending aggression against Ukraine and discontinuing attempts to destabilize Europe. On the contrary, the Kremlin decided to exploit the pandemic and target European countries that suffered the most from the deadly virus. Italy became one of these countries.

“FROM RUSSIA WITH LOVE”

On March 21, 2020, Putin spoke with Italian Prime Minister Giuseppe Conte,³ and the same day Putin ordered the Russian Ministry of Defence to form “an air grouping for a prompt delivery to Italy of help for fighting Coronavirus.”⁴ The help, as the press release of the Ministry of Defence read, would consist of “eight mobile brigades of expert virologists and military medics, auto-

1 Lars O. Kallings, “The First Postmodern Pandemic: 25 Years of HIV/AIDS,” *Journal of Internal Medicine*, 263, no. 3 (2008): 218-243.

2 Thomas Boghardt, “Operation INFEKTION: Soviet Bloc Intelligence and Its AIDS Disinformation Campaign,” *Studies in Intelligence*, 53, no. 4 (2009): 1-24.

3 “Telephone Conversation with Italian Prime Minister Giuseppe Conte,” *Events. President of Russia (website)*, March 21, 2020, <http://en.kremlin.ru/events/president/news/63048>.

4 “Minoborony Rossii sozdaet aviatsionnyu gruppировку dlya operativnoy dostavki pomoshchi Ital’yanskoy respiblike v bor’be s koronavirusom,” *Ministerstvo oborony Rossiyskoy Federatsii (website)*, March 22, 2020, https://function.mil.ru/news_page/country/more.htm?id=12283218@egNews.

mobile systems for aerosol disinfection of transport and territories, as well as medical equipment.”⁵

At that time, there were over 42 thousand active cases of COVID-19 in Italy and almost 5 thousand people had died of the virus.⁶ Of all European states, Italy was hit the hardest, and, already on 10 March, Maurizio Massari, Italy’s permanent representative to the EU, made an appeal for help and European solidarity.⁷ According to Massari, in February Italy asked the European Commission to activate the EU Mechanism of Civil Protection “for the supply of medical equipment for individual protection”; the Commission forwarded the request to the EU Member States but by the time Massari wrote his article, no EU nation had responded to the Commission’s call.⁸

At the same time, China had responded bilaterally and on 12 March, a Chinese aircraft brought to Italy nine medical experts and unloaded “31 tons of medical supplies including intensive care unit equipment, medical protective equipment, and antiviral drugs”—they were sent by the Chinese Red Cross.⁹ For the Chinese Communist Party (CCP), which had been accused by some Western experts, journalists and politicians, for mishan-

dling of the COVID-19 outbreak,¹⁰ the help to Italy was clearly an attempt to shift the international focus from blame to humanitarian response.

With Putin’s offer of help, the Kremlin apparently did not want to miss out on demonstrating its seeming goodwill against the background of the allegedly selfish EU countries. In the period between 23 and 25 March, fifteen Russian aircrafts landed on the Pratica di Mare military airbase delivering military experts and special equipment.¹¹ At the same time, Russian Defence Ministry “made an extraordinary effort to communicate the mission”: it sent 18 press releases on the subject between 21 and 24 March.¹² On 25 March, the Russian military formed a convoy consisting of 22 military vehicles—carrying stickers saying “From Russia with love” in Russian, English, and Italian—as well as buses with military experts.¹³ The convoy travelled 600 kilometers to the Orio al Serio airport in Bergamo, “where the joint Italian-Russian headquarters for the fight against coronavirus infection will be stationed.”¹⁴

For Russian state-controlled international media such as RT and Sputnik, Moscow’s help to Rome was the beginning of a long anti-EU campaign. With headlines saying “Italians praise Russia, deride EU after Vladimir Putin sends in coronavirus aid,”¹⁵ or “EU left Italy ‘practically alone’ to fight coronavirus, so Rome looked for help else-

5 “Minoborony Rossii sozdaet...”.

6 “Italy,” Worldometer (website), <https://www.worldometers.info/coronavirus/country/italy/>

7 Maurizio Massari, “Italian Ambassador to the EU: Italy Needs Europe’s Help,” *Politico*, March 10, 2020, <https://www.politico.eu/article/coronavirus-italy-needs-europe-help/>.

8 Elisabeth Braw, “The EU is Abandoning Italy in its Hour of Need,” *Foreign Policy*, March 14, 2020, <https://foreignpolicy.com/2020/03/14/coronavirus-eu-abandoning-italy-china-aid/>. Following Massari’s criticism, Germany suspended the controversial decree that had prohibited the export of masks, protective suits, etc. abroad, and declared that it would supply one million masks to Italy, see Tonia Mastrobuoni, “Coronavirus, la Germania invierà un milione di mascherine all’Italia,” *La Repubblica*, March 13, 2020, https://www.repubblica.it/esteri/2020/03/13/news/coronavirus_la_germania_invia_un_milione_di_mascherine_all_italia-251219227/. Later, Germany was joined by France in providing one million masks to Italy, see Michel Rose, “Europe Failing to Communicate Its Response to Coronavirus Crisis, France Says,” *Reuters*, March 25, 2020, <https://www.reuters.com/article/us-health-coronavirus-europe-france/europe-failing-to-communicate-its-response-to-coronavirus-crisis-france-says-idUSKBN21C3DT>. On the European solidarity in action see Coronavirus: “European Solidarity in Action,” *European Commission*, https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response/coronavirus-european-solidarity-action_en.

9 Braw, “EU is Abandoning Italy”; “Coronavirus, Di Maio: ‘Se sei solidale, ricevi solidarietà,’” *ANSA*, March 13, 2020, https://www.ansa.it/lazio/notizie/2020/03/12/coronavirus-arrivati-gli-aiuti-dalla-cina-anche-9-medici-specializzati_1a56ddbc-7bae-4f5a-8353-f0d15ba3a465.html.

10 Paul D. Miller, “Yes, Blame China for the Virus,” *Foreign Policy*, March 25, 2020, <https://foreignpolicy.com/2020/03/25/blame-china-and-xi-jinping-for-coronavirus-pandemic/>; David Gitter, Sandy Lu, and Brock Erdahl, “China Will Do Anything to Deflect Coronavirus Blame,” *Foreign Policy*, March 30, 2020, <https://foreignpolicy.com/2020/03/30/beijing-coronavirus-response-see-what-sticks-propaganda-blame-ccp-xi-jinping/>.

11 “Pyatnadsaty il-76 VKS RF dostavil v Italiyu sredstva dlya bor’by s koronavirusom,” *Ministerstvo oborony Rossiyskoy Federatsii* (website), March 25, 2020, https://function.mil.ru/news_page/country/more.htm?id=12283692@egNews.

12 “Coronavirus – Russische Hilfsoperation in Italien bisher vor allem PR,” *Austria Presse Agentur*, March 24, 2020.

13 “Spetsialisty Minoborony Rossii pristupili k soversheniyu marsha s aviabazy VVS Italii v g. Bergamo dlya okazaniya pomoshchi v bor’be s rasprostraneniem koronavirusnoy infektsii,” *Ministerstvo oborony Rossiyskoy Federatsii* (website), March 25, 2020, https://function.mil.ru/news_page/country/more.htm?id=12283714@egNews.

14 “Voennye spetsialisty Minoborony Rossii pribyli na aerodrom Orioal’-Serio v gorode Bergamo,” *Ministerstvo oborony Rossiyskoy Federatsii* (website), March 26, 2020, https://function.mil.ru/news_page/country/more.htm?id=12283835@egNews.

15 “Watch: Italians Praise Russia, Deride EU After Vladimir Putin Sends in Coronavirus Aid,” *Sputnik*, March 24, 2020, <https://sputniknews.com/europe/202003241078693863-watch-italians-praise-russia-deride-eu-after-vladimir-putin-sends-in-coronavirus-aid/>.

where, incl Russia,"¹⁶ "With united Europe MIA in its Covid-19 response, worst-hit nations turn to 'evil' Russia & China for help,"¹⁷ the message was clear: the EU showed no solidarity with Italy, while Putin's Russia demonstrated its goodwill despite the fact that Italy—along with the other EU nations—imposed economic and political sanctions on Russia. In the eyes of the Western audience, videos and pictures showing Russian military vehicles flying Russian flags and driving through Italy apparently had to project an image of Russia as a self-avowed savior of Italy and a mighty military force rushing to the rescue where NATO was feeble. And there were other Russian specialists who were in charge of promoting such an image: Russian journalists from the Zvezda TV network run by the Russian Defence Ministry who arrived in Italy together with the Russian military.¹⁸

The entire operation appeared to be a successful publicity coup for the Kremlin. Italy's Foreign Minister Luigi Di Maio personally welcomed the Russian aid at the Pratica di Mare airbase. Italian Chief of the Defence Staff General Enzo Vecciarelli was present at the airbase too and "thanked the Russian people for lending a helping hand."¹⁹ Former Prime Minister Silvio Berlusconi sent a letter to his personal friend Vladimir Putin saying that the Russian aid was "a real sacrifice made for friendship and love for Italy and the Italians," adding that Italians would "not forget it."²⁰

The visuals were important too. Russia's Ministry of Defence published a photo, which was later republished by dozens of media outlets across the world, in which Russian General Sergey Kikot, who led the Italian operation, showed something on the map of Italy to the representatives of the Italian military thus creating an impression that Russia had command power in a NATO member

state.²¹ Russian media resources also talked about ordinary Italians replacing EU flags with Russian ones and showed a video of an Italian engineer who did this while showing a piece of paper thanking Putin and Russia.²²

However, soon after the arrival of the Russian aid, details started to emerge suggesting that the operation "From Russia with love" had much more to do with political theatrics rather than with Moscow's philanthropy.

THE DARKER SIDE OF RUSSIAN GIFTS

The logistics of the delivery of the Russian aid alone pointed to a hidden agenda of the operation: why had the aid been delivered first to the Pratica di Mare airbase and then driven 600 kilometers to the Orio al Serio airport if the Russian airplanes could have delivered the aid directly to any of the four airports around Bergamo capable of receiving Russian military cargo airplanes? There are two possible explanations for this. First, the Russian military wanted to impress the public and the media with a long convoy of over 20 military vehicles symbolically conquering a NATO member state. Moscow would not have achieved such an effect had the aid been delivered straight to the destination point. Alexander Sladkov, a Russian military journalist working for the All-Russia State Television and Radio Broadcasting Company, called the operation "'a humanitarian axe' run into NATO's chest."²³ He also likened the Russian operation in Italy with the forced march of Russian forces to the Pristina International Airport in the aftermath of the Kosovo War in June 1999: the Russian military arrived in the airport ahead of the NATO forces and occupied it.²⁴ Yet another possible explanation for the apparently unreasonable 600 kilometer drive from the Pratica di Mare airbase to Bergamo is that the Russian mission to Italy was "a front for intelligence gathering," so the trip could, indeed, be used by the Russian military to collect intelligence "at

16 "EU left Italy 'practically alone' to fight coronavirus, so Rome looked for help elsewhere, incl Russia – ex-FM Frattini to RT," RT, March 24, 2020, <https://www.rt.com/news/483897-italy-eu-coronavirus-solidarity-russia/>.

17 Damian Wilson, "With United Europe MIA in Its Covid-19 Response, Worst-hit Nations Turn to 'Evil' Russia & China for Help," RT, March 23, 2020, <https://www.rt.com/op-ed/483865-europe-coronavirus-russia-china/>.

18 Konstantin Khudoleyev, "Iz Rossii s lyubov'yu: kak okhvachennaya koronavirusom Italiya vstretila rossiyskikh spetsialistov," Zvezda, March 23, 2020, https://tvzvezda.ru/news/vstrane_i_mire/content/20203231327-JqrfK.html.

19 "Russian Military Planes with Medics & Supplies Land in Coronavirus-hit Italy," RT (VIDEO), March 22, 2020, <https://www.rt.com/russia/483796-russian-military-coronavirus-aid-italy/>.

20 Giorgia Baroncini, "Coronavirus, Putin invia aiuti all'Italia. Il Cav: 'Non lo dimenticheremo,'" *Il Giornale*, March 23, 2020, <https://www.ilgiornale.it/news/politica/coronavirus-putin-invia-aiuti-allitalia-cav-non-1845152.html>.

21 "The Use of Russian Military Specialists in the Fight against the Coronavirus Pandemic Was Discussed in Rome," Ministry of Defence of the Russian Federation (website), March 24, 2020, https://eng.mil.ru/en/news_page/country/more.htm?id=12283590@egNews.

22 It later turned out that the person was "personally fond of Russia and of President Putin" and had "done some business with Russian companies," see "Coronavirus: What Does 'from Russia with Love' Really Mean?" BBC, April 3, 2020, <https://www.bbc.com/news/world-europe-52137908>.

23 Alexander Sladkov, "Kuzhugetych Zhzhet!" Sladkov + (Telegram channel), March 22, 2020, https://t.me/Sladkov_plus/1916.

24 Sladkov, "Kuzhugetych Zhzhet!"

the heart of NATO.”²⁵ Of course, one can argue that it was cheaper for the Russian military to deliver the aid to the Pratica di Mare airbase than all the way to the Orio al Serio airport. However, the distance between the two airports is insignificant in comparison to the distance between Russia and Italy, and, furthermore, the Russian military anyway charged the Italians for the fuel and the flights of their cargo airplanes.²⁶

Furthermore, Italian expert Massimiliano Di Pasquale argued—with a reference to Italian specialists—that “there was no need at all in the disinfection of the streets” in Bergamo.²⁷ Andrea Armario, a former spokesperson for Italy’s Defence Ministry, also “questioned the need for Russian military medics to disinfect areas when there were already nuclear, biological and chemical military teams in Italy capable of doing the job.”²⁸

According to the investigation by Italian investigative journalist Jacopo Iacoboni, high-level political sources told *La Stampa* that 80% of the Russian aid was either useless or of little use to Italy, as the Russian delivery mostly consisted of disinfection and sterilization equipment. The same sources argued that Putin was pursuing “geopolitical and diplomatic” interests, while Conte had to play along as he needed any help in the situation of the severe crisis.²⁹

Moscow immediately and angrily responded to Iacoboni’s article. Russia’s Ambassador to Italy Sergey Razov called the Russian aid “a selfless desire to help a friendly people in trouble” and slammed the assertions made in the article as “the product of a perverse mind.”³⁰

25 Natalia Antelava and Jacopo Iacoboni, “The Influence Operation behind Russia’s Coronavirus Aid to Italy,” *Coda*, April 2, 2020, <https://www.codastory.com/disinformation/soft-power/russia-coronavirus-aid-italy/>.

26 Jacopo Iacoboni and Paolo Mastrolilli, “Nella spedizione dei russi in Italia il generale che negò i gas in Siria,” *La Stampa*, April 16, 2020, <https://www.lastampa.it/topnews/primo-piano/2020/04/16/news/nella-spedizione-dei-russi-in-italia-il-generale-che-nego-i-gas-in-siria-1.38722110>.

27 Natal’ya Kudrik, “Ital’yanskiy obozrevatel’: rossiyskaya ‘pomoshch’ – eto operatsiya propagandy,” *Krym.Realii*, April 4, 2020, <https://ru.krymr.com/a/italianskiy-obozrevtel-rossiyskaya-pomoshch-operatsiya-propagandy/30529765.html>.

28 Angela Giuffrida and Andrew Roth, “Moscow’s Motives Questioned over Coronavirus Aid Shipment to Italy,” *Guardian* (US edition), April 27, 2020, <https://www.theguardian.com/world/2020/apr/27/moscow-motives-questioned-over-coronavirus-aid-shipment-to-italy>.

29 Jacopo Iacoboni, “Coronavirus, la telefonata Conte-Putin agita il governo: ‘Più che aiuti arrivano militari russi in Italia,’” *La Stampa*, March 25, 2020, <https://www.lastampa.it/topnews/primo-piano/2020/03/25/news/coronavirus-la-telefonata-conte-putin-agita-il-governo-piu-che-aiuti-arrivano-militari-russi-in-italia-1.38633327>.

30 “Posol v Italii otsenil soobshcheniya o ‘vystavlenii scheta’ za pomoshch,’” *RIA Novosti*, March 25, 2020, <https://ria.ru/20200325/1569157787.html>.

The Russian Defence Ministry joined the campaign too. Its spokesman Major General Igor Konashenkov called Iacoboni’s article in *La Stampa* an attempt “to discredit the Russian mission” and added, in awkward English:

Hiding behind the ideals of freedom of speech and pluralism of opinions, *La Stampa* manipulates in its materials the most low-grade Russophobic fakes of the Cold War, referring to so called certain “opinions” of anonymous “high-ranking sources. At the same time, ‘*La Stampa*’ does not disdain to use literally everything that the authors manage to invent on the basis of recommendations from apparently not decayed textbooks on anti-Soviet propaganda. [...] As for the attitude to the real customers of the Russophobic media campaign in *La Stampa*, which we know—we recommend that you learn the ancient wisdom—*Qui fodit foveam, incidet in eam* (He that diggeth a pit, shall fall into it). And to make it clearer: Bad penny always comes back.³¹

Reacting to Konashenkov’s “ancient wisdom,” Iacoboni said: “It is a threatening and intimidating phrase [...] not only towards me but also towards my newspaper. In Italy we do not let ourselves be intimidated; freedom of criticism exists here. We are not Chechnya.”³² In their turn, the editorial board of *La Stampa* expressed its “outrage upon the serious attack” of the Russian Defence Ministry on the newspaper and Iacoboni.³³

What Moscow did not realize was that its vicious attacks against Italian journalism ruined much of the positive effect of the Russian mission in Italy. In their joint notice, Italy’s Defence Ministry and Foreign Ministry declared that Italy was grateful for the Russian aid, but, at the same time, they could not “help but blame the inappropriate tone of certain expressions used by the spokesman of the Ministry of Russian Defence against some articles published the Italian press. Freedom of speech and the right to criticize are fundamental values for Italy, as well as the right to reply, both characterised by formality and substantial fairness. In this moment of global emer-

31 “Statement by the Spokesman of the Ministry of Defence of the Russian Federation Major General Igor Konashenkov,” Facebook, April 2 2020, <https://www.facebook.com/mod.mil.rus/posts/2608652339377506>.

32 Monica Rubino and Concetto Vecchio, “Russia contro il giornalista de ‘*La Stampa*’ Jacopo Iacoboni. Esteri e Difesa: ‘Grazie per aiuti ma rispettare libertà di stampa,’” *La Repubblica*, April 3, 2020, https://www.repubblica.it/politica/2020/04/03/news/iacoboni_la_stampa_russia-253020378/.

33 “Le accuse di Mosca e la nostra risposta,” *La Stampa*, April 3, 2020, <https://www.lastampa.it/lettere/2020/04/03/news/le-accuse-di-mosca-e-la-nostra-risposta-1.38672825>.

gency, the control and analysis task of the free press is more essential than ever.”³⁴ Mayor of Bergamo Giorgio Gori tweeted: “Solidarity with @jacopo_iacoboni and La Stampa subjected to the intimidation from a Russian defence spokesman. We are grateful to have Russian doctors and nurses in #Bergamo who help us treat our patients, but no threat to free information is acceptable.”³⁵ Many other politicians and journalists expressed their solidarity with Iacoboni too.³⁶

However, Russian officials and state-controlled international media continued their attack on *La Stampa* and Iacoboni.

Russian Foreign Ministry Spokeswoman Maria Zakharova declared that a company registered in London was behind Iacoboni’s article in *La Stampa*. She did not provide either the name of the company or any other details, but vaguely noted: “When we began to study it [the article], it turned out that this is a purely commercial operation that some foreign structures attempted to stage using non-transparent methods.”³⁷ While it is unclear what British “commercial operation” Zakharova had in mind, a fringe Russian-language website, Foundation for Strategic Culture, ran a story that claimed that “Anglo-Saxons” were behind *La Stampa*’s “provocative attack” referring to the incorrect information that the newspaper was owned by Chrysler whose chairman John Elkann was from New York and CEO Michael Manley was from Britain.³⁸

The Italian edition of *Sputnik* published an article written by now late Giulietto Chiesa, a long-time pro-Kremlin activist and associate of Russian fascist Alexan-

der Dugin,³⁹ who claimed that *La Stampa* was a “notoriously Russophobic newspaper” (ironically, Chiesa wrote for *La Stampa* in 1991-2000), while Iacoboni allegedly “specialized in spreading the germs of an apparently very infectious disease of Russophobia.”⁴⁰

Chiesa was not the only Italian “friend of Russia” who was directly or indirectly mobilised by the Russian state and non-state actors in Moscow’s attempts to generate “hype” around the Russian aid to Italy. On April 14, 2020, the Russian Defence Ministry issued a press release stating that Professor Maria Chiara Pesenti from the University of Bergamo sent a letter of appreciation to the Russian military. Pesenti, due to her specialization in Russian language and literature, is a frequent visitor of Russia, and, in November 2019, Putin awarded her with a Medal of Pushkin.⁴¹ And already in March 2020, Italian far-right activist Gian Luigi Ferretti, who was part of the politically biased election observation mission⁴² at the Russian 2018 presidential election,⁴³ uploaded a video on YouTube on which a recording of the Russian anthem was played from the headquarters of the Italian fascist organization CasaPound.⁴⁴ (Uninitiated viewers would, however, hardly recognize the headquarters of CasaPound and just see Italian flags and hear the Russian anthem).

Furthermore, Italian newspaper *La Repubblica* reported that Russian citizens were sending requests to their Italian friends and acquaintances offering €200 (approximately \$217) for thank-you videos on Facebook, Instagram or Twitter. The requests allegedly came from the Russian media, but no name was given. In order to earn money, Italians were supposed “to say something

34 “Nota congiunta del Ministero della Difesa e del Ministero degli Affari Esteri e della Cooperazione Internazionale,” Ministero degli Affari Esteri e della Cooperazione Internazionale (website), April 3, 2020, https://www.esteri.it/mae/it/sala_stampa/archivionotizie/comunicati/nota-congiunta-del-ministero-della-difesa-e-del-ministero-degli-affari-esteri-e-della-cooperazione-internazionale.html.

35 Giorgio Gori, “Solidarietà a @jacopo_iacoboni e alla Stampa per le intimidazioni ricevute da portavoce della Difesa russo,” Twitter, April 3, 2020, https://twitter.com/giorgio_gori/status/1246008841755668480.

36 Rubino and Vecchio, “Russia contro il giornalista de ‘La Stampa’ Jacopo Iacoboni.”

37 “UK Company behind La Stampa’s Article Claiming Russian Aid to Italy Useless – Diplomat,” TASS, April 2, 2020, <https://tass.com/politics/1139323>.

38 Vladimir Malyshev, “Uchebniki po antisovetskoy propagande eshche ne sgnili,” *Fond strategicheskoy kul’tury*, April 9, 2020, <https://www.fondsk.ru/news/2020/04/09/uchebniki-po-antisovetskoy-propagande-eshe-ne-sgnili-50575.html>.

39 Andreas Umland, “Aleksandr Dugin’s Transformation from a Lunatic Fringe Figure into a Mainstream Political Publicist, 1980–1998: A Case Study in the Rise of Late and Post-Soviet Russian Fascism,” *Journal of Eurasian Studies*, 1, no. 2 (2010): 144-152.

40 Giulietto Chiesa, “Quelli che sparano sulla Croce Rossa,” *Sputnik*, April 7, 2020, <https://it.sputniknews.com/opinioni/202004078943748-quelli-che-sparano-sulla-croce-rossa/>.

41 “Putin v Den’ narodnogo edinstva vruchil nagrody v Kremle,” RIA Novosti, November 4, 2019, <https://ria.ru/20191104/1560560522.html>.

42 Politically biased international election observation is a form of political activity performed by international actors with the aim of advancing interests of certain politicians and political forces by imitating credible election monitoring during electoral processes.

43 See Anton Shekhovtsov, “Politically Biased International Election Observation at the 2018 Regional Elections in Russia,” *European Platform for Democratic Elections*, October 5, 2018, <https://www.epde.org/en/documents/details/politically-biased-international-election-observation-at-the-2018-regional-elections-in-russia.html>.

44 Gian Luigi Ferretti, “25 marzo 2020: Inno russo da CasaPound a Roma,” YouTube, March 25, 2020, <https://www.youtube.com/watch?v=r1OK4gQKtXc>.

good” about the Russian aid offered to Italy: “better videos or texts with photos, but for videos they pay 200 euros, for text they give less.”⁴⁵ However, *La Repubblica* was cautious about linking these practices to the activities of the Russian state actors.

FAR-RIGHT FREELOADING

The Russian aid to Italy offered an opportunity to a number of pro-Kremlin actors to pursue their own political and personal interests. On 23 March, Alexey Pushkov, a Russian senator who is prone to self-promotion through provocative tweets related to foreign policy, tweeted that Poland had “not let Russian aircraft carrying aid to Italy pass through its airspace.”⁴⁶ Pushkov is also one of the most cited politicians in the Russian media space, and several Russian media outlets—including various editions of *Sputnik*—quickly picked up Pushkov’s message that generally fed into the Kremlin’s animosity towards Poland.⁴⁷ However, Poland’s Foreign Ministry promptly refuted Pushkov’s claim, and *Sputnik* had to amend its reports on the issue,⁴⁸ while Pushkov deleted his tweet. Nevertheless, his claim permeated into the milieu of Italian conspiracy theorists and anti-EU activists.⁴⁹

While Pushkov’s tweet was hardly underpinned by any other reason apart from the Russian senator’s proclivity for provocative political utterances, some other developments around the Russian aid to Italy had complex agendas behind them.

On 20 March, Ulrich Oehme, a member of the German parliament from the far-right party Alternative for Germany (*Alternative für Deutschland*, AfD), sent letters to two Russian contacts. One letter was addressed to the

Chairman of the State Duma Committee on International Affairs Leonid Slutsky and the other—to a member of the Moscow City Duma, Roman Babayan. The letters seem to be practically identical and, in particular, read: “Today, Mr. Paolo Grimaldi, a member of the Council of Europe from the Northern League (Lombardy), turned to us with a desperate cry for help via the WhatsApp group of European Conservatives. The situation with the hospitals in Lombardy is extremely critical. They urgently need doctors. For this reason, I ask you to see whether the Russian Federation can help people of Lombardy with doctors and ventilators. I have just talked with Mr. Grimaldi on the phone and he is excited about my idea to talk to you about help.”⁵⁰ When the media reported about Putin’s decision to provide aid to Italy, the AfD claimed that “the Russian leadership responded to a request from the Bundestag member Ulrich Oehme concerning Northern Italy severely affected by the coronavirus.”⁵¹

The background of the above-mentioned figures suggests that Oehme’s letters were most likely part of an elaborate influence operation.

The AfD’s foreign policy positions very often coincide with those of the Kremlin, and this far-right party is extremely critical of the EU’s sanctions imposed on Putin’s Russia. The AfD’s members often pay visits to Moscow to meet Russian officials, and, in February 2017, the AfD’s leadership discussed cross-party cooperation with a number of Russian politicians including Leonid Slutsky—one of the two Russian politicians to whom Oehme addressed his letters. Oehme himself was involved in pro-Kremlin activities. In March 2018, he illegally visited Russia-annexed Crimea where he “observed” the illegitimate Russian presidential election.⁵² Furthermore, he tried to promote the interests of the Russia-controlled “Donetsk People’s Republic” and “Lugansk People’s Republic” in the Council of Europe in 2019.⁵³

45 Fabio Tonacci, “‘200 euro se ringrazi la Russia per gli aiuti’: quello strano arruolamento su WhatsApp,” *La Repubblica*, April 12, 2020, https://www.repubblica.it/esteri/2020/04/12/news/russia_propaganda_a_pagamento-253794264/.

46 Alexey Pushkov, “Pol’sha ne propustila rossiyskie samolety s pomoshch’yu dlya Italii cherez svoe vozdushnoe prostranstvo,” Twitter, March 23, 2020, <http://archive.is/fdk6R>.

47 See, for example, “Russian Planes Carrying Aid to Italy Blocked from Using Poland Airspace – Russian Lawmaker,” *Sputnik*, March 23, 2020, <https://web.archive.org/web/20200324003727/https://sputniknews.com/world/202003231078687190-russian-planes-carrying-aid-to-italy-blocked-from-using-poland-airspace---russian-lawmaker/>.

48 See “Poland Says Its Airspace Open for Russian Planes Carrying Aid to Italy,” *Sputnik*, March 23, 2020, <https://sputniknews.com/world/202003231078687190-russian-planes-carrying-aid-to-italy-blocked-from-using-poland-airspace---russian-lawmaker/>.

49 “Russia Exploits Italian Coronavirus Outbreak to Expand Its Influence,” *Medium*, March 30, 2020, <https://medium.com/dfrlab/russia-exploits-italian-coronavirus-outbreak-to-expand-its-influence-6453090d3a98>.

50 “Oehme: Europaratsmitglieder bilden Phalanx zur Bewältigung der Corona-Krise in Italien,” *Fraktion der AfD im Deutschen Bundestag*, March 23, 2020, <https://www.afdbundestag.de/mdb-ulrich-oehme-europaratsmitglieder-bilden-phalanx-zur-bewaeltigung-der-corona-krise-in-italien/>; “Deputat Bundestaga obratilisya k Rossii za pomoshch’yu okhvachennoy koronavirusom Italii,” *Govorit Moskva*, March 21, 2020, <https://govoritmoskva.ru/news/228659/>.

51 “Oehme: Europaratsmitglieder bilden Phalanx zur Bewältigung der Corona-Krise in Italien.”

52 See Anton Shekhovtsov, “Foreign Observation of the Illegitimate Presidential Election in Crimea in March 2018,” *European Platform for Democratic Elections*, April 3, 2018, <https://www.epde.org/en/news/details/foreign-observation-of-the-illegitimate-presidential-election-in-crimea-in-march-2018-1375.html>.

53 “Predstaviteli ORDLO vstretilis’ v Minske s deputatom PASE,” *Naviny*, December 16, 2019, <https://naviny.by/new/20191216/1576476063-predstaviteli-ordlo-vstretilis-v-minske-s-deputatom-pase>.



Everything is gonna be fine, Bologna, Italy, 2020. Photo: Pietro Luca Cassarino, <https://www.flickr.com/photos/184568471@N07/49689932383/>

Paolo Grimoldi's party Northern League (*Lega Nord*, LN) is known for its pro-Kremlin foreign policy positions too, and signed, in March 2017, a coordination and cooperation agreement with the ruling United Russia party. Grimoldi himself contributed to the development of the relations between his party and Russian state and non-state actors. In October 2014, he announced the creation of the cross-party group, Friends of Putin, in the Italian parliament.⁵⁴ Although there is no evidence that this group eventually took off or was successful in promoting rapprochement between Italy and Russia, the Russian media widely reported on this initiative attempting to show—against the backdrop of the Western sanctions against Putin's Russia—the alleged growth of pro-Kremlin sentiments in the West.

In his turn, Slutsky—as chairman of the parliamentary committee on international affairs—coordinated several important contacts between the European far right and Russian state actors. For example, it was Slutsky who officially invited Marine Le Pen, the leader of the French far-right National Front (later renamed into National Rally) to meet Putin in March 2017, a month before the first round of the French presidential election.⁵⁵ Slutsky also supervised several politically biased international elec-

tion observation missions that included many European far-right politicians.⁵⁶

According to the German media outlet *Bild*, in parallel to Oehme's efforts, the LN essentially forced a difficult choice on Conte: either accept aid from Moscow and grant Russia a publicity stunt, or reject it and suffer an outrage from the suffering Italian population.⁵⁷ From this perspective, Oehme's letters to Russian politicians seem to be not only an attempt to advance political interests of the AfD and LN, but also an endeavour to put additional pressure on Conte.

Like Slutsky, Grimoldi and Oehme are members of the Council of Europe, and—given this fact, as well as Grimoldi's engagement with the pro-Kremlin activities—he did not really need Oehme to be an intermediary between him and Slutsky. The involvement of Oehme can be simply explained by his desire to secure Russian favors not only for the LN, but also for the AfD—by displaying servility before Russia. Slutsky was an obvious choice as the first addressee of the letter coordinated by Grimoldi

54 Anton Shekhovtsov, *Russia and the Western Far Right: Tango Noir* (Abingdon: Routledge, 2018), 185-186.

55 "France's Le Pen, on Russia Visit, Heads to Kremlin for Exhibition," Reuters, March 24, 2017, <https://www.reuters.com/article/us-russia-france-lepen-idUSKBN16V12E>.

56 Anton Shekhovtsov, "Politically Biased Foreign Electoral Observation at the Russian 2018 Presidential Election," *European Platform for Democratic Elections*, April 16, 2018, <https://www.epde.org/en/documents/details/politically-biased-foreign-electoral-observation-at-the-russian-2018-presidential-election-1423.html>.

57 Julian Röpcke, "Wie die AfD Putins Militär in Italien einschleuste," *Bild*, March 26, 2020, <https://www.bild.de/politik/ausland/politik-ausland/corona-krise-wie-die-afd-putins-militaer-in-italien-einschleuste-69638656.bild.html>.

and Oehme, due to his membership in the Council of Europe and coordination of the relations between European politicians and Russian state actors. Unlike Slutsky, however, Roman Babayan has little in common with European politicians or Russian malign influence operations in Europe, but he seemed to be a good choice as a second addressee of the letter because of his connections with the Russian media. Babayan is a chief editor of the *Govorit Moskva* radio station and cooperates with the functionally state-controlled NTV television channel, so his task was to spread the word about Italy's "cry for Russian help" in the media, and so he did.⁵⁸ The outcome of the operation was obvious: Oehme and Grimoldi strengthened pro-Kremlin foreign policy positions of their parties in order to seek further favors from Moscow, while contributing to the domestic pressure on Conte and consolidating the international image of Putin's Russia as the true friend of Italian people.

CONCLUSION

It would be wrong to argue that the Russian aid delivered to Italy was completely useless. However, it would be equally wrong to assume that this aid was primarily driven by humanitarian considerations, because the main objective of the "From Russia with love" operation was to demonstrate to the Italian people that it was Russia, rather than the EU or NATO, that was the true friend of Italy.

The relevance of such an operation could only become possible due to the initial confusion in European capitals in the face of the unfolding crisis. As President of the European Commission Ursula von der Leyen said in the middle of April 2020, "too many were not there on time when Italy needed a helping hand at the very beginning."⁵⁹ Von der Leyen offered "a heartfelt apology" for the lack of European solidarity with Italy at the start of the crisis,⁶⁰ but neither her apology nor the fact that EU states eventually rendered much greater assistance to Italy than China or Russia could undo what had been done: the erosion of Italians' trust towards the EU.

The Kremlin readily helped to erode this trust as It-

aly was "perceived by Moscow as the weak link in the EU."⁶¹ By launching its malign influence operation, Putin's regime hoped that—by undermining Italy's trust in the EU—the Kremlin contributed to strengthening Italy's opposition to the EU's sanctions policy on Russia. At the end of April 2020, Moscow decided to covertly test the efficiency of its tactics in Italy. On 27 April, Russian Ambassador Sergey Razov forwarded to Vito Rosario Petrocelli, chairman of the Italian Senate's Foreign Affairs Committee, an appeal by Slutsky, and asked his addressee to inform Italian senators of its contents.⁶² In his appeal, Slutsky called upon the international community—without singling out any particular nation—to support Russia's resolution at the United Nations that would make it easier to lift sanctions imposed on Russia.⁶³ Razov forwarded Slutsky's appeal in two versions: an original Russian version and a translation into Italian. Curiously, Razov specified in his cover letter that the Italian version was an unofficial translation which implies that his efforts took place behind closed doors and was yet another malign influence operation.

Russia was not the only beneficiary of its influence operations in Italy: representatives of German and Italian far-right parties, known for their pro-Kremlin foreign policy attitudes, had an opportunity to showcase their allegiance to Russia by reinforcing its self-imposed image of a well-meaning global power, and, therefore, seek support from Moscow in the future.

58 "Deputat Bundestaga obratilsya k Rossii za pomoshch'yu okhvachennoy koronavirusom Italii."

59 "Speech by President Von der Leyen at the European Parliament Plenary on the EU Coordinated Action to Combat the Coronavirus Pandemic and Its Consequences," *European Commission*, April 16, 2020, https://ec.europa.eu/commission/presscorner/detail/en/speech_20_675.

60 "Speech by President Von der Leyen."

61 Luigi Sergio Germani, "The Coronavirus Pandemic and Russian Information Warfare Activities in Italy," *Centre for Democratic Integrity*, April 28, 2020, <https://democratic-integrity.eu/the-coronavirus-pandemic-and-russian-information-warfare-activities-in-italy/>.

62 Razov's cover letter and Slutsky's appeal can be found here: <https://www.linkiesta.it/wp-content/uploads/2020/05/Lettera-nr.1072-del-27.04.2020.pdf>.

63 The appeal appeared on several websites of Russian diplomatic institutions, see, for example: Leonid Slutsky, "An Appeal by Mr L. Slutsky, MP, to Abandon the Sanction Policy in the Face of COVID-19 Pandemia," *The Embassy of the Russian Federation in the Republic of India*, April 24, 2020, https://india.mid.ru/en/press-office/news/an_appeal_by_mr_slutsky/.



RUSSIAN-HUNGARIAN DIPLOMATIC RELATION- SHIP: AN ICEBERG ABOVE THE ABYSS

Dominik Istrate, Péter Krekó

An aerial photograph of the Hungarian Parliament Building in Budapest, Hungary. The building is a large, ornate Gothic Revival structure with a prominent red dome and spires. The Danube River is visible in the foreground. The image is partially obscured by a yellow overlay on the left side.

DIPLOMACY



ABOUT AUTHORS

Péter Krekó

Péter Krekó is Director of the Political Capital Institute (Hungary), Assistant Professor at the ELTE University (Hungary), Europe's Futures Fellow of the Institute for Human Sciences and Erste Foundation (Austria), and Associate Fellow at JHU SAIS Bologna Policy Institute (Italy).



Dominik Istrate

Dominik Istrate is a Fellow at the Political Capital Institute (Hungary) and Chairman of the Advisory Board at the Central Europe Association (Hungary).

INTRODUCTION

Russian efforts to assert influence over European countries include several tools, ranging from targeted disinformation campaigns through election interference to even military confrontation. In the case of Hungary, none of these drastic measures was needed since it was Hungary itself that allowed Russian presence to evolve and grow. The deepening of the bilateral relations went hand in hand with a democratic backsliding: The Central European country has experienced a massive democratic decline as Viktor Orbán and his ruling Fidesz party tightened its grip over independent institutions, gained control over a large number of previously independent media outlets, and established a centralized form of corruption to the advantage of government-friendly business elites. International watchdogs now rank Hungary as a “partly free country”¹—the only one within the European Union—where state-organized corruption is abundant.

Before rising to power in 2010, Orbán maintained a strongly critical position towards Vladimir Putin and Russia, criticizing incumbent socialist PM Ferenc Gyurcsány, one of his predecessors for making “secret dealings” in Moscow. He condemned the South Stream project and endorsed Nabucco instead, and harshly criticized Russia’s aggression in Georgia during the 2008 war. Orbán’s critical attitude lasted until about 2009, when he met with Vladimir Putin on an unofficial side meeting of the United Russia Party congress in St. Petersburg. The

pro-Russian shift was evident from the beginning of his governmental term (2010), when the policy of Eastern Opening was announced (and this has been regarded to be a success since then²). But there was an even bigger leap in the bilateral ties in 2014 when the two politicians undersigned a pact on the extension of the Hungarian nuclear capacities and Orbán started to embrace Moscow as a political role model, arguing that he is aiming for establishing what he called an “illiberal democracy.” Such a political and economic environment provided the Kremlin with an easy entry to assert its strategic goals of weakening the Western alliances through a country which fell out from Russia’s geopolitical orbit after joining NATO in 1999 and the European bloc in 2004.

KEY TAKEAWAYS ON BILATERAL RELATIONS

Since 2013, the Hungarian prime minister and the Russian president—accompanied by other senior government officials—have participated in several high-level talks on an annual basis that were either preceded or followed by ministerial meetings between Péter Szijjártó, Hungary’s foreign affairs and trade minister, and Sergey Lavrov, his Russian counterpart.

The meetings revealed that Hungary is very important for Russian diplomacy. The numbers alone speak for themselves. The Russian president’s visit to Budapest on

1 “Freedom in the World 2020. Hungary Overview,” *Freedom House*, March 4, 2020, <https://freedomhouse.org/country/hungary/freedom-world/2020>.

2 Ministry of Foreign Affairs and Trade of Hungary, “The Eastern Opening is a successful choice,” *Government of Hungary*, January 24, 2020, <https://www.kormany.hu/hu/kulgazdasagi-es-kulugyminiszterium/hirek/sikeres-dontes-a-keleti-nyitas>.



Vladimir Putin with Victor Orbán during a visit to Budapest, 2019. Photo: kremlin.ru

October 30, 2019 was the eighth high-level bilateral meeting between Putin and Orbán since the annexation of Crimea. Since 2014, the two leaders meet every year on a bilateral level, and twice in 2016 and 2018. This frequency is unprecedented in Central European countries and very rare even within the EU. According to our analysis, only leaders of Germany, France,³ and Finland met with Orbán more frequently in this period. Hungary is clearly punching way above its political and economic weight in terms of its perceived importance for the Kremlin.

On the surface, the bilateral relations are mostly driven by the economy and trade. While leaders of Hungarian diplomacy were talking about the need for establishing a “friendship” with Putin’s Russia in 2010, the Hungarian prime minister’s total U-turn on Russia was unveiled in early 2014 when—during a visit to Moscow—the two sides announced that Russian nuclear giant Rosatom would be building the extension of Hungary’s sole nuclear power plant in Paks. The announcement marked a significant economic expansion for Russia in Hungary since the power plant in question produces 50 percent of the electricity generated in Hungary. The project was not only a starting point of newly forging ties between Moscow and Budapest but it will have an impact on Hungary’s economy for years to come: the extension of the

Paks power plant will be carried out for 12.5 billion euros of which 10 billion euros are provided as a Russian state loan, making it the largest-ever foreign investment in post-Soviet Hungary. There is another factor at play: gas. Hungary—similar to most other Central and Eastern European countries—relies heavily on Russian fossil fuels to meet its energy needs (as of 2018, Russia provided 60 percent of Hungary’s gas consumption). Negotiations about securing long-term gas imports between the Hungarian government—usually represented by its foreign minister—and Russian gas giant Gazprom allowed the continuation of regular talks in a very tense geopolitical environment. Cheap gas is important for Orbán for political reasons as well: reducing utility prices was an important reason for his reelection in 2014. But generally, it is really hard to find economic benefits for Hungary from the deepening economic relationships—at least on the level of public interests.

Since the annexation of Crimea, the Hungarian-Russian bilateral meetings seem to set an alternative to the official EU approach to Russia. Following the 2014 agreement on the extension of the Paks power plant, Orbán and Putin agreed to hold talks every year, with these negotiations alternating between Moscow and Budapest from one year to the next. These high-level connections were maintained even when EU-Russia relations came under strain. Following Russia’s annexation of Crimea from Ukraine and the Kremlin’s support for pro-Russian

3 Including the Normandy talks on Ukraine.

separatists in the Donbas region, the official policy of the EU was to downgrade relationships with Moscow. While most leaders of EU member states followed suit, the Hungarian PM instead switched to a higher gear in diplomatic relations. The 2015 summit was the first meeting of the two leaders in Budapest a year after the annexation of Crimea, allowing the Russian president to comment on the war in eastern Ukraine and propose a solution while standing on the soil of a NATO and EU member state.

The following meeting of the two leaders in 2016 was seen as a reinforcement of the previous summit: Putin invited Orbán to Moscow to court support for opposing the EU's economic sanctions regime against Russia over its aggression in Ukraine. And this spirit of the bilateral meetings—providing a verbal alternative of the joint EU policy—remained in place. “Non-economic problems cannot be solved through economical solutions,” Orbán iconically said about the EU's sanctions policy during the 2017 summit of the two leaders, arguing that EU sanctions and Russia's counter-sanctions are hurting the Hungarian economy—strongly exaggerating their impact.⁴ In turn, the Russian leader again chose to address hot issues around Ukraine from Budapest, suggesting that Ukraine looks to disregard the 2015 Minsk Accords.⁵ During his 2018 visit to Moscow, the Hungarian PM argued that the West should introduce a new form of cooperation with Russia since “it is always better for Hungarians when there is no tension [with Moscow].”⁶ In light of the still ongoing Donbas war, the latest meeting of the two leaders in 2019 was also seen as a blow to Kyiv: Orbán vowed to continue Hungary's blocking of NATO membership talks with Ukraine as long as the Ukrainian authorities do not ensure the rights of ethnic Hungarians in western Ukraine.⁷ The Hungarian PM strongly asserted that his Ukraine policy had nothing to do with Russia—while he was standing next to the Russian president.

The unique feature of the Russian-Hungarian bilateral meetings thus became a strange ambivalence. Hungary never officially abandoned the EU's policy. The Hungarian government did not break the unity on

sanctions within the European Council, and Orbán never questioned the territorial integrity of Ukraine. At the same time, the message these meetings sent to the world was always that there would be a better way of dealing with Moscow than the official EU policy, and Hungary shows the way as the bridge between Europe and Moscow.

THE DISCREET CHARM OF ASYMMETRY

If we take a closer look at the bilateral relationship, the benefits for Moscow seem to be much more obvious than the benefits for Hungary.

The benefits for the Kremlin are threefold. First, the direct economic benefits are beyond doubt. Long-term gas contracts and the expansion of nuclear capacities are especially helpful for Russia in a period when Russia's strategic energy influence within Europe is in danger.⁸

Second, Russia uses Hungary as a tool to disintegrate the Euro-Atlantic community. For Russia, relations with the Hungarian government are obviously not only important in themselves. Hungary lacks the leverage of countries such as France, Italy, or Germany—the primary targets of Russian economic expansion to the EU. At the same time, Hungary is a useful tool to show that Russia has loyal “friends” within the EU and NATO. Especially after the annexation of Crimea, Hungary helped Moscow to show the West that it is not isolated on the European continent. Hungary was also among the few vocal voices of anti-sanctions policy within the European Union. Orbán's words about Europe shooting its leg due to the sanctions towards Russia⁹ became famous and infamous, and created tense disagreements within Europe. Hungary was in the frontline of controversy over Russia policies in a period when unity would have been crucial. An article of Kremlin propaganda outlet Sputnik News even called Orbán a “battering ram” against the EU.¹⁰

In line with Moscow's goals to disintegrate the Euro-Atlantic community and Orbán's strategy to gain more importance through confrontation, Hungary is in-

4 “Joint News Conference with Hungarian Prime Minister Viktor Orban,” Events. President of Russia (website), February 2, 2017, <http://en.kremlin.ru/events/president/news/53806>.

5 “Joint News Conference with Hungarian Prime Minister Viktor Orban,” Events. President of Russia (website), February 2, 2017, <http://en.kremlin.ru/events/president/news/53806>.

6 “Press conference on Russian-Hungarian talks,” Events. President of Russia (website), September 18, 2018, <http://en.kremlin.ru/events/president/news/58586>.

7 “Russian-Hungarian talks,” Events. President of Russia (website), October 30, 2019, <http://en.kremlin.ru/events/president/news/61936>.

8 Eurostat, “EU imports of energy products – recent developments,” Eurostat, February 14, 2020, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46126.pdf>.

9 Gergely Szakács, “Europe ‘shot itself in foot’ with Russia sanctions: Hungary PM,” Reuters, August 15, 2014, <https://www.reuters.com/article/us-ukraine-crisis-sanctions-hungary/europe-shot-itself-in-foot-with-russia-sanctions-hungary-pm-idUSKBN0GF0ES20140815>.

10 “Russia Prepares to Use Hungary as an ‘Anti-Sanctions Battering Ram,’” Sputnik News, February 5, 2017, <https://sputniknews.com/politics/201702051050366103-russia-hungary-eu-relations-analysis/>.

creasingly seen as a disloyal ally in the West.¹¹ Orbán, for example, sparked distrust in its relations with the US when the officials decided not to extradite to the US two Russians charged with selling Hungarian weapons to a Mexican drug cartel in Budapest—but extradited them to Russia instead.¹² In November 2018, the two Russian citizens were captured due to the successful cooperation of Hungarian and American law enforcement agencies. The arms dealers were preparing for their extradition to the US; however, the Russian government stepped in and demanded their extradition to Moscow—on the basis of their citizenship. Hungarian courts approved both the US and Russian extradition requests, leaving the Hungarian government to make the final call. Hungary's then Justice Minister László Trócsányi decided to move forward with the Russian request, with the decision believed to come from the highest circles of his government, suggesting that the final call was based on political motives instead of law enforcement considerations. US distrust towards Hungary deepened when both of the arms dealers were set free by Russian courts in 2019.

Third, Russia can mentor an authoritarian pupil on how to relate to the West. Between 2014 and 2020, a number of other EU Member States, including Cyprus, Greece, Italy, Slovakia, and Austria also criticized the sanctions. But an important difference is that none of these countries followed such an authoritarian path—in many ways similar to Putin's "sovereign democracy" than Hungary did. Hungary replicates some policies from Russia, including, for example, a softer version of Russia's tools when confronted with critical NGOs.¹³

For the Hungarian side, economic and political benefits—at least when it comes to the publicly available data—are less obvious. The flagship Paks nuclear project is not viable, according to experts.¹⁴ The trade volume between the two countries declined in the last

few years—for both exports¹⁵ and imports¹⁶—not just because of the sanctions, but because of Russia's counter-sanctions as well. Hungary even appeared to show a preference for Russian economic interests against its own when Budapest withdrew support from a major Hungarian industrial company and decided to endorse a Russian firm instead.¹⁷ As a result of Hungary bowing to the Kremlin's political intervention, Orbán's government decided to ignore Hungarian Ganz Motors and endorse the Russian Transmashholding, which eventually won the Egyptian tender in 2018 in cooperation with Dunakeszi Járműjavító, another Hungarian industrial company that is now about to be sold Transmashholding's Hungarian subsidiary. "The [Hungarian] government had no intentions to involve Ganz, they wanted to pass the whole thing over to the Russians," one unnamed source familiar with the matter told the Hungarian media, with Ganz Motor itself believing that their reason for not winning the tender was purely political.¹⁸ "Following the winning of the tender and in the process of finalizing the contract, the Hungarian government shifted financial support in favor of the Russian competitor," reads one of their business reports about the company's 2016 operations.¹⁹

What can be the advantage of this relationship for Hungary? Posing as an international player and blackmailing the West with an even closer relationship to Moscow could be one. The democratic backsliding damaged Hungary's reputation in the West. In this situation, Putin helped Orbán to strengthen his position in the European

15 "Hungary exports from Russia," *Trading Economics*, last updated in April 2020, <https://tradingeconomics.com/hungary/exports/russia>.

16 "Hungary imports from Russia," *Trading Economics*, last updated in April 2020, <https://tradingeconomics.com/hungary/imports/russia>.

17 As the head of a business consortium, Hungarian railway construction company Ganz Motor in 2013 applied for a major public procurement call of the Egyptian government worth one billion EUR to build 1300 railway carriages. Given its lengthy record of business activities in Egypt, Ganz Motor was one of the top contenders for the job and enjoyed the support of the Hungarian government. In 2016, the Hungarian company was declared winner in the procurement call, however, its contract with the Egyptian government was never signed. During the 2016 summit of Orbán and Putin, the Russian president told the Hungarian prime minister that the companies of the two sides could cooperate during the tender (Transmashholding, Russia's largest railway producer was also a contender). This point of Moscow's economic agenda was also pushed by Russian industry and trade minister Denis Manturov who also met the Hungarian PM shortly after Putin's visit to Budapest.

18 András Szabó, "Egy magyar cég majdnem elnyert egy nagy üzletet. Aztán az Orbán-kormány inkább beállt az orosz rivális mögé [A Hungarian company almost won a big business deal, but the Orbán government decided to support its Russian rival instead]," *Direkt36*, April 24, 2018, <https://www.direkt36.hu/egy-magyar-ceg-majdnem-elnyert-egy-nagy-uzletet-aztan-az-orban-kormany-inkabb-beallt-az-orosz-rivalis-moge/>.

19 András Szabó, "Egy magyar cég majdnem".

11 Szabolcs Panyi, "Hungary pressured by diplomats to stop blocking NATO-Ukraine talks," *Direkt36*, February 13, 2020, <https://www.direkt36.hu/en/bement-egy-tucac-diplomata-a-magyar-kulugybe-feszult-vita-latt-belole-ukrajna-miatt/>.

12 Szabolcs Panyi, "Both Russian arms dealers Hungary extradited to Moscow instead of the U.S. now set free," *Direkt36*, September 6, 2019, <https://www.direkt36.hu/en/szabadlabon-az-orosz-fegyverkereskedok-akiket-a-kormany-az-usa-helyett-moszkvanak-adott-ki/>.

13 Péter Krekó, "Hungary: Crackdown on Civil Society à la Russe Continues," *Center for Strategic & International Studies*, May 18, 2017, <https://www.csis.org/blogs/international-consortium-closing-civic-space/hungary-crackdown-civil-society-%C3%A0-la-russe>.

14 "EC confirms Paks II is a financially unviable investment," *Energiaklub*, March 6, 2017, <https://energiaklub.hu/en/news/ec-confirms-paks-ii-is-a-financially-unviable-investment-4445>.

political arena. Orbán not only can show himself as a world player, but it can also send a message to the West: I have my good friends in the East as well. Not only Russia but also China and members of the Turkic Council as, Orbán wants to show himself as a renitent and autonomous member of the Western block—to raise leverage as Josip Broz Tito, or even more, Nicolae Ceaușescu did in the communist camp.

In line with Putin's general strategy to humiliate its diplomatic partners in a zero-sum diplomatic game, the Russian diplomacy made it obvious several times that Russia is the partner that is dictating both the rhythm and the content of the bilateral relations, often contradicting the Hungarian partner.

Hungarian media reports confirmed that the 2015 summit, among the highest level of tensions between the EU and Russia, had been initiated by the Russian side so that Putin could show that he is welcome at a NATO country while Russia is fueling a military conflict with Ukraine.²⁰ "This was a message for Orbán that Putin can travel to his country whenever he wants," said a Budapest-based European diplomat, adding privately that the Russian president essentially "invited himself" to Hungary.²¹

During the 2016 meeting in Moscow, Putin openly contradicted Orbán on a crucially important issue: the loan for the Paks extension project.²² As the Hungarian public finances had developed considerably since 2014, Hungary had an intention to substitute the Russian loans for other loans from the market for better conditions. In the press conference following the bilateral meeting, Orbán's response to a question from a journalist was that the two did not negotiate the possible substitution of this loan from other sources—while Putin said they did, and he even told Orbán during the negotiations that Russia could even provide 100% of the project costs in loans if necessary.

Russian diplomacy also brought Hungary to an uncomfortable diplomatic situation in 2017 when Vladimir

Putin visited Budapest two times within a year. The second meeting, as the Hungarian government communicated, was only a sports diplomacy event, with Putin being only one of the many invited leaders.²³ At the same time, the Kremlin communicated it as a bilateral meeting, with important economic issues on the table.²⁴

Similarly, when Orbán met Putin in 2018 for the first time in Moscow (when he visited the football world championship), he was boasting about his earlier visit to St. Petersburg that year—and the symbolism that he travelled to the NATO summit directly from the city, bringing the message to the West on the need to normalize relations. What he probably was not aware of was that this conversation then appeared on the Kremlin's website,²⁵ and the transcripts totally contradicted his public statements he made after this NATO meeting. There, talking to a Western audience, he mentioned Russia as one of the two biggest threats to NATO countries—the other one being terrorism.²⁶

The second, "classical" bilateral meeting in 2018 also resulted in a surprise for Orbán: after the end of the official meeting, Putin invited Orbán for a nonofficial 45 minutes intimate discussion—with only the two leaders and the interpreter in the room. This unscheduled and unexpected meeting, breaking with diplomatic habits reveals a lot about the relationship between the two countries: both in terms of power relations and secrecy.

The asymmetry of the bilateral relations and especially trade is so obvious that Orbán did not even hide it at their last high-level encounter. In 2019, when the meeting's results clearly underperformed the Hungarian government's expectations, Orbán diplomatically noted that further steps should be done to reduce the trade imbalance between the two countries (Hungary has a significant trade deficit with Russia). One year earlier at the 2018 summit, Orbán lobbied the Russian president to make Budapest the new headquarters of the International

20 Gergely Nyilas, "Putyin szinte hazajár Budapestre [Putin comes to Budapest as if he came home]," *Index.hu*, February 2, 2017, https://index.hu/belfold/2017/02/02/putyin_budapest_latogatas/.

21 András Szabó – András Pethő, "A nyolc legérdekesebb rész az Orbán-Putyin kapcsolatot feltáró cikkünkben [The 8 most interesting facts from our article revealing the Orbán-Putin relationship]," *Direkt36*, March 12, 2018, <https://www.direkt36.hu/a-nyolc-legerdekesebb-resz-az-orban-putyin-kapcsolatot-feltaró-cikkunkból/>.

22 Ildikó Csuha, "Paksi hitelszerződés: Putyin egészen mást mondott, mint Orbán [The Paks 2 contract: Putin said something totally different compared to what Orbán said]," *atv.hu*, February 3, 2017, <http://www.atv.hu/belfold/20170203-paksi-hitelszerzodes-putyin-egesen-mast-mondott-mint-orban>.

23 Prime Minister's Office: "Prime Minister Orbán to meet with world leaders attending the Judo World Championships in Budapest," *Press Service of the Prime Minister of Hungary*, August 28, 2017 <http://www.miniszterelnok.hu/prime-minister-orban-to-meet-with-world-leaders-attending-the-judo-world-championships-in-budapest/>.

24 "Meeting with Prime Minister of Hungary Viktor Orban," *Events. President of Russia (website)*, August 28, 2017, <http://en.kremlin.ru/events/president/news/55444>.

25 "Meeting with Prime Minister of Hungary Viktor Orban," *Events. President of Russia (website)*, July 15, 2018, <http://en.kremlin.ru/events/president/news/58003>.

26 "Press Statement of Viktor Orbán following the NATO summit," *Government of Hungary (website)*, July 12, 2018, <https://www.kormany.hu/hu/a-miniszterelnok/beszedekek-publikaciok-interjuk/orban-viktor-sajtonyilatkozata-a-nato-csucs-utan>.

Investment Bank (IIB), a Russian-led financial institution of post-Soviet states. The fact that it was the Hungarian PM coming up with the initiative also hinted at a level of dissatisfaction concerning bilateral relations in the economic sphere.

“CONFLICTS” BETWEEN HUNGARY AND RUSSIA: OBLIGATORY CATFIGHT

Orbán knows how important EU and NATO membership is in foreign policy and how valuable an asset it is for Eastern partners. Unlike some leaders in Europe, such as Czech president Miloš Zeman, Orbán never made any supportive claims towards the annexation of Crimea, and never vetoed the sanctions the EU imposed on Russia within the European Council—even if he has been criticizing them since they began. Hungary also keeps the NATO official line in most positions—with the notable exception of blocking Ukraine’s NATO accession due to a controversy over minority language use—a move that the Kremlin more than welcomes.²⁷

At the same time, Hungary does its best to dilute the conflicts between the two countries even when they are inevitable due to obligations stemming from Hungary’s Western alliances. For example, the Hungarian government demonstrated an obsequious behavior during its response to the poisoning of former Russian intelligence officer Sergei Skripal in March 2018. In response to the poisoning obviously ordered by the Russian government, a number of EU countries expelled Russian diplomats, which was followed by the reciprocal expulsion of European diplomats from Russia. To avoid sparking distrust among the ranks of the EU and NATO, Hungary followed suit and expelled one Russian diplomat from Budapest to which the Russian side responded by expelling a Hungarian diplomat from the country’s embassy in Moscow. While the Hungarian government’s response to the poisoning was seen as a show of solidarity toward one of its military allies, the Russian-Hungarian diplomatic dispute in this regard was “an imitated conflict”: the diplomat expelled by the Hungarian side was a Budapest-based GRU officer whose assignment was coming to an end anyway, while the Russian authorities chose to expel a Hungarian trade attaché who was holding a

not so important position in Moscow and was for long waiting to be reassigned to another diplomatic mission in Western Europe. Budapest did not want to sacrifice their good relations with Moscow to a major diplomatic conflict between NATO and Russia. This interpretation is backed up by a diplomatic cable of then Hungarian ambassador to Moscow János Balla: the Hungarian diplomat on March 29, 2018 informed Oleg Tyapkin, a former Russian foreign ministry official in charge of relations with Hungary about the Hungarian government’s move to which Tyapkin noted that Moscow would also reply a “soft expulsion.”²⁸

As another sign of the underdog behavior of Hungary, Hungarian diplomats seem to overlook Putin’s recently renewed attempts to rewrite history in light of the upcoming 75th anniversary of the end of World War II—while Fidesz tries to sell itself as a strong anti-communist party in Europe. Here, again, we can find the ambivalence discussed before: Fidesz MEPs supported a resolution criticizing Putin’s recent comments suggesting that Poland was partially responsible for the outbreak of the war instead of the Soviet Union by the so-called Molotov-Ribbentrop Pact of 1939. At the same time, Hungarian Foreign Minister Péter Szijjártó failed to respond to his Russian counterpart during their last meeting in March 2020 when Sergey Lavrov reiterated the Russian president’s claims, practically denying the existence of the Molotov-Ribbentrop Pact.²⁹ Throughout the meeting, the two politicians called each other “good friends.”

CONCLUSION

While the lack of transparency is a general feature of the foreign policy of Vladimir Putin’s Russia, the diplomatic relationship between Hungary and Russia is a mystery. Hungary’s size, political weight, and economic relations with Russia do not explain the frequency of the meetings—neither on the level of the chief executives or the foreign ministers. While the close relationship with Putin is clearly undermining Hungary’s reputation in the West and leads to criticisms among its closest allies within EU and NATO, the economic benefits are largely invis-

27 Alexandra Brzozowski, “Hungary blocks NATO statement on Ukraine over minority rights row,” *Euractiv*, October 30, 2019, <https://www.euractiv.com/section/defence-and-security/news/hungary-blocks-nato-statement-on-ukraine-over-minority-rights-row/>.

28 Szabolcs Panyi, “Russia and Hungary seemed to clash over the Skripal poisoning. In the background, it was a different story,” *Direkt36*, October 29, 2018, <https://www.direkt36.hu/en/latszolas-osszeugrottak-a-magyarok-es-az-oroszok-a-szkripal-mergezes-miatt-de-a-hatterben-valami-mas-tortent/>.

29 Dorka Takácsy, “Dear Friends: About the Szijjártó-Lavrov Meeting,” *PCBlog*, March 22, 2020, <https://pcblog.atlatszo.hu/2020/03/22/kedves-baratok-a-szijjarto-lavrov-talalkozorol/>.

ible—at least if we focus on the national level.

We have good reasons to assume that under the iceberg of the diplomatic meetings, we can find a deep abyss of corrupt ties, private interests, and many forms of malign foreign influence, which we are going to introduce in details in further papers. Russian investments in Hungary such as the extension of the Paks nuclear power plant is not purely a strategically important economic project as the Hungarian government suggests, but also a tool to enrich close-to-government businesspeople who made their fortune due to their political ties to the ruling party. Under Orbán's rule, the Hungarian government developed a public procurement system in which a significant share of large-value contracts is awarded to government-friendly oligarchs. Lőrinc Mészáros, an oligarch close to Viktor Orbán, is one of the main beneficiaries of the tenders in the already existing Paks nuclear plant,³⁰ and is expected to benefit from Paks 2 as well.³¹ Many other business ties between the two countries seem to be driven more by private than by public interests.³² The Hungarian political elite does not even seem to have the motivation to avoid the money traps of the Kremlin.

30 "Komoly verseny nélkül tarolhatnak Mészáros cégei Paks 2 vizes tenderein [Companies of Lőrinc Mészáros Could Win Big Contracts for Building Water Utility Capacities to Hungary's New, Paks 2 Nuclear Reactors without Competition]," *Népszava Online*, October 19, 2019, https://nepszava.hu/3054273_komoly-verseny-nelkul-tarolhatnak-meszaros-cegei-paks-2-vizes-tenderein.

31 "Komoly verseny nélkül tarolhatnak Mészáros cégei Paks 2 vizes tenderein [Companies of Lőrinc Mészáros Could Win Big Contracts for Building Water Utility Capacities to Hungary's New, Paks 2 Nuclear Reactors without Competition]," *Népszava Online*, October 19, 2019, https://nepszava.hu/3054273_komoly-verseny-nelkul-tarolhatnak-meszaros-cegei-paks-2-vizes-tenderein.

32 Dániel Hegedűs, "DGAP Policy Brief: The Kremlin's Influence in Hungary," *DGAP – German Council on Foreign Relations*, April 27, 2016, <https://dgap.org/en/research/publications/kremlins-influence-hungary>.



RUSSIAN LAWFARE AND OTHER MALIGN INFLUENCE OPERATIONS IN SPAIN

Vladimir Zhbakov





ABOUT AUTHOR

Vladimir Zhbakov

Vladimir Zhbakov is a lawyer and the head of legal assistance programs of Free Russia Foundation based in Kyiv (Ukraine).

INTRODUCTION

Relations between Russia and Spain at the end of the late twentieth and early twenty-first centuries were not a priority for either of these countries. They were not completely friendly: Spain is a member of NATO and took part in the sanctions campaign against the Russian regime after the invasion of Ukraine in 2014. On the other hand, they did not become directly hostile, and their relationships could be called “favorably neutral.”¹ Spain continues to trade with Russia, and the export of clothes, olive oil, wine and some other products that have not been subject to “import substitution sanctions” is worth mentioning. Spain also imports oil from Russia. The countries continue cooperating in the military sphere: for instance, Spain recently provided its ports for Russian military ships for the needs of Russian military operations in the Middle East. In addition, tourism is developed (or was, before COVID-19 struck), and a significant number of citizens of the Russian Federation own real estate in Spain and show business activity.

Some citizens of the Russian Federation who have chosen Spain as their main place of residence are representatives of organized crime. Having settled in Spain, they have not retired at all, but, on the contrary, have developed a wide network of criminal business.

Until a certain point, Russian actors (affiliated with both the state and the underworld) did not carry out large-scale interventions in the activities of the Spanish

democratic institutions. However, the onset of the crisis associated with the escalation of separatism in Catalonia provided them with an opportunity not only to interfere on the state level in Spain but also to destabilize the development of the European Union as a whole.

The malign influence of the Russian regime on the democratic and market institutions of Spain, is most clearly reflected in several areas of public life. First of all, it concerns the provision of Russian organized crime in Spain. Representatives of the Russian criminal community, deeply integrated into the power structures of the Russian regime, have resided continuously in this country since the 1990s and influence trade, launder money, and involve representatives of Spanish politicians and officials in corruption relations. To provide comfortable conditions for their “business,” the Russian criminals need to work simultaneously in two main directions.

On the one hand, they need to establish cooperation between the police and the judiciary in the criminal law sphere in Spain itself. On the other hand, they need to constantly maintain close cooperation with the power structures of the Russian Federation (for example, the head of the Investigative Committee of the Russian Federation is a protegee of the Russian mafia in Spain). This, among other things, allows them to have a “safe airfield” in Russia and to receive the necessary official conclusions about themselves and their activities from the Russian authorities. They successfully use such judgments and certificates to prove their innocence in Spanish courts.

Since the greatest threat to the activities of the Russian mafia in Spain is the development of European integration, they put most of their effort into obstructing the democratic progress.

1 Alexander Dunaev, “Why Spain Doesn’t Fear the ‘Russian Threat,’” Carnegie Moscow Center, March 5, 2018. <https://carnegie.ru/commentary/75698>

OVERVIEW OF RELATIONS BETWEEN SPAIN AND THE RUSSIAN FEDERATION

Relations between Spain and Russia have traditionally developed in the most comfortable format for the latter. As some researchers rightly point out: "Spain drive toward closer relations with Moscow has been made within and outside the EU."² For Russia since the beginning of the 2000s, the development of relations with the European Union as a supranational organization has been a great difficulty. First of all, in our opinion, this is due to the inability to understand the essence of the EU integration method, the nature and structure of relations between the organization and its members. Thus, the foundation of relations between the Russian Federation and the EU remains the Partnership and Cooperation Agreement.³ It was supposed to terminate in 2007, but instead, it has been automatically extended every year to the present. A draft of a new treaty was being prepared, but negotiations were unsuccessful.

Meanwhile, bilateral relations were thriving. The Spanish government has consistently supported Russian attempts to build a new "multipolar world" and attempts to counter US "hegemony." This was especially pronounced during the government of Jose Luis Zapatero.⁴ Spain presented itself as the 'heart of Europe' and developed closer relations with France and Germany. In addition, Spain was more actively included in the work of the Second Pillar of the European Union. Russian-Spanish relations have developed in the field of combating the threat of terrorism, cultural cooperation, and other areas important to the Russian Federation. At the same time, Spain supported the international policy of the Russian Federation; mutual visits at the highest level were regularly made.

Like Russia, Spain still refuses to recognize the independence of Kosovo, even after the decision of the Inter-

national Court of Justice⁵ (among EU countries only Slovakia, Greece, Cyprus and Romania hold this position), although this has to do more with Spain's own problem with separatism, rather than with Russian foreign policy. Support for separatism in Spain is a particularly important area of activity for Putin's regime. Unable to do this openly, Russia acts with the help of its criminal representatives and, apparently, with the help of its special services.

It is significant that Spain, together with Austria, Bulgaria, Cyprus, Greece, Italy, Luxembourg, Malta, and Portugal, was opposed to sanctions against Russia for the invasions of Russia in neighboring countries.⁶ In these countries, Russia's informal influence is very strong.

In general, Spain acted as a full-fledged partner of Russia. There are several main aspects worth discussing: the cooperation in the fight against terrorism and regional security (this was especially evident in the 2000s, after 9/11), economic cooperation, mutual investment, and cultural exchange.

Mutual trade relations developed rapidly. Spanish companies entered Russian markets, Russian companies invested in the Spanish economy and exported natural resources. Russia became the second, after Saudi Arabia, oil exporter to Spain. Russian tourism has become a significant phenomenon: by 2010, more than a million Russians visited Spain every year. In 2008, Gazprom tried to conclude a deal to acquire 20% of the Spanish energy company Repsol. A major share in Repsol could increase Russia's weight in Latin America's energy market, where most of the company's oil and gas production was centered.⁷

Spain only reluctantly supported EU sanctions against Russia, which had limited economic impact on Spain. Some of Spain's food exporters were affected,

2 Maxine David, Jackie Gower, and Hiski Haukkala, eds., *National Perspectives on Russia: European Foreign Policy in the Making?* (Routledge, 2013), 111.

3 "EU–Russia partnership and cooperation agreement 1994," *Official Journal of the European Communities* (November 28, 1997): L 327/3, [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:21997A1128\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:21997A1128(01))

4 Maria Shagina, "EU Sanctions Policy Towards Post-Soviet Conflicts: Cases of Crimea, Eastern Ukraine, South Ossetia And Abkhazia," *Revista UNISCI / UNISCI Journal*, no. 43 (Enero/January 2017); and David, Gower, and Haukkala, *National Perspectives on Russia*, 109.

5 Hannah Jamar and Mary Katherine Vigness, "Applying Kosovo: Looking to Russia, China, Spain and Beyond After the International Court of Justice Opinion on Unilateral Declarations of Independence," *German Law Journal* 11 no. 7-8 (August 2010): 921–922, <https://www.cambridge.org/core/journals/german-law-journal/article/applying-kosovo-looking-to-russia-china-spain-and-beyond-after-the-international-court-of-justice-opinion-on-unilateral-declarations-of-independence/8A9AAA20549A0A2A70611F43090CCB56>

6 Shagina, "Eu Sanctions Policy"

7 Giles Tremlett, "Gazprom seeks 20% of Spanish oil group," *Guardian* (US edition), November 4, 2008, <https://www.theguardian.com/business/2008/nov/14/oil-russia-gazprom-spain-repsol>

but leading exports⁸ were not included in Russia's counter-sanctions.⁹

In the military sphere, Spain's policy towards Russia is somewhat inconsistent. On the one hand, as a member of NATO and the EU, Spain is taking part in strengthening its military presence in Eastern Europe. First of all, this concerns the Baltic countries.¹⁰ On the other hand, Spain provides Russia with the opportunity to take full advantage of its Ceuta base in the Mediterranean.

In 2016, eleven members of the European Parliament, including representatives from the Baltic states, Poland, and the Catalan politician Ramon Tremosa, filed a High-Representative for Foreign Affairs and Security Policy Federica Mogherini request for the Ceuta naval base. In particular, they were interested in whether she knew that these naval operations were "the key to maintaining the position of the Russian army in Ukraine," emphasizing that this could violate EU sanctions against Moscow. "The frequency with which Russian navy ships call into the port—at least 10 times a year—have turned the Spanish exclave into the main base of the Russian fleet in the western Mediterranean. The Russian army has an official base in Tartus (Syria), although its ships have also docked in Maltese and Greek ports."¹¹ The supply of Russian warships brings significant revenue to the Spanish treasury, Russia systematically uses this base to refuel its vessels to date, which causes indignation among representatives of the UK and the USA.¹² The only exception was 2017, when Russia itself withdrew a request for three warships.¹³

8 "Russia's import in 2017," The Observatory of Economic Complexity, <https://oec.world/es/profile/country/rus/#Exportaciones>

9 Dunaev, "Why Spain Doesn't Fear 'Russian Threat'"

10 Aurora Mejía "Spain's contribution to Euro-Atlantic security," The Elcano Royal Institute, http://www.realinstitutoelcano.org/wps/portal/rielcano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/defensa+y+seguridad/ari60-2017-mejia-spain-contribution-euro-atlantic-security

11 Miguel González "Ceuta: an unofficial Russian naval 'base' in the Strait of Gibraltar? Right-wing groups in the US and UK criticize frequent stopovers in the Spanish exclave," *El País*, March 28, 2016. https://english.elpais.com/elpais/2016/03/28/inenglish/1459157481_130448.html

12 George Allison "Spain complains about British military while refuelling Russian warships," *UK Defence Journal*, (June 2019), <https://ukdefencejournal.org.uk/spain-complains-about-british-military-while-refuelling-russian-warships/>

13 "Russian warships: Spain says refuelling request withdrawn," *BBC News*, October 26, 2016, <https://www.bbc.com/news/world-europe-37779204>

RUSSIAN MAFIA IN SPAIN

In the early 1990s, a significant number of representatives of the Russian criminal world chose Spain as their main place of residence. It would be an exaggeration to say that this was due to Spanish corruption or other objective reasons. It can be assumed that the determining factors were, on the one hand, the climate (the most influential Russian mafiosi came from cold St. Petersburg and its environs), and on the other, positive image of Spain in the Russian collective historical memory. Spain (unlike, for example, France) is associated with the image of masculinity—which is also a painful issue for the rigid hierarchy of criminal circles in Russia. At the same time, Spain is associated with Ernest Hemingway, which for the Soviet Union of the 1960s (namely, the childhood and youth of the influential representatives of the criminal world), was a cult hero and, in a certain sense, a symbol of freedom. On the whole, the most likely reason for choosing Spain as one of the main countries where the Russian criminal world is based abroad was a combination of random factors and a generally positive image of Spain in Russia.

The most influential criminal group in Russia by the end of the 1990s was the *Tambov-Malyshev* organized crime group. It remains so to the present; however, its members have changed their official statuses, from bandits to business representatives and large lobbyists.

They were a part of a criminal structure that was located in Spain since 1996 and consisted of immigrants from Russia who already had a criminal record or were under a trial either in Russian Federation, US, or other EU countries. Residing in Spain, they controlled the activities of the respective criminal groups in their home country. According to the records of the preliminary investigation No. 321/06 of the Spanish Prosecutor's Office, these activities included murders, arms trafficking, extortion (under duress), fraud, document forgery, communications, bribery, illegal transactions, smuggling, drug trafficking, crimes against the Treasury, fraudulent decapitalization of companies, beatings and threatening conditions. The profits obtained through these illegal activities were sent to Spain with the help of legal and financial consultants, who eventually became a part of the *Tambov-Malyshev* criminal group. As stated in the records, their "main goal in our country is to conceal illegally obtained funds by legitimizing them and integrating them into the regulated financial system by increasing the authorized capital of "companies" and inter-partner loans, financial transfers from / to offshore zones and investments in other coun-

tries, for example, to Germany.”¹⁴

The central figures in the investigation of the Spanish prosecutor’s office were Gennady Petrov, Alexander Malyshev, Vladislav Reznik (a member of the Russian State Duma since 1999) and dozens more. The community leaders, Petrov and Malyshev, have been directly associated with Vladimir Putin since he was deputy mayor of St. Petersburg for external affairs. The materials of the Spanish case contain retellings of wiretapping of dialogues between the participants of this criminal group. Among other things, there is a conversation between Viktor Gavrilencov (one of the leaders of the Velikiye Luki criminal group) and a certain “Sergey,” which took place in 2007. They discuss investments in the Spanish economy, possible problems from the “blue” (FSB of the Russian Federation), especially logistics, and this phrase also slips into the conversation: “Victor says that there are several hotels in Alicante, Putin’s house is not too far from here, in Torre Vieja.” *The Insider* conducted a special investigation into this matter and found out that, according to the memoirs of local residents, in 1994 Putin came to Torre Vieja and stayed there in the La Mata area.¹⁵ At that time, Torre Vieja was the “Russian capital in Spain,” this was the place where the shootings took place, and “the money was carried in backpacks.” According to *The Insider*, it was in this city that the deputy mayors of St. Petersburg, Vladimir Putin, Alexey Kudrin, and Mikhail Manevich (assassinated in 1997¹⁶), and their “partners,” through controlled companies, acquired several real estate properties. Both Russian and Spanish specialists were involved in these operations, and the then leader of the criminal community of St. Petersburg Viktor Kumarin (Barsukov) controlled the money laundering process. Subsequently, after a fierce struggle, control over most of Kumarin’s area of responsibility was seized by Petrov. Kumarin went to prison, where he remains to the present.

A lot of investigations are devoted to the analysis of the materials of the Spanish prosecutor’s office, and the activities of Petrov and his entourage. In particular, he

was involved¹⁷ in the appointment of Alexander Bastrykin as the head of the Investigative Committee of the Russian Federation, Igor Sobolevsky as his deputy, Anatoly Serdyukov as the Minister of Defense of the Russian Federation and many other personnel decisions in the Russian Federation.¹⁸ Spanish mafiosi constantly supported communication with partners at home.¹⁹

The work of the Spanish prosecutor and investigative journalists²⁰ from all over the world was not left without attention. In particular, in the January 2018 report from the Committee on Foreign Relations of the United States Senate, more than half of the chapter on Spain is devoted to the activities of Petrov and his colleagues.²¹ The report uses the Sebastian Rotella study published in *ProPublica* as one of its primary sources.²² Spanish prosecutors met with Alexander Litvinenko, a former Russian intelligence officer. Litvinenko was to advise Spanish investigators and share information on the activities of the Russian mafia in Spain. As an officer of Russia’s intelligence services, Litvinenko specialized in working with organized crime and apparently possessed a lot of classified information regarding Russian organized crime in Spain. However, Litvinenko was killed before he could testify at a trial. As was told in an inquiry by the UK’s House of Commons the

14 *Fiscalia Especial Contra La Corrupción Y La Criminalidad Organizada*, Protocols of the preliminary investigation No. 321/06, <http://www.compromat.ru/files/51434.pdf>

15 Anastasiya Kirilenko, “Dom sen’ora Putina. Den’gi merii Peteburga otmyvalic’ v Ispanii?” *The Insider*, November 9, 2015, <https://theins.ru/korrupciya/15823>

16 “Gangland-Style Slaying of Russian Official” *New York Times* By Associated Press, Aug. 19, 1997, <https://www.nytimes.com/1997/08/19/world/gangland-style-slaying-of-russian-official.html>

17 Anastasiya Kirilenko, “Dom Russkoy Mafii: ‘tolik’ ‘sasha’ ‘tsar,’” *The New Times* November 30, 2015, <https://newtimes.ru/articles/detail/104858>

18 Anastasiya Kirilenko, “Mafiya na goszakaze. Kak novye kremlevskie oligarkhi svyazany s prestupnym mirom,” *The Insider*, July 2, 2015, <https://theins.ru/korrupciya/10407>

19 Anastasiya Kirilenko, “Primaya liniya s Tambovskoy OPG. Kak mafiya druzhit s glavoy Sk, ministrami I prochim okruzheniem Putina (proslushki),” *The Insider*, November 6, 2018, <https://theins.ru/korrupciya/125116>

20 Sebastian Rotella, “Gangsters of the Mediterranean. The story of the Russian mob in Spain—and the detectives who spent years trying to bring them down,” *The Atlantic*, November 10, 2017, <https://www.theatlantic.com/international/archive/2017/11/russian-mob-mallorca-spain/545504/>

21 “Putin’s Asymmetric Assault On Democracy In Russia And Europe: Implications For U.S. National Security,” A Minority Staff Report Prepared For The Use Of The Committee On Foreign Relations United States S. Doc. No. 115-21 (January 10, 2018), <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf>

22 Sebastian Rotella, “A Gangster Place in the Sun: How Spain’s Fight Against the Mob revealed Russian Power Networks,” *ProPublica*, Nov. 10, 2017, <https://www.propublica.org/article/fighting-russian-mafia-networks-in-spain>

order to kill Litvinenko was “likely approved by Putin.”²³ Jose Grinda Gonzalez, Spain’s leading law enforcement expert on Russian organized crime, told *ProPublica*, “We had accepted the idea that the world of the Russian mafia was like that. But it’s true that the case made other people think this gentleman had told the truth because now he was dead.”

During an investigation into the activities of the Petrov’s gang, the Spanish law enforcement authorities were able to find a large amount of evidence showing that “that they named over a dozen of them in the indictments, including the former defence minister.”²⁴

Petrov was arrested in 2008 during a major operation by the Spanish authorities against Russian organized crime, which ultimately led to the pretrial indictments of 27 suspects on charges of creating a criminal community and money laundering. Among the main actors of the criminal group was Vladislav Reznik, a senior Duma member and member of Putin’s United Russia party, and the indictment alleges that he operated at “the highest levels of power in Russia on behalf of Mr. Petrov and his organization.”

Before the start of the trial, Petrov left Spain and settled in Russia. Russian authorities did not take any action to return him to Spain. Moreover, they interfered with the investigation by sending false information to Spain or using opportunities to delay the process. Thus, the consideration of the Petrov case lasted more than ten years.

Nevertheless, despite Petrov’s flight, the investigation continued in 2008. In 2009, while pursuing a lead from the case, Spanish police entered the office of a lawyer suspected of money laundering, only to see him grab a document from his desk, crumple it up, and begin to eat it.²⁵ The document, after being forcibly spat out, led investigators to a new group of alleged money launderers in Barcelona who have suspected ties to Kremlin-linked organized crime.²⁶ The efforts of the Russian mafia in Spain were aimed at creating an effective and secure

23 An inquiry by the UK’s House of Commons concluded that order to kill Litvinenko was likely approved by Putin. United Kingdom House of Commons, “The Litvinenko Inquiry: Report into the Death of Alexander Litvinenko,” at 244 (March 2015), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/493860/The-Litvinenko-Inquiry-H-C-695-web.pdf

24 While mentioned in court documents, the officials were not actually charged.

25 Rotella, “Gangsters of the Mediterranean;” and Rotella, “Gangster Place in the Sun”

26 Rotella, “Gangsters of the Mediterranean;” and Rotella, “Gangster Place in the Sun”

money-laundering machine in Catalonia. Representatives of Russian organized crime, themselves and through the experts they hired, have for years strengthened their influence on Catalan politicians and businessmen. One important tool for this disruptive influence was the use of rivalry between regional and national law enforcement agencies.²⁷

Grinda’s investigation has been so productive and informative over the years, that it garnered the attention of the FBI who reportedly directed years ago that an FBI agent was to be embedded into the Spanish investigation to obtain further information with regard to Russian organized crime and corruption.²⁸

Thanks to the efforts of Jose Grinda, the investigation into the activity of the Russian criminal network in Spain entered the international level:

Criminal activities including drugs, counterfeiting, extortion, car theft, human trafficking, fraud, fake IDs, contract killing, and trafficking in jewels, art, and antiques. This was done on an international scale. Not just in Russia. Solntsevskaya²⁹ has also demonstrated active cooperation with other international criminal organizations, like Mexican mafias, Colombian drug cartels, Italian criminal organizations (particularly with the Calabrian ‘Ndrangheta and the Neapolitan Camorra), the Japanese yakuza, and Chinese triads, among others.³⁰

Then one of the most senior leaders of the Russian criminal world, Zakhariy Kalashov (“Shakro the Young”) was taken under arrest.

If the fugitives were intimidated, Rueda [a former

27 “Putin’s Asymmetric Assault On Democracy In Russia And Europe: Implications For U.S. National Security,” A Minority Staff Report Prepared For The Use Of The Committee On Foreign Relations United States S. Doc. No. 115-21 (January 10, 2018), <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf>

28 Martin Sheil, “Is Russian Organized Crime the link between the Danske Bank money laundering scandal and the Novichok poisoning of ex-Russian spy Sergei Skripal?” *Medium*, Sep 20, 2018, <https://medium.com/@sheil51/is-russian-organized-crime-the-link-between-the-danske-bank-money-laundering-scandal-and-the-cc431f1c2de6>

29 Criminal group from Moscow. Many members of this group were arrested in Spain in 2017. “Two Main Russian Mafia Groups Dismantled In Spain With Europol’s Support” *Europol Press Release*, September 28, 2017, <https://www.europol.europa.eu/newsroom/news/two-main-russian-mafia-groups-dismantled-in-spain-europol%E2%80%99s-support>

30 Melissa Rossi “Spain’s Robert Mueller takes on the Russian mob,” *Yahoo News*, January 19, 2018, <https://www.yahoo.com/news/spains-robert-mueller-takes-russian-mob-202248019.html>

Spanish police commander] saw little sign of it. Law-enforcement officials in Georgia told him that Oniani [Tariel Oniani—one of the leaders of the Russian criminal world] was threatening to kill Spanish investigators [...] Rueda spent weeks preparing a secret operation with the help of law-enforcement officials from several nations [...] in what was one of the most important convictions overseas of a gangster from the former Soviet Union. But the Spanish fight did not end there. Kalashov, considered the most dangerous inmate in the country's prison system, bombarded courts with appeals, plotted repeatedly to escape, and did his best to corrupt any officials he could reach, investigators say. In 2012, the FBI passed along a formal warning that the mafia was prepared to spend a million dollars to bribe a Spanish official for Kalashov's release, a confidential FBI document indicates.³¹

After several unsuccessful attempts to assassinate the prosecutor, in 2017, the representatives of the Russian criminal world started to spread a rumor about Grinda allegedly being a pedophile through a Spanish lawyer.³² In one of the interviews Grinda quoted a Spanish saying coined by the king of the Colombian narcos Pablo Escobar, *plata or plomo*, which literally translates to "silver or lead": "Do you know what I mean if I say plomo or plata? With them it is like this: either take the plata, the money, or there is civil death."³³ Fortunately, the process on charges of pedophilia against the prosecutor was not started, but in 2017 after French police intercepted a phone call from a Georgian mafia member ordering a hit on Grinda, he started using bodyguards to protect himself and his family.³⁴

Despite all the efforts of the investigation, the accused were acquitted. During the process, the name of Vladimir Putin sounded many times and his direct relationship with the accused was not in doubt.³⁵

The result of the trial of the Russian mafia in court can be an example of disruptive Russian influence that destroys the institution of justice and the inevitability of punishment. A massive team of lawyers and other professionals acted with the direct support of Russian law enforcement agencies. The Spanish court was obliged to accept the findings of Russian law enforcement without criticism, a priori recognizing the conclusions of the Russian authorities as real. (Possibly this follows from the spirit of the agreement on legal assistance between Russia and Spain in 1996).³⁶

As a consequence, the Spanish judges even acquitted two defendants who acknowledged themselves to be guilty of money laundering and organized crime, Mikhail Rebo and Leon (Leonid) Khazine, stating the court is allowed to do so.

Spanish investigators complained to *El País* that courts have been too ready to grant bail to the numerous alleged Russian mafia members they have detained. "We had gained a lot of prestige in Europe for our operations against the Russian mafias and these decisions have thrown part of that work into the dustbin."³⁷

These drawbacks of the Spanish justice system can be clearly illustrated by Petrov's case. The Spanish judges seem to have such faith in the reports of Russian FSB that any information provided there undermines all investigation efforts. As mentioned in *Transborder Corruption Archive*, "the Spanish sentence pretends that Petrov was not involved in organized crime, based on two reports from the Russian FSB and several more letters from different Russian law enforcement bodies, as well as on the conviction for defamation of a Russian media outlet for linking Gennady Petrov and Ilias Traber to organized crime."³⁸

31 Rotella, "Gangsters of the Mediterranean"

32 Rossi "Spain's Robert Mueller"

33 Il Fatto Quotidiano "Mafia russa, su Fq MillenniumM l'intervista esclusiva al giudice Grinda: C'è Mosca dietro le accuse di pedofilia contro di me" June 13, 2017, <https://www.ilfattoquotidiano.it/2017/06/13/mafia-russa-su-fq-millennium-lintervista-esclusiva-al-giudice-grinda-ce-mosca-dietro-le-accuse-di-pedofilia-contro-di-me/3655094/>

34 Rossi "Spain's Robert Mueller"

35 Anastasia Kirilenko, "The top man says he'll consider it." Vladimir Putin in wiretapped calls of Tambovskaya gang, *The Insider*, April 27.04.2018, <https://theins.ru/uncategorized/100981?lang=en>

36 "Dogovor mezhdru Rossiyskoy Federatsiey i Korolevstvom Ispaniya ob okazanii pravovoy pomoshchi po ugovnym delam. Moskva, 25 marta 1996 goda. Ministerstvo yustitsii RF," <https://to14.minjust.ru/ru/dogovor-mezhdru-rossiyskoy-federatsiey-i-korolevstvom-ispaniya-ob-okazanii-pravovoy-pomoshchi-po>

37 González "Ceuta: unofficial Russian naval 'base'"

38 Transborder Corruption Archive; "Sentence, Troika criminal case, Spain," October 19, 2018, <https://tbcarchives.org/sentencia-operacion-troika/>

INTERVENTION IN THE CATALAN REFERENDUM

However, the troubles of the leaders of the Russian criminal world in Spain did not end there. They turned out to be participants in Russia's interference in the referendum in Catalonia.

Gennady Petrov was involved in financing radical parties. It seems reasonable to assume that he did this not so much on his own initiative, but rather at the request of his partners in Moscow. And in 2013, the Catalan regional government appointed Xavier Crespo, a former mayor belonging to the Romano Codina i Maseras (CiU) party, to the post of security secretary, which controls the Catalan police.³⁹ The appointment was cancelled when intelligence services in Madrid provided evidence that Crespo was involved in money laundering, and in 2014 he was charged with bribery from Petrov. As it was discovered during an investigation known as Operation Clotilde, the CiU also received money laundered by Russian crime syndicates through Catalan banks and shell companies.⁴⁰

Part of the CiU teamed up with two left-wing parties to form a coalition that held a referendum on the independence of Catalonia from Spain on October 1, 2017. The referendum has been advancing for many years on domestic political, cultural, and economic issues. Still, it also gave Moscow many opportunities to develop a result that would weaken one of the central EU states. And now there is growing evidence that the Kremlin, at least through state-owned media, has launched a large-scale disinformation campaign aimed at a referendum.

The U.S. State Department reported that

Russian state news outlets, such as Sputnik, published a number of articles in the run up to the poll that highlighted alleged corruption within the Spanish government and driving an overarching anti-EU narrative in support of the secessionist movement. These Russian news agencies, as well as Russian users on Twitter, also repeatedly promoted the views of Julian Assange, the founder of WikiLeaks, who has taken to social media to call for Spanish authorities to respect the upcoming vote in Catalonia. Spanish newspapers have also reported that Russian bots attempted to flood social media with controver-

39 Martin Arostegui, "Officials: Russia Seeking to Exploit Catalonia Secessionist Movement," VOA News, November 24, 2017, <https://www.voanews.com/europe/officials-russia-seeking-exploit-catalonia-secessionist-movement>

40 Arostegui, "Officials: Russia Seeking to Exploit"

sial posts in support of Catalanian independence prior to the referendum.⁴¹

In November 2017, the Instituto Elcano research center published a report by Mira Milosevich-Juaristi on Russia's alleged role. They registered a 2,000% increase in Russian digital activity related to Catalonia during September that reflected another Russian attempt "to influence the internal political situation of another country, to sow confusion and to proclaim the decline of liberal democracy."⁴²

According to the report, the main goals of malign influence in Catalonia were the following:

- Discrediting Spanish democracy and alienating Spain from its EU and NATO partners;
- Destroying credibility of European institutions and sowing confusion;
- Compromising the liberal order created and maintained by the US;
- Distracting the attention of Russia's own citizens from internal problems.

The work of Russian communications media, including RT, Sputnik, Russia Beyond the Headlines and many state TV stations, social networks (Facebook and Twitter) by trolls (online profiles created to disseminate pre-fabricated information), bots (dissemination of information by autonomic processes) and sock puppets (online profiles created with the objective of generating and transmitting false news)⁴³ loudly declared itself to the world and various political and expert communities have developed a large number of recommendations to combat fake news.

It is important to note that Catalonia's gaining or not gaining independence was by and large indifferent to Russian propaganda channels. The main goal was to balance the Catalan events in the public mind with the "referendum" in Crimea and thus push Europe's public

41 Chris Sampson, "Introduction" in *Putin's Asymmetric Assault on Democracy in Russia and Europe Implications for U.S. National Security* (Simon and Schuster: 2018), <https://www.simonandschuster.com/books/Putins-Asymmetric-Assault-on-Democracy-in-Russia-and-Europe/Chris-Sampson/9781510739888>

42 Mira Milosevich-Juaristi, "The 'combination': an instrument in Russia's information war in Catalonia," The Elcano Royal Institute, November 11, 2017, http://www.realinstitutoelcano.org/wps/portal/riecano_en/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_in/zonas_in/defensa+security/ari92-2017-milosevichjuaristi-combination-instrument-russia-information-war-catalonia

43 Milosevich-Juaristi, "The 'combination'"



Demonstration in Bilbao in solidarity with Catalonia's independence referendum, 2017

Photo: Dani Blanco / Argia, <https://www.argia.eus/albiste/argazkiak-milaka-lagun-bilbon-gure-esku-dagok-deituta>

opinion to the idea of lifting international sanctions from Russia.⁴⁴

At the end of 2019 Spain's High Court, the Audiencia Nacional, opened an investigation into the alleged activities of a group linked with the Russian intelligence service during the 2017 Catalan breakaway bid.⁴⁵

The Russian foreign ministry spokeswoman, Maria Zakharova, said that some media organizations seem obsessed with bringing back "a half-forgotten issue,"

and she talked about "an anti-Russia campaign."⁴⁶

Apparently, not only the Russian disinformation forces and representatives of the criminal world, but also the Russian special services took part in the Catalan campaign. A Spanish court has already sentenced members of extremist groups⁴⁷ to plan various acts of violence.⁴⁸ Representatives of Russian special services, including

44 David Alandete "How Russian news networks are using Catalonia to destabilize Europe. Media stories in English, Russian and German equating crisis in Spain with conflicts in Crimea and Kurdistan," *El Pais* September 25, 2017, https://english.elpais.com/elpais/2017/09/25/inenglish/1506323273_063367.html

45 Óscar López-Fonseca and Fernando J. Pérez, "Spain's High Court opens investigation into Russian spying unit in Catalonia. Judge Manuel García-Castellón is probing whether an elite military group known as Unit 29155 carried out actions aimed at destabilizing the region during the separatist push," *El Pais*, November 21, 2019, https://english.elpais.com/elpais/2019/11/21/inenglish/1574324886_989244.html

46 María R. Sahuquillo, "Russia denies interference in Catalonia or in Spain's domestic affairs. A week after it emerged that the Spanish High Court is probing the activities of an elite military group, the Foreign Ministry is talking about an anti-Russia campaign by the media," *El Pais*, November 29, 2019, https://english.elpais.com/elpais/2019/11/29/inenglish/1575016033_266352.html

47 Rebeca Carranco and Marta Rodríguez, "Authorities in Catalonia clear protests on AP-7 freeway near Girona. Supporters of independence for the northeastern region have been trying to block the road, which links Spain with France, since Monday," *El Pais*, November 13, 2019, https://english.elpais.com/elpais/2019/11/13/inenglish/1573644554_106668.html

48 Reyes Rincón, "Prosecutors uphold prison requests for Catalan separatist leaders. Oriol Junqueras faces 25 years in jail for his involvement in the 2017 secession drive after four months of hearings that did not alter the legal teams' positions," *El Pais*, May 20, 2019, https://english.elpais.com/elpais/2019/05/30/inenglish/1559199477_834254.html

agents of GRU Unit 29155, could take part in coordinating and supporting the activities of these organizations.

The investigations of malign Russian influence will bring more evidence. Unofficial sources increasingly point to the direct impact of Russian intelligence services in Spain. We can safely assume that Russia uses Spain as a “recreation center” and “operational space” for Russian security services. In the course of official and journalistic investigations of the murders in Britain by the representatives of the Russian authorities, it became possible to conclude that the special GRU unit 29155⁴⁹ was responsible for these acts. It is still impossible to undeniably confirm the direct connection between this unit and the Russian mafia, but new evidence gives more reasons for this. For example, an agent of the Unit 29155 “Fedorov” (Denis Sergeev) visited Catalonia just before the referendum.⁵⁰

“While the referendum did not result in Catalonia’s independence from Spain, it showed that Spain is a growing target of the Kremlin’s malign influence operations. Spain can strengthen its resiliency by studying the experiences of and cooperating with other similarly-targeted European countries, and the U.S. government should take steps to help shore-up ongoing effort.”⁵¹

EXTRADITION PROBLEMS AND PROBLEMS OF COOPERATION

The Spanish authorities had trouble handling thriving Russian criminal groups, the population of which was steadily growing in Spain since the 1990s when citizens of the former Soviet Union started arriving in the country, residing primarily in three areas: Costa del Sol, Valencia (including already mentioned Torre Vieja), and the Catalan coast. In his article on transnational organized crime in Spain, Carlos Resa Nestares claims that weak government and administrative institutes of Russia and general reluctance of Russian authorities to cooperate were the primary reasons why attempts to stop growth

of Russian mafia influence were unsuccessful: “In many cases, the Russian mafias take advantage of the lack of co-operation of the Russian police with Spanish investigations. The collapse of governmental structures, which has decimated the police force, is one reason for this lack of co-operation. Others are the pervasive corruption which plagues the Russian police as well as their spotty training in new types of criminality.”⁵²

It is obvious that it was the refusal of the Russian investigation to cooperate with the Spanish investigating authorities that later became the main official argument justifying the difficulty of investigating the activities of Russian criminal groups and officials all over the EU.

So, for example, this argument is regularly used in the Indictment of the Special Prosecutor Against Corruption and the Organized Criminality to the Court.⁵³

It can be concluded with certainty: the Russian prosecutors are directly (at least passively) opposing the Spanish investigation. The case of Taniel Oniani clearly demonstrates the level of Russian cooperation. In June 2005, Oniani fled to Russia just hours before he was to be arrested in Spain, and in April 2006, despite the fact that he was wanted by the Spanish authorities, Russia granted him citizenship. Obtaining Russian citizenship is a complicated and bureaucratic procedure. However, in Oniani’s case, it went surprisingly quickly. It is doubtful that Oniani was just lucky, and Jose Grinda Gonzalez alleges that such a generous gesture from the authorities suggests “an example of Russia putting crime lords to work on behalf of its interests.” Grinda is also sure that the Russian Interior Ministry and the FSB were protecting Oniani even while he was held in prison. Later, in June 2009, following Oniani’s arrest in Russia, Spain requested his extradition for charges related to Operation Avispa. However, the Russian authorities denied this request, claiming it was his Russian citizenship that prevented extradition. As Grinda concluded, “A virtue of the Russian government is that it will always say and do the

49 Michael Schwartz. “Top Secret Russian Unit Seeks to Destabilize Europe, Security Officials Say,” *New York Times*, October 8, 2019, <https://www.nytimes.com/2019/10/08/world/europe/unit-29155-russia-gru.html>

50 López-Fonseca and Pérez, “Spain’s High Court opens investigation”

51 “Putin’s Asymmetric Assault On Democracy In Russia And Europe: Implications For U.S. National Security,” A Minority Staff Report Prepared For The Use Of The Committee On Foreign Relations United States S. Doc. No. 115-21 (January 10, 2018), <https://www.foreign.senate.gov/imo/media/doc/FinalRR.pdf>

52 Carlos Resa Nestares. “Transnational Organized Crime in Spain: Structural Factors Explaining its Penetration,” in *Global Organized Crime and International Security*, ed. Emilio C. Viano, 47-62, https://www.researchgate.net/publication/330288240_Transnational_Organized_Crime_in_Spain_Structural_Factors_Explaining_its_Penetration

53 *Fiscalía Especial Contra La Corrupción Y La Criminalidad Organizada*, Protocols of the preliminary investigation No. 321/06, <http://www.comproamat.ru/files/51434.pdf>

same thing: nothing.”⁵⁴

Despite the efforts of Spanish authorities to investigate and prosecute illegal activities of Russian criminal groups and eliminate the effect of their malign influence on internal affairs, the results are still underwhelming. As stated in “Defining and Prosecuting Transborder Corruption,” “a major problem preventing European law enforcement bodies from investigating transborder corruption is the absence of agreements on legal assistance between Russia and European countries.”⁵⁵

In conclusion, it is safe to say the Russian authorities are directly affiliated with criminal groups in Europe. With their help, they launder their incomes, provide themselves and their loved ones the opportunity to live comfortably in developed countries. In addition, as it has become clear recently, criminal groups, together with the Russian special services, are systematically working on destroying the institutions of democracy and justice. This activity so far is proceeding quite successfully and with impunity.

54 Luke Harding, “WikiLeaks cables: Russian government ‘using mafia for its dirty work.’ Spanish prosecutor alleges links between Kremlin and organised crime gangs have created a ‘virtual mafia state,’” *Guardian* (US edition), Dec 1, 2010, <https://www.theguardian.com/world/2010/dec/01/wikileaks-cable-spain-russian-mafia>

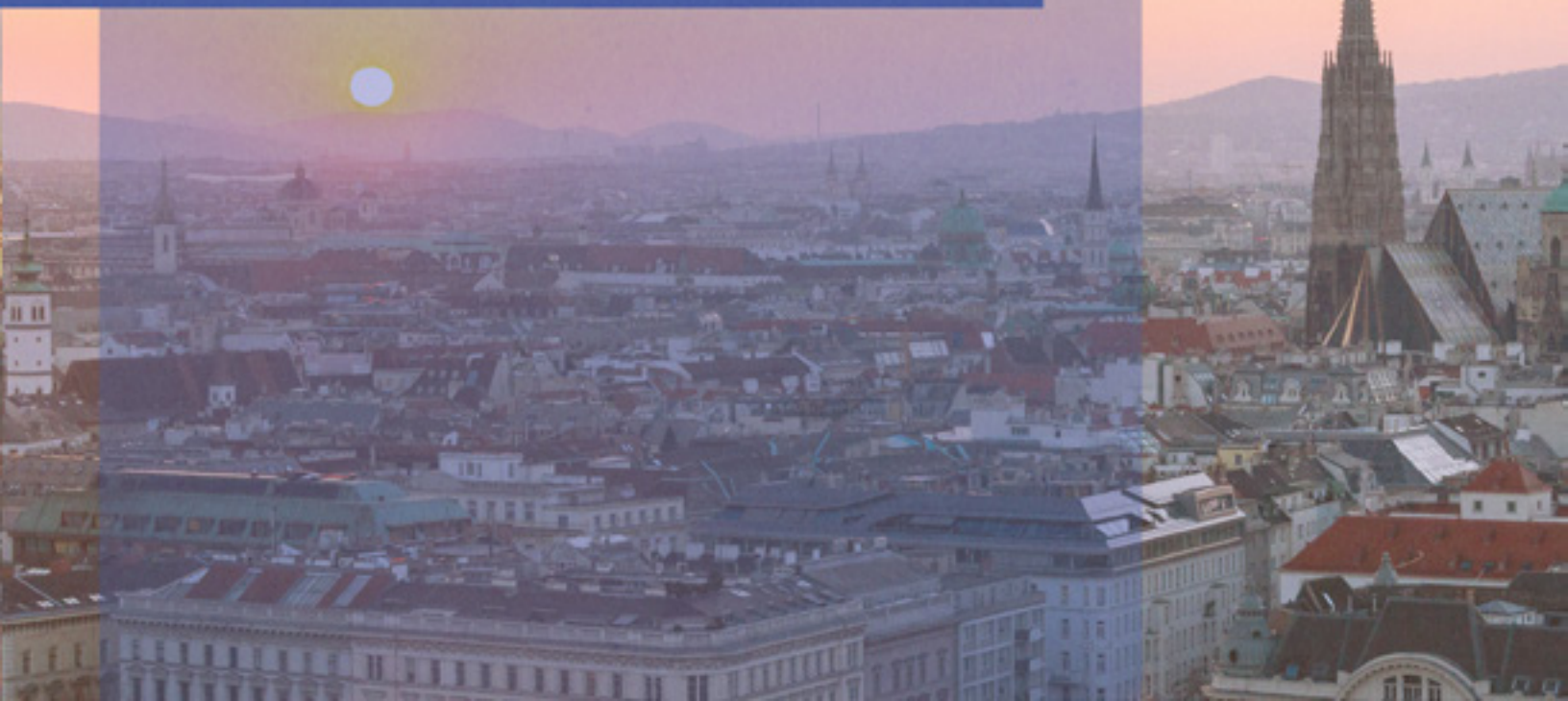
55 Harry Hummel and Christopher Starke, “Defining and Prosecuting Transborder Corruption,” in *Failed in Action Why European Law Enforcers Are Unable to Tackle EU-Russian Transborder Corruption*, EU-Russia Civil Forum. Expert Group “Fighting Transborder Corruption,” Report, 2017, 8-11, https://www.researchgate.net/publication/322519997_Defining_and_Prosecuting_Transborder_Corruption



THE (GEO-)POLITICAL ASPECTS OF AUSTRIAN-RUS- SIAN BUSINESS RELATIONS

Part I

Martin Malek





ABOUT AUTHOR

Dr. Martin Malek

Martin Malek is an Austrian political scientist. He has taught at several academic institutions, including the University of Vienna and National Defence Academy (Austria).

INTRODUCTION

This article focuses on the political framework conditions, side effects and consequences of Austrian-Russian economic relations over the past two decades. The supply of natural gas and crude oil from Russia to and via Austria has a special role to play here, since it accounts for the lion's share of Moscow's exports; it is also relevant for other EU countries which likewise purchase Russian gas. And it is a matter of common knowledge that the production and export of energy sources are at the heart of Russia's economy, without which the country would be negligible in global political terms, regardless of its size.

Vladimir Putin has been at war since the day he took office as Prime Minister in August 1999 (at that time in the breakaway North Caucasian Republic of Chechnya). Between 1999 and 2008 the oil price rose sharply, which Putin took advantage of in his military policy. Without or with significantly less oil and gas revenues, Putin would not have been able to finance the secret services (the backbone of his power), the modernization of his army, several de facto states in former Soviet republics (Donetsk People's Republic and Lugansk People's Republic in Ukraine, Transnistria in Moldova; Abkhazia and South Ossetia in Georgia) and his wars (currently against Ukraine and in Syria) to the same extent as before, not to mention the funding of occupied Crimea peninsula, which has cost Moscow the equivalent of around USD 20 billion since 2014. Russia's reliable oil and gas customer—Austria—also contributes to this state of affairs, but without this being the subject of any attention from the country's politicians, press, or political scientists.

Hardly anyone in Western Europe and North America cares about the undeniable fact that Putin's world power ambitions are financed by Western oil and gas customers, not to mention that someone wants to change this.

This article cannot deal with the "export" of Russian corruption to Austria; the operations of Russian oligarchs, and the activities of the "Russian Mafia" in Austria. This has reasons of space alone and is not due to the author's assumption that this would be insignificant in the context of Austrian-Russian (economic) relations. Thus, the Russian opposition politician Aleksey Navalny said: "Everyone [in Russia] loves Austria—especially the crooks and thieves."¹ Thus, the trade relations between Russia and Austria also, to a certain extent, advance Russia's malign influence. In addition, an ideological moment was always present in the Austrian-Soviet and then Russian business relations (even if most, if not almost all, of the Austrian and probably also Soviet/Russian politicians and managers involved would strongly deny this). The political background for this is Austria's neutrality (which has existed since 1955), the observance of which Moscow monitored "with Argus eyes" in both Soviet and post-Soviet times. And for the Austrian side, neutrality was and is a good excuse to show itself "as friendly as possible" towards Putin's Russia. This can be demonstrated by numerous events. So, in June 2014 Austria was the first EU member country to receive Putin after the annexa-

¹ Quoted after: Simone Brunner, Alexej Nawalny: „Alle lieben Österreich – Gauner und Diebe besonders.“ [Aleksey Navalny: "Everyone loves Austria – especially the crooks and thieves."] [interview]. Profil, July 25, 2019, <https://www.profil.at/ausland/alexej-nawalny-kreml-kritiker-putin-10877723> (accessed March 26, 2020). Hereinafter, all translations from German and Russian are made by the author.

tion of Crimea; and the politicians meeting him in Vienna seemed to be very proud of this.

Austrians sometimes console themselves about the low international importance of their country by quoting Friedrich Hebbel: “This Austria is the little world in which the big one holds its rehearsal” (in German it rhymes: “Dies Österreich ist eine kleine Welt, in der die große ihre Probe hält.”) When these words were spoken in 1862, Austria was territorially much larger than it was after 1918 and up to the present day: It was a major European power then and is now a small state. Russia, on the other hand, was then and is now a great power, and the character of its political system at that time was by no means dissimilar to that of Putin’s Russia today: authoritarian, with a ruler who cannot be voted out of office; very nationalistic, ambitious, and self-confident; with an (almost) powerless society; and with a political class that is also and especially concerned with self-enrichment. These are the *real* starting conditions for any proper analysis of Russia’s domestic, foreign, military, security, and economic policy—and therefore also for an approach to its relations with Austria in general and in the field of trade in particular.

RUSSIA AS AUSTRIA’S TRADE PARTNER—AN OVERVIEW

During each of his stays in Vienna, Putin visited the Austrian Federal Economic Chamber, which is dominated by the Austrian People’s Party and claims to represent the interests of business and foreign trade. Putin also collects his standing ovations there. Thus, an uninformed person, watching such TV coverage, could gain the impression that Russia is the most important or at least a very significant trade partner for Austria. But what is the truth? In 2018, 35.8% of Austria’s import came from Germany; 6.4% from Italy; 5.8% from China; Switzerland and the Czech Republic each account for 4.4%; 3.8% came from the US; France, the Netherlands, Poland and Hungary each account for 2.7%; 2.2% came from Slovakia and only 2.1% from Russia. Among Austria’s top export partners are (1) Germany, (2) US, (3) Italy, (4) Switzerland; Russia with a share of 1.4% occupied only 17th position.²

2 Wirtschaftskammer Österreich, “WKO Statistik Österreich. Österreichs Außenhandelsergebnisse. Jänner bis Dezember 2018. Endgültige Ergebnisse” [Austrian Federal Economic Chamber, “AFEC Statistics Austria. Austria’s foreign trade results. January to December 2018. Final results”]. Juli 2019, pp. 1, 10, http://wko.at/statistik/Extranet/AHstat/AH_12_2018e_Bericht.pdf (accessed 10 March 2020)

However, “such economic data show only part of the story. [...] Austrian economic players dealing with Russia are more important than the aggregate trade numbers might suggest. Some key business sectors linked to Russia have ties to the state, strong corporate lobbies, or both.”³

Austrian imports from Russia continue to consist mainly of energy sources (oil, natural gas), followed by metals. According to the Austrian Embassy in Moscow, the largest share of exports from Austria is attributed to the manufacturing industry, especially mechanical engineering and plant construction. Approximately 500 Austrian companies are active in Russia, particularly in the wood and paper industry, mechanical and plant engineering, construction, and banking.⁴

AUSTRIA IN THE EU CONTEXT AS A CUSTOMER OF RUSSIAN OIL AND GAS

Since 2013 (until January 2020, when the UK left) all 28 member states of the EU are net importers of energy. In 2017, 55% of the EU’s energy needs were met by net imports. Russia has maintained its position throughout the period 2007–2017 as the leading supplier to the EU of the main primary energy commodities—natural gas, crude oil, and hard coal.

The EU’s natural gas dependency reached 77.9% in 2018, up from 74.4% in 2017. In 15 member states natural gas dependency was higher than 90%. For Austria, this dependence was 91% in 2017 and 88.4% in 2018.⁵ Russia’s share of EU imports of natural gas between 2007 and 2017 did not change (38.7%). The lowest level was recorded in 2010 (31.9%), the peak of 41.1% occurred in 2013. Russia was and is also the principal supplier of EU crude oil imports: Its share stood at 33.7% in 2007 and fluctuated between 34.7% (2011) and 29% (2015). In 2017, its share was 30.3%, in 2018—27.3%

3 Andrew S. Weiss, “With Friends Like These: The Kremlin’s Far-Right and Populist Connections in Italy and Austria.” *Carnegie Endowment for International Peace*, February 27, 2020, <https://carnegieendowment.org/2020/02/27/with-friends-like-these-kremlin-s-far-right-and-populist-connections-in-italy-and-austria-pub-81100> (accessed March 26, 2020).

4 Österreichische Botschaft Moskau, “Wirtschaftsbeziehungen zwischen Österreich und Russland” [Austrian Embassy Moscow, “Economic relations between Austria and Russia”], <https://www.bmeia.gv.at/oeb-moskau/bilaterale-beziehungen/russische-foederation/wirtschaft/> (accessed March 25, 2020).

5 Eurostat, “Natural gas supply statistics,” p. 4, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/10590.pdf> (accessed March 25, 2020).

(for comparison: Norway—11.2%, Nigeria—8.1%, Kazakhstan—7.8%).⁶ As to hard coal, in 2017 38.9% of the EU's imports came from Russia.

The EU has known for many years that "the security of the EU's primary energy supplies may be threatened if a high proportion of imports are concentrated among relatively few partners."⁷ However, no decisive action was taken: In 2017, almost three quarters (74.6%) of the EU-28's imports of natural gas originated from Russia, Norway, and Algeria. The same year, close to three quarters (72.7%) of the EU-28's hard coal imports originated from Russia, Colombia, and the United States, while imports of crude oil were less concentrated among the principal suppliers, as Russia, Norway, and Iraq accounted for roughly half (49.9%) of the EU-28's imports.

With regards to the origins of imports in 2017–2018, Norway was the source of 30.2% of the natural gas entering the EU (intra-EU trade and entries from Switzerland both excluded), followed by Russia (20.5%), Ukraine (16.3%), and Belarus (10.3%). However, considering that most gas entering the EU from Ukraine and Belarus initially comes from Russia, the dependency on gas imports from this country is in practice much higher than on gas from Norway.⁸

As to Austria, it has long-standing links in the energy sector with Moscow. In 1968 (when the ostentatiously anti-communist Austrian People's Party was the sole political force in power), the Vienna-based oil and gas group OMV became the first non-communist European company to conclude a natural gas supply deal with the Soviet Union. The consequences of this decision are still felt strongly today. Other Western European countries followed suit, and Austria enjoyed its role as a major hub for Soviet and, after 1991, Russian gas exports across Europe.

During his talks with Putin in November 2009, Austrian Federal Chancellor Werner Faymann (Social Democratic Party) mentioned that Austria has no nuclear power plants; Putin laughed calling this a "very good decision for Russia as well."⁹ Indeed, Austria has to buy

Russian gas in the foreseeable future and, therefore, remains dependent on Moscow to a great extent.

The OMV today is 31.5% state-owned and forms the single biggest integrated petroleum company in Central Europe. It undertakes petroleum exploration and production, refining, as well as wholesale and retail sales on domestic and international levels. OMV also operates Austria's only refinery (based in Schwechat, a suburb of Vienna) and three natural-gas-storage facilities. OMV and Russian natural gas giant Gazprom cooperate in gas production, transportation, and supplies. In June 2018, an Agreement was signed to extend until 2040 the existing contract between Gazprom Export and the OMV Gas Marketing & Trading GmbH for Russian gas supplies to Austria. In October 2018, Gazprom and OMV signed a Memorandum on Strategic Cooperation, which envisages the creation of a Joint Coordinating Committee on collaboration in the natural gas sector, both upstream and downstream, in the area of science and technology, as well as staff training. OMV called this "strengthening the partnership" with Gazprom.¹⁰ Its CEO Rainer Seele presents any such "strengthening" as "diversification of supply" and "support to ensure security of supply"¹¹—in manifest contradiction of the facts. There are even Austrian politicians, as Karlheinz Kopf (People's Party), who stated that with OMV providing Gazprom "access to Europe," Austria "is once again performing its role as mediator in some way."¹² This was an example of the skill of many Austrian politicians (and managers) in presenting the business of Austrian companies and banks with Russia as an "expression of traditional Austrian neutrality." Kopf is also Secretary General of the Economic Chamber (since 2018) and Chairman of the Parliamentary Group Austria—Russia.

In the past there have been repeated speculations about Gazprom's entry into OMV. The Russian side has usually been evasive or, for example, claimed that "at present no talks are being held." This, of course, leaves all options open for the future. Sometimes rumors appeared that Gazprom might try to take over OMV. Former Austrian oil industry manager Wolfgang Schollnberger, who had worked for OMV (among others), commented with

6 Eurostat, "EU imports of energy products – recent developments. Statistics Explained," November 2019, p. 5, <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/46126.pdf> (accessed March 16, 2020).

7 Eurostat, "Energy production and imports. Statistics Explained," June 2019, https://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_production_and_imports#The_EU_and_its_Member_States_are_all_net_importers_of_energy (accessed March 25, 2020).

8 Eurostat, "Natural gas supply," p.4.

9 Quoted after: Christian Ultsch, "Putin drängt Wien zu Beteiligung an 'South Stream'" ["Putin urges Vienna to participate in 'South Stream'"]. *Die Presse*, November 12, 2009, p. 7.

10 OMV, Annual Report 2018. "7 reasons why we're excited about tomorrow," Vienna, 2019, p. 66.

11 Quoted after: Günther Strobl and André Ballin, "Sibirien-Abenteuer kostet OMV 905 Millionen" ["Siberia adventure costs OMV 905 million"]. *Der Standard*, June 8–10, 2019, p. 28.

12 Raja Korinek, "OMV-Deal ist politisch interessante Lösung" ["OMV deal is politically interesting solution"] [interview with Karl-Heinz Kopf]. *Die Presse*, April 13, 2016, p. 16. At the time of this interview Kopf was Deputy Speaker of the National Council, which added weight to these words.

“black humor” in January 2016 that this was not even necessary if Gazprom had “enough followers” on the OMV Management Board itself, the OMV Supervisory Board, the Supervisory Board of the Österreichische Bundes- und Industriebeteiligungen GmbH (ÖBIB) (which managed the state shares in several companies from 2015 to 2019 before it was transferred to the Österreichische Beteiligungs AG, or ÖBAG), or in the relevant Austrian federal ministries. From Schollnberger’s point of view, it had to be assumed that “some of these submissive people know exactly what is at stake, but others are short-sighted followers.”¹³

According to the latest yearbook of the Austrian statistics authority, only 5.6% of crude oil demand and 11.6% of gas consumption originate from domestic production. Since the closure of the Styrian lignite mining facilities in 2005, Austria’s foreign dependence on coal has been 100%. Furthermore, the yearbook states unequivocally that Austria’s dependence on foreign energy supplies is “continuously” increasing.¹⁴

In 2018, Gazprom delivered to Austria 12.3 billion cubic meters of gas, an increase of 34.8% against 2017 (9.1 billion cubic meters). In 2018, OMV imported a total of 8.3 million tons of crude oil to Austria, an increase of 13.5% over the previous year. Crude oil was procured from fourteen countries in very different quantities. Kazakhstan was in the lead with almost 3.1 million tons, followed by Libya with 1.9 million tons, Iran with 988,000 tons and Azerbaijan with 782,000 tons.¹⁵ In this context, however, it usually goes unmentioned that the oil from Kazakhstan is transported via pipelines which also pass through Russian territory.

Practically all Austrian and Western European advocates and supporters of an “extended cooperation” with Gazprom in general and of the Nord Stream pipeline projects in particular justify this as an “interdependence” and “mutual intertwining”: the Kremlin would not be able to blackmail the EU with gas supplies because it is massively dependent on these revenues itself. This is, however, “pseudo-plausible”: there is no doubt that in a theoretical massive political conflict situation Moscow

could “endure” much longer without these funds than many EU states could last without Russian oil and gas. Fortunately, the leaders of (most) EU states are accountable to their respective populations, which is completely absent in Putin’s case. Thus, Mikhail Korchemkin, founder and head of the Pennsylvania-based consulting firm East European Gas Analysis, said: “The Kremlin is ready to abandon revenues at any moment in order to achieve some political goals. I have no doubt that if the Kremlin doesn’t like something—the decision of some court, the actions of some German companies—then gas supplies will be immediately cut and stopped. Although normal practice suggests that one should go to an arbitration court.”¹⁶

It is, however, unlikely that Austria alone would become the victim of (howsoever motivated) political blackmail by Russia by refusing to supply energy sources, including natural gas; this would also affect other EU states. A historical example of such a scheme is the oil boycott against Western countries by the Organization of the Petroleum Exporting Countries (OPEC) in 1973, which also affected Austria, although it had nothing to do with the Middle East conflict and was, of course, not militarily involved at all; its then Federal Chancellor (Prime Minister) Bruno Kreisky (Socialist Party)¹⁷ was also considered very critical of Israel, but that did not “help” either.

Austria can also suffer “collateral damage,” and this has already happened. For example, in January 2006 and January 2009 Russian natural gas supplies to Austria and some other European countries were temporarily cut off because the Kremlin wanted to put political pressure on Ukraine (whose President Viktor Yushchenko, elected in 2004, was despised in Moscow). There were no supply shortages in Austria, as the country was able to draw on stored reserves. But such events should have severely damaged Moscow’s reputation as a “reliable supplier” to the EU; for some mysterious reasons, this did not happen.

But the Austrian Ministry for European and International Affairs, which usually selects its phrasing very carefully, wrote in its annual report for 2007: “Russia uses

13 Wolfgang Schollnberger, “Sicheres Gas aus Russland? Um welchen Preis?” [“Reliable gas from Russia? At what price?”]. *Die Presse*, January 19, 2016, p. 22.

14 Statistik Austria (ed.), *Österreich: Zahlen, Daten, Fakten* [Austrian statistics authority (ed.), *Austria: figures, data, facts*]. Wien 2020, p. 82.

15 Wirtschaftskammer Österreich, “Die österreichische Mineralölindustrie 2018” [Austrian Economic Chamber, “The Austrian Mineral Oil Industry 2018”]. July 23, 2019, <https://www.wko.at/branchen/industrie/mineraloelindustrie/die-oesterreichische-mineraloelindustrie.html> (accessed 11 March 2020).

16 Dmitrii Malyshko, “Kreml v lyubuyu minutu gotov perekryt tranzit gaza v Evropu – Mikhail Korchemkin” [“The Kremlin is ready to stop gas transit to Europe at any minute – Mikhail Korchemkin”] [interview]. *Apostrof*, October 13, 2019, <https://apostrofe.ua/article/politiics/2019-10-13/kreml-v-lyubuyu-minutu-gotov-perekryit-tranzit-gaza-v-evropu---mihail-korchemkin/28415> (accessed 25 March 2020).
17 It was re-named the Social Democratic Party in 1991.

its energy policy as a mighty tool of its foreign policy.”¹⁸ In May 2007, the Austrian Minister for Economic Affairs Martin Bartenstein (People’s Party), who also co-chaired the Austrian-Russian Joint Commission for Trade and Economic Cooperation, was aware that Putin pursued a “foreign policy” using Gazprom. Bartenstein said, “with its huge gas reserves Russia is playing back into the power poker of world politics,” but he immediately put this into perspective by claiming that “many [other] states [...] also make world politics with energy.” However, Bartenstein (who had received the Russian Order of Friendship in 2002) did not mention such “other” examples here, so that it remained open whom he meant specifically.¹⁹ Such “whataboutism” is typical for Putin’s defenders in the West and in Austria as well: they constantly refer to different events that often have nothing at all to do with Russia under discussion and which cannot explain or justify its behavior; nevertheless, many politicians and media consumers (and even many political scientists) are impressed and influenced by this. In February 2014, Austrian banker Herbert Stepic did not even deny that Putin was making “politics” with gas supplies, but found nothing wrong with that—Putin wanted to “simply build his Great Russia.”²⁰ And Stepic had no intention to criticize this or ask why Austria should participate in the realization of Putin’s ambitions.

During the 2009 gas supply crisis Austrian politicians and managers rescued themselves into veritable “verbal contortions.” For example, OMV’s then head Wolfgang Ruttenstorfer (who had been State Secretary in the Ministry of Finance for the Social Democratic Party from 1997 to 1999) declared that Russia “will continue to be a reliable supplier of natural gas *after the end* of the bilateral conflict with Ukraine.”²¹ And of course, Austrian politicians “nobly restrained” criticism of Putin because of the supply stops. It was left to Austrian satirist Rainer Nikowitz to use a fictional interview with “Putin” to announce findings that Western European politicians,

managers, and political scientists (with “Russia experts” among them) were unwilling to make public: “If I [‘Putin’] only blackmail the Ukrainians, it will take endlessly for them to give in. But if I blackmail the mollycoddled EU as well, I’ll get my way much faster.”²²

Austria has taken some steps to prepare for a gas emergency, notably by enabling the physical reversibility of a large number of its gas pipelines with neighboring countries (Germany to Austria and Italy to Austria) in 2011. But that would be of little or no help if these countries themselves were affected by massive gas shortages.

Most of the Russian gas that serves Europe comes from the Urengoy and Bovanovenskoe reservoirs. Urengoy has been one of the world’s most productive fields for four decades, but the gas closer to its surface is running out. Gazprom has decided to hire international partners for the expensive, more complicated drilling needed to remove gas from Urengoy’s depths. Thus, on 7 June 2019, OMV signing an Amendment Agreement to a Basic Sale Agreement from 3 October 2018, with which it will acquire a quarter of the Urengoy gas field on Yamal Peninsula. The agreement for 905 million euro will give OMV 24.98% ownership of Blocks 4A and 5A at Urengoy. Gazprom will retain majority control of this gas field—50.01%.²³ This, as an Austrian daily called it, “Siberian adventure”²⁴ shows once again that OMV is not thinking of easing its already very close ties with Gazprom in the foreseeable future.

Gazprom’s, OMV’s and other natural gas lobbyists’ presentation of the “environmental friendliness” of burning natural gas is contradicted by practically all serious experts. They also try to create the impression that natural gas is the lesser evil compared to coal or oil, why Nord Stream 2 must be built at any costs and why the connection with Gazprom (i.e. Putin’s Kremlin) must not only be maintained, but even expanded. But all this is wrong. Although natural gas really produces comparatively few greenhouse gases when burned, leaks occur frequently in gas production plants and pipelines. Large quantities of unburned methane gas escape from these leaks. And

18 Thomas Schlesinger etc. (eds.), *Außenpolitischer Bericht 2007. Jahrbuch der Österreichischen Außenpolitik [Foreign Policy Report 2007, Yearbook of Austrian Foreign Policy]*. Wien 2007, p. 44.

19 “Russische Investoren willkommen” [“Russian investors welcome”] [interview with Martin Bartenstein]. *Die Presse*, May 23, 2007, p. 16.

20 Reinhard Göweil, “Die Lösung liegt bei Russland” [“Russia is the solution”] [interview with Herbert Stepic]. *Wiener Zeitung*, February 1–2, 2014, p. 5.

21 Quoted after: Abgedreht, “Gas-Lieferung nach Österreich komplett eingestellt” [“Turned off: Gas supply to Austria stopped completely”]. *Die Presse*, January 7, 2009, <https://www.diepresse.com/441904/abgedreht-gas-lieferung-nach-osterreich-komplett-eingestellt> (accessed 11 March 2020). Italics by the author, M.M.

22 Rainer Nikowitz, “Gasreizung” [“Gas Irritation”]. *Profil*, no. 3, 2009, p. 102.

23 OMV und Gazprom unterzeichnen “Amendment Agreement” zum “Basic Sale Agreement” betreffend den möglichen Erwerb einer 24,98% Beteiligung an den Blöcken 4A/5A der Achimov-Formation durch OMV [OMV and Gazprom sign “Amendment Agreement” to the “Basic Sale Agreement” concerning the possible acquisition by OMV of a 24.98% stake in blocks 4A/5A of the Achimov Formation]. *OMV Newsroom*, June 7, 2019, <https://www.omv.com/de/news/190607-omv-und-gazprom-unterzeichnen-amendment-agreement> (accessed March 24, 2020).

24 Strobl and Ballin, p.28.

methane is a particularly dangerous greenhouse gas: it has a much greater greenhouse effect than carbon dioxide. Ralf Sussmann from the Karlsruhe Institute of Technology (Germany) has proven by measurements on the Zugspitze mountain (on the German-Austrian border) that the methane concentration in the atmosphere is rising sharply and that natural gas leaks are mainly responsible for this (leaks from gas wells and pipelines, for example). If these leaks are taken into account, it is doubtful whether natural gas still has any advantage over coal.

Environmental associations used to see natural gas as a “bridging technology,” i.e. as a transitional solution on the way to a much more climate-friendly economy. However, this has changed since. The German Association for the Environment and Nature Conservation, for example, draws a clear conclusion: “Natural gas is not an answer to the climate crisis. [...] It makes no sense to invest in new gas infrastructure projects that are expected to be in operation for more than half a century.”²⁵

THE NORD STREAM GAS PIPELINES AND AUSTRIA

The entire Austrian political and business elite—including the current (since January 2020) Government under Federal Chancellor Sebastian Kurz, consisting of the People’s Party and the Greens—promote the Nord Stream 2 gas pipeline between Russia and Germany. This is a Russian geopolitical project that is harmful to the energy security of the entire EU and, therefore, also of Austria. It is intended to drive a “wedge” into the EU—namely between those countries that support it (Austria, Germany, etc.) and those that reject it (Poland, Baltic States). The Kremlin hopes that this will weaken the EU as a “geopolitical competitor” for power and influence in the world. But nevertheless, OMV is expected to account for about 10% of the total cost of 9.5 billion euro (according to the operators; “project-unrelated” observers expect much more) for Nord Stream 2. Its head since 2015, when Austria was governed by a coalition of Social Democrats and People’s Party, is the German national Rainer Seele. His pro-Russian (and anti-Ukrainian)

25 “Erdgas ist keine Antwort auf die Klimakrise. EU muss Investitionen in fossile Energien beenden” [“Natural gas is not an answer to the climate crisis. EU must stop investment in fossil fuels”]. *Bund – Friends of the Earth Germany*. November 7, 2017, <https://www.bund.net/service/presse/pressemitteilungen/detail/news/erdgas-ist-keine-antwort-auf-die-klimakrise-eu-muss-investitionen-in-fossile-energien-beenden/> (accessed March 25, 2020).

views, which appear in every interview he gives,²⁶ were, of course, already known then and posed no obstacle, and were possibly even a prerequisite for his appointment as OMV’s General Director. The company believes that there is a chance that a part of the natural gas that will land in the East German coastal town of Lubmin could be forwarded to the Baumgarten transmission facility on the Austrian-Slovak border. Between a quarter and a third of the export volume from Russia destined for Western Europe is handled via Baumgarten: The gas is transported from this hub via large transit pipelines to Germany, Italy, France, Slovenia, Croatia, and Hungary and via the primary distribution system to the Austrian provinces.

It is noteworthy that former (2014–2017) Austrian Finance Minister Hansjörg Schelling (a confidant of Seele) from the People’s Party is an official lobbyist for Nord Stream 2 since 2018. Matthias Warnig, who clearly enjoys Putin’s trust (which is evident from the very jobs he got in Russia),²⁷ was the Managing Director of the Nord Stream AG (formally in Zug, Switzerland) from 2006 to 2016 and is Chief Executive Officer of the Nord Stream 2 AG since September 2015. None of the (former and active) politicians and businessmen in Austria, Germany or other project participating countries who promote this pipeline were ever bothered by the fact that Warnig was an employee of the Ministry for State Security of the GDR.

At a meeting with Putin in Sochi in mid-May 2019, Austria’s Federal President Alexander Van der Bellen spoke out strongly in favor of Nord Stream 2. According to Van der Bellen, the gas from Siberia is significantly cheaper for European consumers than the imported liquid gas from the US. According to him, OMV “does not intend to withdraw from the ‘Nord Stream 2’ project.” Putin accepted this with visible satisfaction.²⁸ The EU sanctions against Russia, imposed for the annexation of Ukraine’s Crimea in 2014, obviously, never affected this project.

For many years, the US, EU, and Austria did nothing at all to disrupt or block Nord Stream (which became operational in November 2011) and/or Nord Stream 2. It was not until December 2019, when only about 300

26 Cf. Heike Göbel and Niklas Záboji, “Kritik von Polen und Ukrainern ist vorgeschoben,” *Frankfurter Allgemeine Zeitung*, February 18, 2019, <https://www.faz.net/aktuell/wirtschaft/unternehmen/nord-stream-2-omv-chef-rainer-seele-im-gespraech-16046206.html> (accessed April 10, 2020).

27 Cf. Nordstream-Boss Matthias Warnig: “Herr Putin hat kein Handy” [“Mister Putin has no cellular phone”] [interview]. *Die Presse*, Februar 8, 2018, <https://www.diepresse.com/5368277/nordstream-boss-matthias-warnig-herr-putin-hat-kein-handy> (accessed April 10, 2020).

28 Quoted after: Jutta Sommerbauer, “Durchs Reden sollen Österreich und Russland näher zusammenkommen,” *Die Presse*, May 16, 2019, p. 5.

kilometers were left to complete Nord Stream 2, that the US imposed sanctions on the companies involved. In Germany and Russia, there was great indignation, and in Austria (apart from OMV, of course), the tabloid press and (in its own understanding) the quality press demonstratively and loudly sided with the Russian project initiators, blasting Washington for its “unilateral action,” attempts to “sell their own expensive shale gas” to Europe.²⁹ On this occasion, many Austrian politicians and managers also reiterated their long-standing opinion that Nord Stream represents a “diversification of energy supply”—without explaining how this would be achieved if the supplier of natural gas, namely Russia, remains the same.

Rather unbiased analysts and observers of energy policy gave other reasons for the Kremlin’s stubbornness in sticking with Nord Stream 2. Thus, Korchemkin referred to the billion-dollar contracts for the companies of Putin-friendly oligarchs Arkadiy Rotenberg and Gennadiy Timchenko. The second main reason, according to Korchemkin, is Putin’s desire to “punish” Ukraine, which will lose transit fees (about USD 2 billion annually) because of Nord Stream 2. Indeed, long before the 2013–2014 Maidan protests in Kyiv, Putin expressly told Faymann that Nord Stream 2 will offer the possibility of “disciplining unruly transit countries” such as Ukraine.³⁰ Faymann did not object, although he could have asked why Austria (and other EU member countries) should assist Russia in its attempts to “discipline” other countries.

It is, of course, economically absurd to spend billions to construct pipelines on the bottom of the Baltic Sea in order to transport roughly the same amount of natural gas to Central and Eastern Europe as that which can be (and has been) pumped through Ukraine’s pipeline network (which is nevertheless in need of modernization), but Nord Stream is not about economics, but Russian geopolitics. As the vast majority of politicians, officials, and managers in Vienna, Berlin, and Brussels failed to understand this, they took nothing but wrong decisions

about Nord Stream—and this will affect the EU’s energy security over the decades to come when all politicians active today will be long out of office.

Nord Stream (and especially Nord Stream 2) is also a major problem for Kyiv because Russia would become completely “independent” of the pipelines across Ukrainian territory and thus, according to some observers (for example, Andreas Umland)³¹ could more easily wage a “large-scale” war (i.e. far beyond the Donbass) against Ukraine, which would undoubtedly trigger another huge wave of refugees (parallel to Syria), affecting not “only” Ukraine itself but also the EU. The responsible officials and authorities in Vienna, Berlin, and Brussels do not want to deal with such a possibility nor with information that Russian prisoners were being forced to work on Nord Stream 2 (which should at least have been checked).

To be concluded in the next issue

29 Cf. Christian Ultsch, “Europa braucht keine US-Zwangsnachhilfe,” [“Europe does not need US forced tutoring”] *Die Presse*, December 21, 2019, <https://www.diepresse.com/5742444/europa-braucht-keine-us-zwangsnachhilfe> (accessed April 10, 2020); “US-Sanktionen gegen Nord Stream 2 sind in Kraft,” [“US sanctions against Nord Stream 2 are in force”]. *Kronen Zeitung*, December 21, 2019, <https://www.krone.at/2066127> (accessed April 10, 2020).

30 Quoted after: Christian Ultsch and Eduard Steiner, “Faymann im Kreml: Zwischen Kalaschnikow und Erdgas,” [“Faymann in the Kremlin: Between Kalashnikov and natural gas”] *Die Presse*, November 10, 2009, http://diepresse.com/home/politik/aussenpolitik/520903/index.do?_vl_backlink=/home/politik/aussenpolitik/index.do (accessed March 25, 2020).

31 “The Geopolitical Impact of Nord Stream 2.0 on European Energy Security,” (panel discussion, Diplomatic Academy of Vienna, February 26, 2020).



A STUDY OF DISRUPTIVE RUSSIAN INFLUENCE IN GEORGIA

Egor Kuroptev



POLITICS



ABOUT AUTHOR

Egor Kuroptev

Egor Kuroptev is a director of the Free Russia Foundation in South Caucasus, director of the “Information in Russian vs soft power of the Kremlin” project (South Caucasus), producer and host of the Russian-language “Border Zone” TV show.

Bilateral relations between Russia and Georgia ought to be described starting from the period of the Soviet Union, considering that soon after the first declaration of Georgia’s independence in 1921, this South Caucasian country was forcibly dragged into the Union. After the collapse of the Soviet Union, in the 1990s Russia was not willing to let its neighbor be free and independent; thus, by using the Russian military the first war broke out in Georgia, which is called the “Abkhazian War,” although in essence, as in 2008, it was Russia’s war against Georgia.

Despite the attempts by Georgian leaders to build normal relations with Putin’s Russia, the Kremlin has always had its own vision of what to call “normal.” It is well known, that the period of Mikheil Saakashvili’s presidency has been a period of grand reforms, the withdrawal of Georgia from a deep economic crisis, the elimination of petty corruption, and ensuring a high level of security through the implementation of the famous police reform.¹ Nevertheless, the Saakashvili era is also known for the most severe confrontation with Vladimir Putin and for the Russian-Georgian war of 2008, which the Kremlin started on August 7, 2008.

Before the war, Saakashvili offered Putin all-round cooperation in almost all areas. And even today, there are more than a thousand Russian companies functioning

in Georgia. For example, the Russian mobile phone company Beeline functioned without any barriers during the war and is still functioning in Georgia. The energy company *Telasi*, which belongs to the Russian state company *Inter RAO*, has quite successfully worked and continues to operate providing electricity to the capital, Tbilisi. There were no difficulties for Russian business in Georgia but only to obey the legislation. Nevertheless, despite all attempts of the Georgian government to normalize relations with Moscow, a war still emerged in 2008.

As a consequence of the 2008 war, Georgia and Russia have no diplomatic relations, no embassies, and the main line of bilateral “relations” in the political context is the occupation of 20% of Georgian territories by Putin’s Russia with the deployment of Russian military bases both in so-called South Ossetia and in Abkhazia. Despite the fact that the war still takes lives of Georgian citizens,² there is an active process of *borderization*,³ and

1 “By 2009, the reformed MIA had undergone such a revolutionary change that it ranked as the third most popular Georgian institution after the Georgian Orthodox Church and the army, according to a poll conducted by the International Republican Institute. In 2015, Georgia ranked 48th out of 168 countries in the Corruption index.” Matthew Devlin, “Seizing the Moment: Rebuilding Georgia’s Police,” *Center for Public Impact*, 2010. <https://www.centreforpublicimpact.org/case-study/sieving-moment-rebuilding-georgias-police/>.

2 “The OSCE PA resolution also condemns the murder of Georgian citizens Archil Tatumashvili, Giga Otkhozoria, and David Basharuli by the Russia controlled people in Georgia’s occupied territories.” Gvanca Gabekhadze, “OSCE PA Elects Georgian Chairman, Passes Pro-Georgia Resolution,” *Messenger Online*, July 13, 2013, http://www.messenger.com.ge/issues/4183_july_13_2018/4183_gvanca.html.

3 Vladimir Socor, “Russia Accelerates ‘Borderization’ in Georgia on War’s 20th Anniversary,” *Eurasia Daily Monitor* 10, no. 175 (2013), <https://jamestown.org/program/russia-accelerates-borderization-in-georgia-on-wars-20th-anniversary/> Borderization is a process of illegal movement of occupation lines deeper into the territory of Georgia. Each year, the forces of the FSB border troops of Russia move the so-called border with Georgia by several tens and sometimes hundreds of meters, taking away more territories from Georgia.

hundreds of people are abducted yearly,⁴ the new government (which replaced the Saakashvili government in 2012) has chosen the course of so-called balanced politics in relations with the Kremlin.

Quite often, the occupation regime abducts people from Georgian-controlled territory explaining later that those crossed the so-called border between Georgian-controlled territory and Abkhazia or so-called South Ossetia,⁵ although people were on Georgian territory according to any map used for identifying the problem. The purpose of the so-called authorities in Tskhinvali and Sukhumi is to scare Georgian citizens and extort money from them, whereas the Kremlin's goal is to bring instability, fear to Georgian people, demonstrate their strength, and use propaganda tools to show the West's inability to protect its partner.

Given all these violations and the fact of the occupation of Abkhazia and so-called South Ossetia, the government of billionaire Bidzina Ivanishvili, who has been informally ruling Georgia for eight years as the leader of the ruling party, developed a softer policy towards the Kremlin. Starting from 2012, one can note the growth of trade (wine, mineral water, fruits, etc.) and tourism, and other formats of cooperation with Russia as well.

For such a "balanced course," Georgian authorities created a format for bilateral negotiations between Russia and Georgia in which Deputy Foreign Minister of the Russian Federation, Grigoriy Karasin, and Special Representative of the Prime Minister of Georgia for Russia, Zurab Abashidze, take part. For eight years, this format has served to significantly expand cooperation between Russia and Georgia in terms of trade and humanitarian spheres, but it has not made any changes to the real state of affairs on the topic of occupation and the Kremlin's aggressive policy towards Georgia. On the contrary, it was during these years that the citizens of Georgia, Archil Tatumashvili, Gigi Otkhazia, and Irakli Kvaratskhelia lost their lives as a result of the Kremlin's aggression against

4 Nino Chibchiuri, "Abduction of Georgian citizens by the occupation forces and the execution of the so-called "budgets" at the expense of abduction pay-offs," FactCheck Newspaper, February 2019, <https://factcheck.ge/en/story/37965-abduction-of-georgian-citizens-by-the-occupation-forces-and-the-execution-of-the-so-called-budgets-at-the-expense-of-abduction-pay-offs>

5 "The Joint Statement Of Human Rights Organizations Concerning Pressing Human Rights Conditions in South Ossetia, Georgia," Open Society Georgia Foundations, November 27, 2019, <https://osgf.ge/en/the-joint-statement-of-human-rights-organizations-concerning-pressing-human-rights-conditions-in-south-ossetia-georgia/> While the number of arbitrarily detained people in South Ossetia in 2008 was 7, this number has increased almost 20 times in recent year.

Georgia.⁶

Georgia and Russia are at an extremely low level of political cooperation since Russia has been conducting military operations against the country, whether it be a hot war or a hybrid one, as it has been from 2008 to the present. According to opinion polls conducted by reputable international organizations such as the National Democratic Institute and the International Republican Institute in Georgia, 75% of respondents consider Russia to be the main threat to Georgia's security.

However, given the level of negative attitudes towards the Kremlin in Georgia, it can be assumed that Moscow is not interested in a change of the ruling regime in Tbilisi, since it seems to be most loyal to the Kremlin compared to any existing opposition party in Georgia. The current Georgian leadership appears to be most suitable for Moscow in terms of its management style, business orientation, its manner of holding elections, and the noticeable decrease in the speed of reforms in Georgia.

Since the beginning of 2020, US Congressmen and Senators,⁷ as well as American, European and Georgian experts have openly made appeals⁸ to the Georgian authorities underlining the backslide⁹ of the South Caucasian country from democracy¹⁰ and its rapprochement with the Kremlin by its style, tactics and strategies.

Speaking about Georgia's vulnerabilities to Russian malign influence, it is worth starting from the *balanced policy* of the government of Bidzina Ivanishvili in relations with the Kremlin. For the last eight years Ivanishvili tried to keep a balance between the choice of the Georgian people (according to the polls conducted by

6 "Zalkaliani has called for the UN member states' support to the 'Otkhazia-Tatumashvili List,'" Permanent Mission of Georgia to the UN Office and Other International Organizations in Geneva, February 24, 2020, http://www.geneva.mfa.gov.ge/default.aspx?lang=2&sec_id=412&NewsID=141671

7 Adam Kinzinger, "Washington Free Beacon: Lawmakers Warn Georgia Over Anti-U.S. Backslide" Congressman Adam Kinzinger Proudly Serving the 16th District of Illinois, January 23, 2020, <https://kinzinger.house.gov/news/documentsingle.aspx?DocumentID=402245>

8 "Risch, Shaheen, Express Concern for Potential Backsliding of Georgian Democracy and Governance," United States Senate Committee on Foreign Relations, Chairman's Press, January 29, 2020 <https://www.foreign.senate.gov/press/chair/release/risch-shaheen-express-concern-for-potential-backsliding-of-georgian-democracy-and-governance>

9 Kornely Kakachia and Bidzina Lebanidze, "Georgia's Dangerous Slide Away From Democracy," *Judy Dempsey's Strategic Europe* (blog) *Carnegie Europe*, December 10, 2019, <https://carnegieeurope.eu/strategieurope/80542>

10 Ani Chkhikvadze, "Democracy in Georgia is heading for a crunch," *Washington Post*, November 27, 2019, <https://www.washingtonpost.com/opinions/2019/11/26/democracy-georgia-is-heading-crunch-is-west-paying-attention/>



Occupation line in Georgia ("Atotsi" village), 2019 Photo: Egor Kuroptev

the National Democratic Institute (NDI), 82% are in favor of joining the European Union, and 74% are in favor of joining NATO) and "cooperation" with the Kremlin in those spheres where it does not threaten the sovereignty of Georgia. In the framework of the above-mentioned strategy, the government of Georgia has strengthened its trade relations with Russia, as well as developed tourism and other spheres of cooperation. Unfortunately, these practices have not been a successful experience but brought about the country's economic dependence on Russia, the establishment of pro-Kremlin organizations in Georgia, and raised pro-Russian sentiments in the country. Concrete examples of pro-Kremlin organizations and influence campaigns of recent years are given below. In practice, the balanced policy or the policy of non-disturbance means: the Georgian government has a minimal and in some cases even no public reaction to the Kremlin's aggressive actions against Georgia; an absence of mechanisms for preventing and counteracting external destructive influence in the country; and no official position from the side of Georgian authorities about the function of different Russian propaganda media outlets as well as of various openly pro-Russian NGOs in the country.

For mutual economic interests and benefits, the Georgian government has noticeably reduced the pressure on the Kremlin regarding the occupation issue. Generally, over the past few years the issue of occupation as

well as any violations from the Kremlin are mostly voiced and actively protested by the activists and similar organizations. Only when the activists and related NGOs raise the issue related to Russia and protest publicly, Georgian authorities have no other choice but to comment and respond to the issue by making the public statements. For example, since August 2019, the borderization and creeping annexation of Georgian territories in the area of the Chorchana forest has taken away dozens of hectares of land from Georgia, but the Georgian government has never taken any action against it, even in statements. On the contrary, official statements during this very period were only related to the restoration of flights with Russia to ensure the flow of tourists again.

For eight years such a policy has put the Kremlin in its comfort zone as it can establish and promote its own NGOs in Georgia, support anti-Western and anti-democratic political organizations, disseminate misinformation and propaganda in order to prevent Georgia's rapprochement with the West and prevent the country from conducting its own independent politics. At the same time, over these years the Kremlin has been creating an alternative agenda for Georgian society in which it completely denies its aggressive actions towards Georgia and emphasizes different formats of cooperation developed in the framework of the balanced policy in the economic sphere.

Georgia's increasing economic dependence on

Russia is an advantage the Kremlin uses to put pressure on Georgia on political issues. The most striking example in recent times is the so-called Gavrillov's night. In the summer of 2019, within the framework of the balanced policy, Georgian authorities invited a delegation of the Russian State Duma headed by Andrei Gavrillov to participate in the inter-parliamentary assembly. It is important to note that after the August 2008 war and with continued creeping annexation of Georgian territories, any official visits of Russian delegations to Georgia (if these visits are not targeted to de-occupation of the country) are strongly opposed by citizens of Georgia. As a reaction to this visit, mass protests and rallies of citizens in front of the Parliament building forced the Russian delegation to leave Georgia. In response to this, Russian President Vladimir Putin used economic sanctions—a ban on flights to Georgia in the middle of the high season, which of course caused economic harm to small and medium-sized businesses focused on Russian tourists, as well as to the country's economy as a whole.

Currently, Georgia's economic dependence on Russia can be described as quite high considering the following data:

- Russia is Georgia's second largest economic partner, after Turkey (2019);
- 13% of export from Georgia goes to Russia (2019);
- Russia takes third place in Georgia in terms of the number of tourists;
- More than one thousand Russian companies operate in the Georgian market, including strategically important areas such as communications (Beeline) and the energy sector;
- The electricity supplier in Tbilisi, company *Telasi*, is owned by the Russian state company *InterRAO*;
- The Georgian oil company *Gulf* is owned by Petrocas Energy Group, 49% owned by the Russian state company *Rosneft*;
- In the period between 2015 and 2019, Russians ranked first in purchasing real estate in Georgia (more than 40%—according to the Government Commission on Migration).

Georgian authorities underline that Georgia has no intention to refuse exporting to Russia.¹¹ The growth of

11 Angelina Milchenko, "Georgia has no intension to refuse exporting to Russia," *Gazeta.ru*. July 6, 2019, https://www.gazeta.ru/politics/2019/07/06_a_12482509.shtml

Russian tourists and the sale of real estate to Russians is considered to be a positive factor. Experts and analysts,¹² on the contrary, see Georgia's growing dependence on Russia over the past 8 years more likely as threats, since each element of relations between Tbilisi and Moscow can be used by the Kremlin to pressure Georgia, and as a basis for propaganda towards the external as well as the internal audience.

In general, one of the biggest threats to Georgian society is the disinformation and propaganda campaigns initiated by the Kremlin and its agents of influence. Such campaigns are conducted on a permanent basis, aim to undermine democratic values and change perceptions of Western development as a successful model for Georgia, as well as undermine the perception among Russian citizens that Georgia is a normal sovereign state.

The misinformation campaigns that Putin's Russia launches against Georgia use a range of tools including Russian media, Russian public opinion leaders and politicians, Georgian pro-Kremlin opinion-makers, social media users, and local pro-Kremlin politicians and organizations.

Almost the entire standard set of tools of Kremlin propaganda is implemented by Russian operators in Georgia. The main operators include the Russian Ministry of Foreign Affairs, the Federal Security Service of the Russian Federation, the Committee on Foreign Affairs of the Council of the Federation, and *Rossiya Segodnya* media holding.

The Russian Ministry of Foreign Affairs, through the established agencies and foundations such as *Rosstrudnichestvo*, *Russky Mir*, and the Gorchakov Foundation, pursues an active policy in Georgia to support local NGOs willing to act as Kremlin policy makers in the country and the region. The Gorchakov Foundation established the Georgian-Russian Public Center in Georgia, which for several years has been conducting seminars, conferences, and meetings that imitate bilateral dialogue between the two countries. The events and the topics discussed during the meetings aim to show advantages of the "direct dialogue" with Russia in regard to Georgia's Western aspirations, the importance of "mutual religion," "shared values," and a "positive Soviet past," etc.—issues that have no real evidence but are well-known tools of the Kremlin's political warfare to mislead public opin-

12 Aka Zarkua, "If political developments in Georgia will not go in accordance with the Russian scenario, Russia can use all its economic tools to punish Georgia as it was in 2006," *Tabula.ge*, July 19, 2019, <http://www.tabula.ge/ge/story/151854-rogor-vitardeboda-saqartvelos-ekonomika-rusetis-bazris-gareshe-da-dabrunebis-shemdeg>

ion and strengthen, when possible, Russian malign influence.

Under agreements with the occupied republics, the FSB of Russia formally ensures the security of the so-called South Ossetia and Abkhazia. Almost without exception, only retired FSB officers are appointed to the positions of chief of the KGB of Tskhinvali. All subversive work that the occupation regimes are conducting against Georgia is initiated and agreed upon by the FSB of the Russian Federation.

The head of the Committee on Foreign Affairs of the Federation Council, Mr. Konstantin Kosachev, supervises relations with pro-Kremlin parties and politicians in Georgia. Mr. Leonid Kalashnikov, head of the State Duma Committee on CIS Affairs of Russia, curates the advancement of the so-called inter-parliamentary friendship group between Georgia and Russia, which with no official mandate is represented by the anti-democratic pro-Kremlin political party Patriotic Alliance.

Via the media agencies—Sputnik Georgia, Sputnik South Ossetia, Sputnik Abkhazia—the Russian state-owned media holding *Rossiya Segodnya* (translated as “Russia today” but not to be confused with RT) is spreading misinformation and propaganda campaigns in the country.

More than 40 small NGOs have been established in Georgia with funds provided from the state budget of Russia (issued in the form of support or grants), although only few of them are really functioning. The Primakov Georgian-Russian Public Center founded in Tbilisi by the Gorchakov Foundation is the most vivid example of these. Among the activities conducted are: seminars, lectures, conferences offering an alternative agenda in accordance with the policy of the Kremlin, support for propaganda campaigns against Georgia, such as the initiation and escalation of interethnic and territorial conflicts or propaganda based on the religious issues.

This center, led by Dimitri Lordkipanidze, holds conferences and meetings in the midst of the Kremlin’s misinformation campaigns in Georgia. One example was the meeting titled “Georgia between Turkey and Russia” held in Tbilisi in Spring 2019. In the framework of such meetings participants discuss and try to “remind” Georgian society who is a real friend and who is the enemy. Already for several years, the Kremlin narrative that has been actively distributed throughout Georgia by its operators and intermediaries in the country is that: Russia is not the occupier and enemy, but the Kremlin points to alternative enemies. For example, in March 2019, the Kremlin launched an active campaign in Georgia

against Turkey and Azerbaijan, using the same old propaganda messages that “Turkey occupies Adjara” and “Azerbaijan occupies the David Gareji Monastery.” As in other cases, Kremlin propaganda uses misinformation, spreads false historical facts mixing them with partially truthful news.¹³

To demonstrate the path better, consider an example of the well-known American laboratory of Lugar equipped with the latest technology, which was founded in Georgia during the presidency of Saakashvili. As a rule, twice a year the central Russian television channels and even representatives of the Russian Foreign Ministry launch a campaign against the laboratory distributing information that it conducts experiments on people and produces weapons. It is followed by a wave of misinformation on social networks, most of the time on Facebook. The topic is raised at the local level and part of the population, lacking sufficient knowledge, believes and discusses the fake information, whereas everyone else is trying to convince citizens that the laboratory is harmless and useful for the country. This is one small example of how the Kremlin impacts and splits Georgian society and at the same time convinces Russians that everything American is evil, and all US allies around Russia are puppets and failed states.

To implement its strategy in Georgia the Kremlin uses local mediators such as political parties, politicians, “experts,” representatives of the Georgian Orthodox Patriarchy, clergy, “journalists,” activists, and the media. In the paragraphs below we discuss some of them.

Although the entire Georgian opposition claims¹⁴ that the current ruling political party, the Georgian Dream, is pursuing the interests of Moscow,¹⁴ such a statement is not supported by any concrete facts. The ruling party does not pursue the interests of the Kremlin, but acts with these interests in mind, choosing a policy of silence in which the Georgian authorities try not to strain its relations with Moscow; whereas Moscow keeps its distance from the current Georgian government. As previously described, this policy has completely failed since the silence of Georgia has not led to concessions from Moscow. On the contrary, all the aggressive actions of the Kremlin in

13 “Georgia’s parliament backs ‘Moscow’s man’ for prime minister,” Deutsche Welle, August 9, 2019, <https://www.dw.com/en/georgias-parliament-backs-moscows-man-for-prime-minister/a-50347800>

14 According to one of the opposition leaders Sandra Roelofs, “Gakharia’s being a PM means that Russia sits on top of Cabinet of Minister” “Sandra Roelofs – Bidzina Ivanishvili will be soon removed, poisoned, killed or lost,” Public Broadcaster of Georgia March, 9, 2019, <https://1tv.ge/en/news/sandra-roelofs-bidzina-ivanishvili-will-be-soon-removed-poisoned-killed-or-lost/>

Georgia only increased, and its influence grew.

Of the political parties pursuing the interests of the Kremlin, the Patriotic Alliance is in first place. The party was founded in December 2012, after the defeat of Mikheil Saakashvili in the elections; a couple of months later, the new prime minister announced that he would like to see the Patriotic Alliance as an alternative to the former ruling United National Movement party meaning it would be the second main party in the country. The political party emerged on the basis of the television company *Obiektivi* (translated as “lens”), which throughout its existence has scored top on the lists of propaganda outlets, use of hate speech, and propaganda of pro-Kremlin and Soviet sentiments. The founders are Soso Mandzhavidze, David Tarkhan-Mouravi, Irma Inashvili (at that time the director of the television company *Obiektivi*), George Lomia, and Ada Marshania. The party is represented in the Georgian parliament, and its general secretary, Irma Inashvili, is the vice speaker of the Parliament of Georgia. Among the initiatives of the Alliance of Patriots are the NATO-Russia dialogue in Georgia, repeated visits by members of parliament from this party to Moscow, the creation of a format together with deputies of the State Duma of the Russian Federation headed by committee chairman Leonid Kalashnikov.

The ideology of this party is anti-Western, promoting extreme nationalism, homophobia, and xenophobia. The party does not hide its pro-Russian orientation; one clear example is the documentary *Crimea. The homecoming* shown on the TV channel *Obiektivi*. In their propaganda, the Patriotic Alliance and its television channel are widely using the ideas of Orthodox fundamentalism, the most reactionary force inside the Georgian Orthodox Church. It is a party that has publicly apologized to Moscow for the incident with Gavrilov in the summer of 2019. In the fall of 2019, the party representatives openly tried to disrupt the McCain conference¹⁵—an international conference organized yearly in Tbilisi by the Economic Policy Research Center in cooperation with the McCain Institute; it organized and held a series of protests at the US Embassy in Georgia demanding for example, that the chairperson of the Free Russia Foundation, former U.S. Assistant Secretary of State, Mr. David Kramer be made persona non grata in Georgia, or investigate work of NDI and the International Republican Institute in Geor-

gia.¹⁶ For many years, the party tried to become the main pro-Russian party in the country. Nowadays, the Patriotic Alliance is the main pro-Russian political party Moscow relies on in Georgia. It is represented by a political faction in the Georgian Parliament—the first time since its independence that the parliament has an openly pro-Russian faction.

The second main political force supported by Moscow is the Democratic Movement—United Georgia, which currently has no seats in parliament. It is a political party of Nino Burjanadze, a former parliamentary speaker from 2001 to 2008 and twice-acting president of Georgia in 2003 and 2007. After failing to overthrow power through anti-governmental demonstrations held in Tbilisi in April–May 2009, Burjanadze decided to contact Moscow directly. In March 2010 she paid a visit to Putin, after which Burjanadze’s contacts with the Russian establishment became regular. As part of the presidential 2013 campaign in Georgia, and even according to official figures,¹⁷ her party was second in terms of funding. However, the results were disappointing—despite significant financial resources, Ms. Burjanadze managed to gain only 10% of the vote.

Despite the fact that Burjanadze conveys the idea of a direct dialogue with Putin and actively promotes Georgia’s non-aligned status, it is still the Patriotic Alliance that holds first place in the race for the best contacts with Moscow: with its marginal anti-Western and xenophobic rhetoric, and easy messages, Patriotic Alliance has a stable number of core voters in the country to fight for parliamentary seats for next upcoming elections

Similar ideas are also propagated in Georgia by various non-systemic organizations and associations. One example is the extreme right-wing movement Georgian March, whose leaders initially tried to register the organization as a political party, but failed to find sufficient funding which was due to the fact that the major focus of Russia’s operators of the influence is on systemic political parties that successfully pursue the interests of the Kremlin directly from the parliament. As a result, a fairly large aggressive organization has been formed that promotes the ideas of nationalism with anti-Western and anti-democratic rhetoric. Georgian March, together with individuals from the openly pro-Kremlin party Patriotic Alliance, often hold rallies with activists who oppose various lib-

15 “Rasmussen on Georgia’s potential NATO membership; International conference interrupted pro-Russian politician,” *Caucasus Watch*, September 10, 2019, <https://caucasuswatch.de/news/2011.html>

16 “Alliance of Patriots rally thousands outside US Embassy in Tbilisi,” *OC Media*, September 16, 2019 <https://oc-media.org/alliance-of-patriots-rally-thousands-outside-us-embassy-in-tbilisi/>

17 “Donations to Political parties in Georgia,” *Civil.ge*, October 22, 2013 <https://civil.ge/ru/archives/181105>

eral demonstrations and protest against such issues as the rights of the LGBTQ community. Most of the time these gatherings descend into threats and even physical confrontations. Organizations of such character have gained strength precisely in the last years of a balanced policy with the Kremlin, when it became much easier for pro-Russian forces to conduct their campaigns in Georgia without encountering any problems or opposition from the authorities.

The impoverishment of the population also contributed to the growth of such radical organizations as people are primarily concerned about obtaining essential means for living. Georgian March promotes hatred against minorities and aggression against foreigners, which is fueled by messages to protect so-called traditional values. Of course, their rhetoric is based on misinformation, but due to a lack of direction from the authorities regarding propaganda and their soft politics in relations with Moscow, as well as the Kremlin's propaganda in the country, such rallies gather quite a number of supporters.

There are a number of small groups and parties that promote pro-Kremlin narratives and act as local facilitators of malign influence:

- The Free Georgia party of Kakha Kukava;
- The Union of Russian Compatriots "Fatherland" in Georgia, Valeri Svarchuk (cultural events for diasporas, assistance in preparing needed documentation, etc.);
- The Russian Club (which promotes cultural cooperation);
- The Russian-Georgian Youth Union of Irakli Kipiani (who attempted to promote the organization at the arrival of Putin's sponsored Night Wolves biker club in the framework of the tour "To Berlin" for May 9 celebrations).

These organizations periodically conduct their events, which for the most part are not covered in the media and have limited influence on the political agenda of the day. Despite this and when taken together, the efforts of these organizations damage the country by disseminating misinformation, creating an alternative reality, and claiming that Putin's Russia is a strong neighboring country helping Georgia based on a shared history.

Representatives of the Georgian Orthodox Church play one of the most important roles in spreading Russia's

malign influence in Georgia.¹⁸ The Patriarchy of Georgia enjoys a high level of trust in the Georgian society and its positions on various issues have a significant impact on society. Public statements and preaching about Russian issues while underlining the importance of "our long-term friendship," "mutual religion," and "mutual values" are used as a tool of soft power to influence public opinion. Most frequently discussed topics¹⁹ from the side of the Georgian Church are the unacceptability of sexual minorities and the protection of traditional values that the West allegedly wants to destroy. When discussing these issues, some representatives of the Patriarchy proudly say that Russia is the only saver and protector of Georgian traditions and anti-LGBT actions. As a result, Russian malign influence operators use the Georgian Patriarchy as a propaganda tool to present Russia as a defender of Georgian values and traditions and an orthodox friend of Georgia, thus undermining Georgia's choice of Western development.

Spiritual leaders or priests of different hierarchical levels of the Georgian church disseminate anti-Western ideas and pro-Kremlin propaganda through their public interviews and public statements,²⁰ as well as during their services in churches throughout the country.²¹ The main theses of these preaching services are: the peoples of Georgia and Russia share a common faith; Western values are unacceptable for Georgia; and the West is the Antichrist, etc. The EU and NATO institutions have established special programs to work closer with the Patriarchy representatives with the aim to better inform clergy about the situation and the benefits that Georgia receives from the democratic path of development. In this regard, it is to underline that recently a few supporters of the pro-Western choice have been active in the Georgian Orthodox Church, including making public statements. Unfortunately, priests in the regions of Georgia are most susceptible to the propaganda and manipulation of the Kremlin about spiritual bonds. And as there are also supporters

18 Vladimir Narsia, "How does the Georgian Orthodox Church Impact Georgia's European Integration Policy?" *Georgian institute of Politics Policy Brief* no. 14 (May 2018): 4, <http://gip.ge/wp-content/uploads/2018/05/Policy-brief-14-Narsia.pdf>

19 "Orthodox Church against EU in Georgian Parliament," *Democracy and Freedom Watch*, April 30, 2014, <https://dfwatch.net/orthodox-church-against-eu-in-georgian-parliament-57404-28332>

20 Giorgi Menabde, "The Battle for Political influence in the Georgian Orthodox Church," *Eurasia Daily Monitor* 10, no. 101. (July 16, 2019), <https://jamestown.org/program/the-battle-for-political-influence-in-the-georgian-orthodox-church/>

21 "'Russia is much better than pervert European Union' – Priest George," *BE News*, September 3, 2015, <https://batumitest.wordpress.com/2015/09/03/გათახსირებულ-ევროკავში/>

of Moscow among the highest ranks of the Patriarchy, the spread of destructive influence throughout the institution of the church in Georgia remains at a high level.

As for another player in the chain of Russian influence—the media—the following is a list of the openly pro-Kremlin media outlets that have support and influence in Georgia :

- TV channel *Obiektivi* of the leaders of the political party Patriotic Alliance;
- Sputnik Georgia of the *Rossiya Segodnya* news agency (it is worth noting that Sputnik Georgia is extremely effective in building an editorial policy around love for Georgia and posting neutral news, which has allowed it to become one of the most popular online media in the country, neatly promoting Kremlin policy).

In addition to these two popular resources, there are dozens of small sites and agencies that receive small grants and some level of support from Russian sources.

Unfortunately, it is worth recognizing that the local media market is not ready to counteract disinformation and propaganda from outside either. On the one hand, anyone in Georgia can establish a TV channel, register it according to a simple procedure and freely broadcast objective information. On the other hand, the political pressure of the authorities on the media has been replaced by economic pressure, which essentially makes the work of independent media practically impossible when we talk about traditional media that involves high costs to reach a competitive level. The main television channels belong either to the government and its supporters, or to politicians and supporters of the former ruling party, headed by Mikheil Saakashvili.²² The presence of one or two opposition television channels (which have a considerable rating so far) can be considered an improvement in media freedom. The government is not shutting down these channels (although there were some attempts) and it is not attacking them with special forces as happened in Georgia in the past. But, for example, criminal cases that are opened against top media managers with an incomprehensible base for the prosecution of course do not put less pressure on the media. As we see, there are no radical measures to suppress freedom of speech, but still there is a constant pressure on the owners and top media

managers. As for the Internet, this sphere in Georgia is absolutely free and, unlike Russia, there are no restrictions on freedom of speech and expression. This is also used by propagandists, who actively and often openly promote their articles and materials, officially sponsored by the Presidential Grants Fund or the Gorchakov Fund and other organizations.

On the other hand, Georgian experts, journalists, and NGOs implement small media projects with support from American and European grants. The goal of such projects is to counter propaganda and misinformation. Although such media projects are very effective, they still require greater support as the Kremlin allocates substantial funds to finance its ideas in the small country of Georgia. For example, one of the official propaganda machine's outlets, Sputnik, which operates openly and successfully in Georgia, has about 80 staff members employed to ensure functioning of the Georgian version of the website, whereas the independent media projects cannot even afford to hire 5–10 journalists.

Considering the overall situation, it can be concluded that freedom of speech is ensured in Georgia, but like in many countries, in certain cases both external as well as internal players take advantage of this freedom by having destructive goals.

No doubt that in recent years the Kremlin has managed to achieve much greater results in Georgia than one could imagine. First of all, this is due to the absence of opposing policy from the Georgian authorities.

The above-mentioned tools of malign influence, such as propaganda, disinformation, and the use of church or political actors has resulted in an increasing number of Georgians who do not have a proper understanding what European values or institutions are about and which level of cooperation Georgia has with such institutions. For example, the 2018 NDI polls show that 41% of the surveyed population in Georgia believe that Russian military power is stronger than that of the US; 20% believe that Georgia is a member of the NATO Alliance. The aggressive actions of Kremlin-backed organizations and political parties in Georgia very often results in serious tensions in Georgian society and weakens national resilience to external threats. Various distractive activities of pro-Kremlin parties, such as openly pro-Russian messages from the Georgian Parliament or anti-US rallies and other instruments of destruction described above, have led to serious disputes between Georgia and its closest allies, undermining the image of Georgia on the international arena. The Kremlin successfully undermines the stability of Georgia through constant pressure, using

22 Nino Topuridze "Georgia's Polarised Media Landscape. Political groupings still maintain a tight hold on the country's broadcast scene," Institute for War and Peace Reporting, January 14, 2020, <https://iwpr.net/global-voices/georgias-polarised-media-landscape>

political, economic, cyber, or even military operations.

Disinformation campaigns initiated by the Kremlin with regard to different factors of instability in Georgia (often caused by Moscow itself) describe Georgia as a “failed state,” an unstable country, and highlight the weaknesses of the pro-Western development path chosen by the Georgian population. It results in misunderstanding about the ongoing developments in Georgia among Russian people with the goal to make them believe that Western democracy is not a good experience to follow. In parallel, misunderstanding of Russian people on developments in Georgia, poses challenges to peace-building dialogue between two nations.

It should be noted that with effective measures undertaken by Georgian government, such negative consequences could have been avoided, since Georgia’s partners—the US, EU, and NATO—have been ready for effective cooperation all these years. It is true that Moscow also exercises its pressure in Europe; but no active invitation for cooperation from official Tbilisi to work together to counter the threat from the Kremlin gave Europe the legitimacy and opportunity to increase its efforts in this matter.



RUSSIAN MONEY SUPPORTS CORRUPTED BULGARIAN POLITICIANS

Alisa Volkova

The background of the page is a composite image. The top right portion shows a clear blue sky above a hill with a small tower on top. The bottom portion shows an aerial view of a town with many houses and a prominent church tower with a dark roof. The word "POLITICS" is overlaid in large, white, semi-transparent letters at the bottom of the town view.

POLITICS



ABOUT AUTHOR

Alisa Volkova

Alisa Volkova is a political analyst at the Free Russia Foundation and freelance journalist.

Large Russian businesses actively work abroad, transferring non-transparent Russian business practices to other countries. Bulgaria seems to be an easy target for that. The country with a socialist past and deep historical, political, and economic connections with Russia has its own tradition of corruption. It has the highest level of corruption among all the EU states and shows little progress even after 13 years of being part of the Union.¹ Logically it provides favorable ground for Russian malign influence to spread into business and politics in Bulgaria. The examples described in this article show how large Russian businesses successfully establish close connections with local politicians in order to promote their interests and deepen Bulgarian dependency on Russia's energy sector, as well as keep corrupt politicians in positions of power.

Russian help to the Bulgarian Socialist Party (BSP), to the current Bulgarian Prime Minister Boyko Borisov and his political party, Citizens for European Development of Bulgaria (GERB), led to the continuation of Bulgarian dependency on Russian oil and gas, pushing the South Stream project, supporting the Turkish stream project, and the construction of the second nuclear power station in Bulgaria by Russian Rosatom.

Bulgaria and Russia have long-lasting economic and cultural ties thanks to close relations during the socialist period and a few key historical events like Russia's contribution to the liberation of Bulgaria from Turkish rule in 1878. After the second world war Bulgaria and the USSR

made a strong economic bond. The USSR provided Bulgaria with oil and gas and bought almost all commodity goods manufactured there. The Bulgarian economy was fully dependent on the USSR. Unsurprisingly, Bulgaria has remained dependent on Russia since the collapse of Soviet Union, especially in the energy sector. Russia is still Bulgaria's main trading partner in oil and natural gas (90% of Bulgaria's gas imports comes from Russia). The Russian state company Rosatom provides nuclear fuel for the Bulgarian nuclear power station. The Russian oil company Lukoil owns the Bulgarian oil refinery plant—the largest in the Balkans—and a wide network of more than 200 gas stations in the country, making it one of the biggest employers in Bulgaria and contributing 9% to its GDP.

THE LUKOIL STATE

The story of Lukoil's influence in Bulgaria requires deeper insight. After the failure of socialism and following the economic liberalization reforms, Bulgaria was selling its industrial facilities. In 1999 the privatization of the only oil refinery in the country "Neftokhim" was announced and sold to Lukoil at a low price. According to Peter Stoyanov, the president of Bulgaria in 1997-2001, this was a purely political decision taken by then Prime Minister Ivan Kostov.² Since then, Lukoil, represented by its director Valentin Zlatev, has played a great role in Bulgarian political life supporting the BSP and GERB,

¹ According to Transparency International, Bulgaria remains the most corrupt country in the EU, see *Corruption Perceptions Index 2019* (Berlin: Transparency International, 2020), https://files.transparency.org/content/download/2428/14734/file/2019_CPI_Report_EN.pdf.

² Edwin Sugarev, "The Neftokhim deal and its economic and geopolitical consequences," *Libertarium Civil Association*. <https://corruptionbg.com/Sdelkata-Za-Neftohim>.



Boyko Borissov and Vladimir Putin, 2018. Photo: kremlin.ru

and especially in the political career of the current Prime Minister, Boyko Borisov.

Thanks to Valentin Zlatev, Lukoil's business in Bulgaria has been prosperous during all the years the company has been present there. Zlatev was able to negotiate good deals with all Bulgarian governments and all prime ministers. During its 20 years in business it was under investigations for suspected monopoly and corruption, but it never faced any charges. Close relations between Zlatev and Bulgarian authorities led to a very special position for Lukoil in which it operates like a state inside a state.

Lukoil in Bulgaria is practically a monopolist possessing all local facilities for the import and processing of crude oil, as well as for the storage, transportation, and export of petroleum products. According to an investigation by the Bulgarian media Bivol,³ the main oil port of Lukoil Rosenets near the city Burgas, which is used to import oil, has been named a Russian "enclave" where no representatives of the Bulgarian authorities, including Customs officials, are present and can check ongoing activities.

The law requires that, for tax purposes, all pipes should have devices to measure how much oil enters and leaves warehouses. These devices then transmit the data

to the Customs Agency. However, checks carried out in 2011 showed that the system was not in place on the pipelines at the Lukoil refinery and the company was deprived of its license.⁴ But this did not last long; Shortly after the license was returned and Lukoil continued to work without a proper tracking system. According to Bivol's investigation, the State's effort to collect its dues was thwarted by then US Ambassador James Warlick, who was a Consul General at the US Embassy in Moscow in 2001-2003. Warlick made a deliberate public visit to the refinery and spoke favorably about its work. After this diplomatic intervention, the license was returned to Lukoil and this topic was not raised anymore.

After Ambassador James Warlick ended his term in Bulgaria and left the State Department in 2016, he started a new job at the Russian law firm "Egorov, Pugin-sky, Afanasiev and Partners." The firm was founded by a university classmate of Vladimir Putin, Nikolay Egorov. Attempts to make Lukoil comply with the Bulgarian law failed because of these connections and Russian-rooted help.

Lukoil is the only supplier of fuel for sea and river ships and aircraft at the national airports of Bulgaria. In 2011, the Bulgarian Ministry of Finance announced that Lukoil directly controls 80% of the tax warehouses for fu-

3 Dimitar Stoyanov, "Lukoil – state on its own inside Bulgaria," *Bivol*, December 6, 2019, <https://bivol.bg/en/lukoil-state-on-its-own-inside-bulgaria.html>.

4 Ivan Bedrov, "The Lukoil State," *DW*, April 26, 2013, <https://www.dw.com/bg/държавата-на-лукойл/-a-16773809>.

els. In fact, the company indirectly controls over 95% of them. Lukoil is the main, and in reality, the only fuel supplier for all institutions and services, including the police and the army. The rest of the companies are just intermediaries that also offer its product. Bulgarian legislation requires excise goods to be stored in tax warehouses that are licensed.

Moreover, most of Lukoil's profit from its activities in Bulgaria leaves the country. In 2017, the company claimed to have paid over 32 billion leva (around EUR 16 billion) in taxes, but according to official figures, it has paid only 151 million leva (around EUR 77 million) in profit tax since privatization.⁵ Lack of authority and absence of political will to control the company leads to the situation where the biggest company in the country hides its profits and uses Bulgaria as an entry point for the illegal import of oil to the EU and sends money offshore to private interests of connected people.

The friendly connection between Zlatev and Borisov, which they have not denied, has been in place since 1990s. But the real rise of the Borisov's political career began in the beginning of the 21st century. In 2001 Lukoil signed a contract with a security firm "Ipon"—a firm founded by Boyko Borisov—for guarding an oil pipeline that runs from Burgas, where the oil refinery is located, to Sofia. According to some media, this deal ensured a stable income for Borisov, while he was building up his political career.⁶ At that time, he was a general secretary at the Ministry of Internal Affairs.

Moreover, according to the investigation of Bivol,⁷ which is based on the WikiLeaks files, there is evidence that Zlatev indirectly financed the political rise of Borisov from his election as a Mayor of Sofia in 2005 to the victory of his political party, GERB, at the general elections in 2009, with funds diverted from Lukoil.

The evidence comes from leaked US diplomatic correspondence, where it stated that:

"Borisov has close financial and political ties to Lukoil Bulgaria Director Valentin Zlatev, a vastly influential kingmaker and behind-the-scenes power broker. Borisov's loyalty (and vulnerability) to Zlatev play a major role in his political decision mak-

5 Stoyanov, "Lukoil – state on its own."

6 "Perestroika in Lukoil." *Capital*. April 25, 2019, https://www.capital.bg/politika_i_ikonomika/bulgaria/2019/04/25/3424947_perestroika_v_lukoil/.

7 "Massive siphoning made axe fall on Lukoil Bulgaria CEO," *Bivol*, April 25, 2019, <https://bivol.bg/en/massive-siphoning-made-axe-fall-on-lukoil-bulgaria-ceo.html>.

ing. The Mayor has engaged LUKoil in a number of public-private partnerships since taking office: LUKoil has agreed to donate asphalt for the repair of city streets, take on the upkeep of a Soviet Army monument, and finance construction of low-income housing. In a reciprocal gesture, Borisov has advocated using municipal land to develop new LUKoil stations. Though this may seem a significant quid-pro-quo [sic], Borisov's public agreements with LUKoil are only side deals in his much deeper and broader business relationship with Zlatev, which has been reported in other channels."⁸

According to the same sources, it was suspected that Valentin Zlatev might be connected to the Russian intelligence in Bulgaria. Taking this into account it is logical to assume that he was not just trying to expand Lukoil business and ensure stable import of Russian oil and gas but he was also promoting wider Russian interests in Bulgaria. In support of this, in 2011 Zlatev was present at the meeting between Bulgarian Deputy Minister of Economy, Energy and Tourism, Mariy Kossev, with representatives of Rosatom in Moscow on the Belene Nuclear Power Plant project.⁹ According to Kossev, the Lukoil director "surprisingly appeared at the meeting in an unclear capacity."¹⁰

Zlatev's strategy was to put eggs in different baskets; he kept good connections with politicians from all main political parties. In 2016 Bivol¹¹ investigated how Lukoil gave a large coastal plot of land next to its refinery, to then head of the Movement for Rights and Freedoms (MRF), a political party of Turkish minority, Ahmed Dogan. He erected a huge mansion and closed public access to the beach, which is against the law. The connection between Ahmed Dogan and Valentin Zlatev was also found in the ownership network of countless offshore companies.

8 Stoyanov, "Lukoil – state on its own inside Bulgaria."

9 Belene Nuclear Power Plant is a project of constructing the second NPP in Bulgaria near the town Belene. It was planned in the 1980s but was frozen in the 1990s after the collapse of socialistic system. In 2002 the project came again at the agenda of Bulgarian authorities. The construction agreement should have been signed with Russian "Atomenergoproekt," one of the subsidiaries of Rosatom. The project was actively supported by the BSP, which had a majority at that time. When Boyko Borisov and his party GERB came into power in 2009 he first froze the project to cut off BSP-linked contacts and companies from the implementation of the project and then in 2010 opened it up again for negotiations with Rosatom. A couple of preliminary agreements was signed before the project was stopped in 2012 under pressure from the European Union. Then GERB voted against it in the Parliament and Boyko Borisov publicly criticized the project. The BSP remained supportive of it.

10 "Massive siphoning made axe fall."

11 Stoyanov, "Lukoil – state on its own."

In 2019 Zlatev was finally dismissed from his position. The possible reasons discussed in media included the version that Lukoil's management in Russia wasn't happy with the massive outflow of profits, which was not only against Bulgarian interests but also against Lukoil's own business interests.

At the same time, it would be wrong to say that Zlatev or Lukoil controls Bulgarian politicians. They have their own interests and understand well all the benefits of being in the European Union and NATO. Borisov, who for years supported the "South Stream" project, immediately turned against it after pressure from the EU. He also did not support Russia's annexation of Crimea. As Dimitar Bechev writes in his book, "Moscow undoubtedly has a strong lobby in Bulgaria, controls key fragments of the economy and enjoys unconditional sympathy in some segments of the electorate. On the other hand, Russia has failed to fully co-opt the Bulgarian political elite and implement the scenario with the Trojan horse. Forced to make an EU-Moscow choice, Bulgaria chooses, though sometimes reluctantly, the union."¹²

VNESHTORGBANK FINANCES AMBIGUOUS DEALS

Another example of how close-to-state Russian business plays a great role in the Bulgarian economic and political scene, is the involvement of the Russian state-owned foreign trade bank, Vneshtorgbank (VTB), in two scandalous deals. VTB is a leading Russian bank, in which the Russian government owns 60.93% of shares. It has a wide network of affiliated entities all over the world. In recent years, it was noticed that VTB was involved in several suspicious investment schemes in different countries. At least two suspicious "investments" were related to Bulgaria: the sale of the Bulgarian Telecommunication Company (BTC), which owns the Vivacom trademark, and the privatization of Bulgartabac, a large Bulgarian tobacco producer.

One case describes the conveyance of the third largest telecommunications company Vivacom to a well-known Bulgarian investment reseller Spas Rusev, and managers of a local VTB Capital branch using unsecured credit from VTB. It is possible that details of this deal would have remained hidden if the former owner of Vivacom, Tsvetan Vasilev, had not tried to declare the deal invalid. However, Vasilev did not do it himself; Unexpectedly

his interest was represented by Dmitriy Kosarev, an assistant to so-called Russian orthodox oligarch Konstantin Malofeev, who is included¹³ in the EU sanction list for his support of illegal armed groups in the Donetsk region of Ukraine in 2014. In the Panama papers journalists found a connection between Malofeev, Kosarev, and Tsvetan Vasilev, who is currently hiding from the Bulgarian government in Serbia because of the failure of his Corporate Commercial Bank (CCB) in 2014.

The Panama papers exposed corrupt practices, financing of affiliated companies, and personal gain at the expense of the state. The scandal escalated to the international level but Bulgarian authorities made an effort to calm it down and avoid investigation.

Vivacom is Bulgaria's third largest mobile operator and owner of the previously state-owned telephone network, and an arena of serious struggle in the last few years. Interestingly, both conflicting parties are supported, financially and politically, by Russia.

On one side, there is BTC's former owner Tsvetan Vasilev, trying to promote his interests through Konstantin Malofeev and his assistant Dmitriy Kosarev. Malofeev was repeatedly caught by Russian media in questionable deals and connections with the Orthodox Church. On the other side, there is a Bulgarian businessman Spas Rusev, supported by VTB's first deputy chairman Yuri Solovyov and two managers in the bank's Bulgarian branch, Milen and Georgi Velchev. The former is known as the Minister of Finance in the Government of Simeon II (2001-2005), while the latter is a major developer and owner of numerous hotels on the Black Sea coast.

The story attracted mass media attention back in 2015, when BTC shares passed into the control of VTB Capital PLC after failing to return a loan. In November 2015, VTB sold its shares on auction to an investment consortium led by Viva Telecom SA, a Luxembourg company for EUR 330 million. It was discovered that real owners of Viva Telecom were the Bulgarian businessman Spas Rusev, VTB Capital managers—brothers Milen and Georgi Velchev, and Krasimir Katev.

The general public did not like the outcome; mass media started to doubt that the deal was fair. To buy a share in VTB Capital PLC, Viva Telecom SA made a EUR 240 million loan from VTB. According to the Russian

12 Dimitar Bechev, *Rival Power: Russia in Southeast Europe* (Connecticut: Yale University Press, 2017).

13 "The EU has extended sanctions on Putin's friends Rotenberg and Kovalchuk, as well as on the deputy head of the presidential administration Aleksey Gromov," *Newsru.com*, July 30, 2014, www.newsru.com/world/30jul2014/sankcagain.html.

newspaper *The Moscow Post*,¹⁴ this company is owned by a chain of offshore companies, ultimately owned by Yuri Solovyov, first deputy chairman of VTB, a British citizen. Apart from that, the consortium that won the auction included the Velchev brothers, top managers of VTB's Bulgarian branch. It was revealed that the bank gave a loan to its own top executives to buy its assets.

The questionable operations by VTB did not go unnoticed by the other side, who was also interested in Vivacom ownership. In early 2016, a Russian businessman Dmitry Kosarev started a campaign to regain his control over Vivacom assets.

According to the Russian magazine *Sobesednik*¹⁵ and the documents revealed in the Panama Papers, offshore companies connect Kosarev and Malofeev to Tsvetan Vasilev, the former owner of Vivacom. The magazine suggests that Vasilev could call Malofeev for help in saving at least a part of his CCB share.

VTB also believes that Kosarev was acting on behalf of Vasilev. The bank's representatives told Russian news agency RBC¹⁶ about a document that stated the division of assets to be gained by Kosarev and Vasilev in the ratio of 80:20.

In his interview with the Russian newspaper *Nezavisimaya Gazeta*,¹⁷ Dmitry Kosarev claimed that VTB Capital illegitimately gained a 76.6% share in Vivacom previously owned by him. Kosarev stated that he bought shares in CCB through a chain of offshore companies back in 2012. He is the owner of Emprevo Ventures, a company which owns (through LIC Telecommunications Sarl) a 43.3% share in InterV, the former CCB owner, and a further 33.3% share pledged on behalf of Crusher.

In March 2016, Kosarev filed a lawsuit in the London court where the auction took place. He also wrote an open letter to the Russian prime minister and Alexei Ulyukaev, then the Russian minister of economic development and a head of the advisory council of VTB, who was later arrested for accepting the bribe, asking to in-

vestigate the questionable deal by VTB. He was given no answer. That did not stop him from holding a wide media campaign against VTB. A wave of publications in Russian media following Ulyukaev's arrest makes it clear that Kosarev continued his struggle, as he hoped that the bank's reputation was unstable due to Ulyukaev's arrest and he could bring the case forward.

On 26 September 2016, Russian media put out a rumor¹⁸ that Yuri Solovyov visited Sofia to "settle the matters" of the Vivacom deal with Boyko Borisov, then prime minister of Bulgaria. The information, coming from unnamed sources from *The Moscow Monitor* magazine, was distributed by some Bulgarian media, among them the investigational website *Bivol*.¹⁹ However, the purely tabloid reputation of *The Moscow Monitor* and the fact that no serious Russian media shared the news, hint that it is likely a fake. The Bulgarian Government's Public Office has no information about such a meeting.

Though the CCB deal was officially closed on 30 August 2016, its results can be revoked. It depends not as much on the professional work of lawyers in both countries, as on the political will of the Russian and Bulgarian governments. Today, the political position of VTB looks stable following Ulyukaev's arrest. The bank's executives did not defend the head of their advisory board. Andrei Kostin, VTB Chairman, described Ulyukaev's arrest to *Kommersant*²⁰ as "a very sad story," and immediately informed about a new candidate for the position.

Another deal was the privatization of the Bulgarian tobacco company Bulgartabac. It took four years and the assistance of VTB to conduct the privatization of Bulgartabac in a way that politician Delyan Peevski became the owner. Delyan Peevski is an odious political figure in Bulgaria, who became a symbol of corruption. Being a member of the Parliament from the MRF he controls a number of businesses, including Bulgartabac, Technomarket, a network of shops for electronic items, and others. Together with his mother Irena Krasteva, former head of the national lottery, they now control around 80% of print media and a tv channel (Kanal 3), which are used for political purposes in the interest of ruling coalition. Due to this concentration of ownership in political hands, Bulgaria has a very low Press Freedom Index for a coun-

14 Nikolai Ilin, "VTB version of the Ulyukaev's case," *The Moscow Post*, November 17, 2016, http://www.moscow-post.ru/economics/vtb-versija_dela_uljukaeva22894/.

15 "In a Bulgarian business scandal of oligarch Malofeev appeared Panama offshores," *Sobesednik*, June 10, 2016, <http://sobesednik.ru/obshchestvo/20160610-v-bolgarskom-biznes-skandale-oligarha-malofeeva-vsplyli-pana>.

16 Paulina Rusyaeva, Ivan Tkachev, and Albert Koshkarov, "Russian businessman presented a bill to VTB Capital for EUR 250 mln in London," RBC, March 2, 2016, http://www.rbc.ru/technology_and_media/02/03/2016/56d6e33c9a7947c3d32f2256.

17 "VTB appointed a winner of the tender three month ago' - reckons businessman Dmitry Kosarev," *Nezavisimaya Gazeta*, November 16, 2015, http://www.ng.ru/economics/2015-11-16/100_vtbkos.html.

18 "Silence of the PM Borisov costs 50 mln," *Radio Kurs*, September 26, 2016, <http://radio-kurs.ru/27026-molchanie-premera-borisova-stoit-50-millionov.html>.

19 "Russian media: USD 50 mln for Borisov from deal with Vivacom and new sanctions against Russia," *Bivol*, September 28, 2016, <https://bivol.bg/borisov-vtb-50-mln.html>.

20 Ksenia Dementieva, "VTB found replacement to Aleksey Ulyukaev," *Kommersant*, November 20, 2016, <http://kommersant.ru/doc/3148737>.

try in the EU—it remains in 111th place.²¹ Their media is regularly used for black PR against the opposition during elections.

In 2011 the company was sold under the privatization tender to Austrian company BT Invest GmbH at the price much lower than the market evaluation. A 79.83% share of the state tobacco company cost EUR 100.1 million. BT Invest at that time was owned by the Cyprus off-shore called VTB Capital Pe Investment Holding Ltd. BT Invest was to invest EUR 7 million in Bulgartabac within two years from the acquisition and buy 5000 tons of Bulgarian tobacco every year within a 5-year period.

In 2014, 100% of BT Invest was sold to the offshore Liechtenstein company Livero Establishment, linked²² to Tsvetan Vasilev. Then in 2014 and 2015 the chain of owners changed and according to *the Capital* magazine²³ leads to Delyan Peevski. Analysis of the deal prices in 2011 and 2014 shows that VTB sold Bulgartabac for a very low price, which looks like a “friendly gesture” at the expense of the Russian state budget.

The fact that Bulgartabac was sold to local Bulgarian investors, was confirmed by the Russian magazine *Vedomosti*²⁴ from a source in VTB. According to the source, the asset was resold with a 30% bonus from the acquisition price. This means that the deal could add up to EUR 130 million. At the same time, BT Invest costs much more on the stock exchange—the capitalization of Bulgartabac on the Sofia Stock Exchange was about EUR 400 million in December 2013. It turns out that the deal makes no economic sense for VTB; it could bring lost profit to the bank and ultimately to the Russian state budget.

The deal looks non-market, comments Maksim Koryolov, chief editor of the Russian Tobacco²⁵ news agency. According to him, the price hints at a “friendly” deal, or VTB Capital wanted to get rid of the asset quickly. So, Russian money was used to privatize Bulgartabac for no profit. This raises doubt about the motives of those who lead an otherwise state-owned Russian financial institution.

21 “The 2019 World Press Freedom Index,” *Reporters without borders*, <https://rsf.org/en/bulgaria>.

22 Oleg Trutnev, “VTB has smoked millions,” *Kommersant*, February 13, 2014, <http://kommersant.ru/doc/2406658>.

23 “Peevski sold his official part in Bulgartabac to offshore connected to ... Peevski,” *Capital*, March 21 2016, http://www.capital.bg/biznes/kompanii/2016/03/21/2727334_peekski_prodate_oficialniia_si_dial_v_bulgartabak_na/.

24 Yulia Gribitsova, “VTB’s tobacco has come to an end,” *Vedomosti*, March 31, 2104, <https://www.vedomosti.ru/newspaper/articles/2014/03/31/u-vtb-zakonchilsya-tabak>.

25 Gribitsova, “VTB’s tobacco.”

CONCLUSIONS

Large Russian business came to Bulgaria naturally as the two countries had close economic and political ties during socialist times. The obvious sphere of Russian interest is the energy sector, in particular oil, gas, and nuclear. To promote business interests, Russians use the same approach they use at home—to splice with local politicians and get preferential conditions. Lukoil succeeded in this very well gaining the company a monopoly on oil supply and maintaining Bulgaria’s high dependency on Russian oil with minimum costs and no legislative obstacles. Political support in other issues is seen as a convenient but not essential benefit.

The former Lukoil director in Bulgaria, Valentin Zlatev, managed to get into close economic connections with three main Bulgarian parties (BSP, GERB, and MRF), which ensure the political status quo in the country. This status quo is good for the Kremlin because the behavior of these politicians is predictable, they use the same methods of doing business, which is far from being a framework of rule of law. They are also to certain extent dependent because of financial benefits from joint hidden deals. As a result, they might be more open in their political support of Russia, as was the case with the BSP, which wanted the sanctions against Russia cancelled and, unlike, GERB, did not vote for them. But there is one thing they all have a solidarity with—they all ensure stable demand for Russian oil and gas and provide opportunities for Russian-style business in the country.

Two important deals made with the financial involvement of Russian VTB show possible formats of non-market deals to benefit politicians or businessmen linked to them in order to expand their economic and political interests. In the case of Bulgartabac privatization, VTB was used as an intermediate owner in order to transfer the ownership of the company from the Bulgarian state to a company affiliated through a long chain of off-shore entities with Delyan Peevski, MP from the political party of Turkish minority Movement for Rights and Freedom.

In the deal with Vivacom, VTB helped to transfer a valuable asset from Tsvetan Vasilev, who fell in disgrace and had to hide in Serbia, to businessmen who are close to the politicians in power. In both cases involvement of the large and well-known Russian bank was meant to make deals look legitimate and in compliance with current market regulations.

Such politically driven business activities directly and indirectly undermine the rule of law by restricting media

freedom and democratic institutions, such as elections in Bulgaria. By establishing economic ties with local politicians, Russian business supports corrupt practices in Bulgaria, helps to concentrate a majority of media in the country in one hand and use it to interfere in the elections in favor of the ruling parties.

Since the described practices are usually executed under the supervision of authorities, it makes little sense to appeal to officials to investigate cases, especially in countries where judicial power is not completely independent. It means that in order to stop and prevent such practices civil society should develop indirect methods of influence.

One method which civil society together with the media uses is discovering and unveiling unfair deals and other activities. Revealing hidden intentions and sharing information with the media can, to some extent, force politicians to stop questionable deals in order to preserve their reputation and not lose voters. At the same time there is a risk that use of this method will stimulate them to create even more secretive schemes involving actors from different countries.

Another method is targeting reputable organizations to shame persons among their membership who have unfairly benefited from questionable deals. In the case of Bulgartabac and Vivacom, civil society activists could appeal to the Alliance of Liberals and Democrats for Europe (ALDE). The Bulgarian MRF, of which Delyan Peevski is a member, is a full member of ALDE. ALDE has parties from almost all EU countries. Among their representatives are influential persons, who firmly stand for democracy and rule of law and would be eager to start a debate inside ALDE regarding non-compliance of the MRF with the liberal manifesto. Theoretically it can push the MRF leadership to remove Peevski from his political position and not support him in the next elections.

At the international level civil society should lobby a global public register of owners of legal entities. Ideally each country should publish such information in the local language and in English, so that it would be easy to follow the chains of companies and identify all affiliated beneficiaries. This would make it much more difficult for politicians to hide their illegal businesses. Although it would not solve the problem of fake company owners, it would improve the current level of transparency.



PRO-KREMLIN INFLUENCE IN THE UKRAINIAN MEDIA

Georgy Chizhov

MEDIA





ABOUT AUTHOR

Georgy Chizhov

Georgy Chizhov is a member of the Expert Group “European Dialogue” and its coordinator in Ukraine, as well as the program director at the Reform support center (Ukraine).

For the nearly two-and-a-half decades of Ukraine’s independence, it has remained the most integrated with Russia of all the countries of the world. While Ukraine did not join the post-Soviet unions (except for the Commonwealth of Independent States), it has been in the closest connection with the Russian Federation thanks to proximity of language and culture; similarity of beliefs, lifestyle and patterns of behavior for a significant part of the population; the actual unity of the business and media space; mutual dependency of national economies; the personal unity of elites and the leadership of the power ministries; and a number of other factors.

Traditionally, Belarus was considered the most integrated—and from a political perspective, this was the case. Back in 1999, Moscow and Minsk signed the Treaty on the Union State; Belarus joined the Eurasian Economic Union and maintains military cooperation with the Russian Federation through the Collective Security Treaty Organization. Yet in terms of lifestyle and daily realities of ordinary people, the intensity of migration flows, the interpenetration of business and the unilateral penetration of the Russian *siloviki* or power ministers, Ukraine until the mid-2010s turned out to be even more closely tied with its eastern neighbor.

Although the disassociation began from the moment Ukraine acquired its independence (and even somewhat earlier) and accelerated after the Orange Revolution of 2004, by the time of the annexation of Crimea, Moscow’s influence on all spheres of life in the neighboring state was at an extremely high level.

It may seem paradoxical, but practically all these years (except for a few brief periods), the Kremlin remained unhappy with the “too independent” policy of the

Ukrainian leadership and its insufficient loyalty regarding its eastern neighbor. Therefore, Moscow sometimes used various methods of political and economic pressure, balancing on the edge of direct military conflict (when in 2003, Russia began from its territory to intensively fill in the dam in the direction of the Ukrainian island of Tuzla), to create a negative image of Ukraine at home and abroad, and actively interfered in Ukrainian elections. Even so, the most “pro-Russian” leaders of Ukraine—Leonid Kuchma and Viktor Yanukovich remained quite problematic partners for the Kremlin throughout most of their time in office.

To this day it is hard to determine whether the annexation of Crimea and the attempt to destabilize a number of eastern and southern regions of Ukraine (leading to armed conflict in the Donetsk and Lugansk regions) was a cold-blooded, considered political step or was a spontaneous reaction to the victory of the Revolution of Dignity, which was quite painful for the Kremlin. In any case, when the likely calculation that the Ukrainian government would fall under the weight of the emerging problems was proved wrong, and Moscow realized the necessity of returning to traditional mechanisms of influence, it turned out that the possibilities of such influence were seriously weakened. Weakened, but nevertheless not lost.

Possibly the strongest lever for Russian influence remains economic interdependence (more critical for Ukrainian business than Russian). Some ties were constructed back in the Soviet era (science-intensive production, including defense); others were formed and modernized in later years (energy, iron, and steel and so on) and could not be effectively rebuilt. Even Ukraine’s renunciation of



Victor Medvedchuk and Vladimir Putin, 2019. Photo: kremlin.ru

direct purchases of Russian gas from the economic perspective only leads to the growing cost of raw materials due to more complicated logistics. The “reverse” gas Ukraine acquires from Slovakia, Poland, and Hungary is still primarily extracted in the depths of Yamal. Even back in 2014, several major Russian businesses “migrated” to the Ukrainian elite (Vadym Novynskyi, Kostyantyn Hryhoryshyn, and others).

Many Ukrainian economic actors suffered direct losses due to the ban on export of its industry to Russia either on the part of Ukraine (again, the defense industry) or—which is encountered more often—on the part of Russia (consumer goods, food products and much more). Big and medium business on both sides of the border have been lobbying for the renewal of direct contacts without administrative limitations.

Moreover, by European standards the level of corruption remains high in Ukraine and democratic institutions are relatively weak. The formation of a system of anti-corruption agencies and reform aimed at increasing the independence of the judicial system, which began to slow in the last years of the presidency of Petro Poroshenko, has virtually halted today, if not reversed. Of course, these factors weaken the country’s resistance to Russian influence.

Substantive changes to Moscow’s instruments for influence occurred in recent years in the area of media. Until 2014, the main Russian television channels were re-

ceived throughout Ukraine’s territory without restrictions and had an audience comparable to the audience of the most popular Ukrainian channels. The major Russian newspapers published Ukrainian editions.

The “Russian Spring” of 2014; the dramatic events in Crimea and the onset of war in the Donbass were observed by many Ukrainians through the prism of Russian television and through the Russian segment of the Internet. Some people took a conscious interest in the position of their enemy; some believed that the Moscow channels were worthy of trust.

In fact, the number of people who trusted the Russian media dropped rapidly, parallel to the tightening of Kyiv’s prohibitive measures. According to statistics from the Kyiv International Institute of Sociology, at the end of 2015, nearly 20% of Ukrainians still watched Russian TV; but by the spring of 2019, this number dropped to 4.3%. Moreover, last year, only 1.4% of all respondents trusted what they watched.¹

The bans played a significant role in the reduction of the audience of Russian channels. Starting in 2014, administrative and judicial bodies of Ukraine prohibited providers from broadcasting the signal of more than 70 television channels on air and cable networks. Although

1 “Kakie kanaly chashche vsego smotryat zhiteli Ukrainy i kto samy populyarny teledushchiy,” *Informator*, March 21, 2019, <https://dengi.informator.ua/2019/03/21/kakie-kanaly-chashhe-vsego-smotryat-zhiteli-ukrainy-i-kto-samyj-populyarnyj-teledushchij/>.

the majority of these dozens of channels are strictly niche, and fell under the ban for formal criteria (the general basis for inclusion in the list of banned channels were violation of broadcasting regulations and airing advertisements banned in Ukraine), it should be noted that Russia's Channel One, RTR, NTV, and Rossiya-24 appeared on the list before others.

But television channels' loss of popularity cannot be explained by prohibitions alone—in our time, lots of ways are known to get around a restriction (the simplest of them is to put up a satellite antenna). The Ukrainian viewer is put off by the clumsiness of Russian propaganda and the obvious discrepancy between its claims and everyday realities.

The attitude towards news sites from Russia is somewhat better. According to the data from recent surveys conducted by the polling company InMind on commission from the organization Internews,² 13% of those polled stated that they read or watch Russian media. Moreover, one in three knows someone who uses Russian media as a source of news. But the attitude largely remains critical; only 20% of their audience trusts the news sites. It is not hard to surmise that the number of those who trust Russian media, according to the results of this research, is not more than 2.5-3% of all those surveyed.

In 2017, Ukrainian President Petro Poroshenko decreed that the Russian social networks *Odnoklassniki* (Classmates) and *Vkontakte* (In Contact) be blocked, and also the services *Yandex*, a search engine, *Mail.ru* and several other sites. Later, the sites of Russian television companies, *RIA Novosti Ukraine* and others were added to them. On the eve of this decree in April 2017, 78% of all Internet users from Ukraine (about 20 million people) had accounts on the network *Vkontakte*,³ and 48% used *Yandex* daily.

By the fall of 2017, according to the estimates of experts, the number of users of the blocked sites decreased by a third. The blocking of sites was easily overcome with the use of VPNs or proxy servers; however, the motivation to use Russian social networks and search engines rapidly declined. By the end of 2018, 20-30% of Internet

users visited Russian social sites at least once a month.⁴ According to statistics from industry specialists, *Vkontakte* occupies 20% and *Odnoklassniki* occupies 13% of the Ukrainian social network market.⁵ And the remainder who used Facebook increased to 43%.

Nevertheless, even a year and a half ago, *Vkontakte* held fourth place for most visited among all domains in Ukraine. *Yandex* and *Odnoklassniki* also were among the top 10 visited sites.⁶

No prohibitive measures regarding the print media were taken in Ukraine. In Kyiv, to this day, for example, *Argumenty i fakty v Ukraine*, *Ekspress-gazeta*, *KP v Ukraine* are published (*KP* was forced to stop calling itself *Komsomolskaya Pravda* in keeping with the requirements of Ukrainian legislation on de-communization). The print runs of these publications are not significant; the news policy is quite restrained, and controversial political topics are rarely discussed on their pages. Several affiliated publications of Russian newspapers and magazines stopped publishing for economic reasons.

As a result of the radical drop in audience size and trust for Russian media in Ukraine, the effectiveness of Russia to influence public opinion through the media fell to a critically low level. Today it can be stated that Russian media have ceased to be an instrument of influence on the minds of Ukrainians. Some influence, in the opinion of local experts, still remains on the part of Donetsk and Lugansk regions controlled by Kyiv—and this needs to be considered in the context of development of processes in and around Ukrainian Donbass—but on the national scale, this influence can be ignored.

The position of Moscow, however, has not disappeared from the Ukrainian media space; it is promoted now with the aid of another instrument—the so-called pro-Russian media which is connected to odious pro-Moscow Ukrainian politicians or which (supposedly) gets funding from Russia. Having defined Russia under its law as an aggressor state, the Ukrainian government has passed measures to restrict the audience of Russian media. Society has taken the same path, refusing to trust

2 Denis Yudin, "Skol'ko ukrainsev smotryat rossiyskuyu propagandu: infografika," *LIGA.Novosti*, October 22, 2019, <https://news.liga.net/society/news/skolko-ukrainsev-smotryat-rossiyskuyu-propagandu-infografika>.

3 "Poroshenko podpisal ukaz o blokirovke Mail.ru, 'Vkontakte' i 'Yandeksa' v Ukraine," *Hromadske*, May 16, 2017, <https://hromadske.ua/ru/posts/poroshenko-podpisal-ukaz-o-blokyrovke-mailru-vkontakte>.

4 Natalya Gabruk, "Facebook pol'zuyutsya 13 mln. ukrainsev. 'Odnoklassniki' i 'Vkontakte' ukhodyat v proshloe," *Mc.today*, February 13, 2019, <https://mc.today/facebook-polzuyutsya-13-mln-ukrainsev-odnoklassniki-i-vkontakte-uhodyat-v-proshloe/>.

5 Anya Ablitsova, "Seychas lyudi sidyat v Facebook na 10 minut bol'she, chem v 2018," *LABA*, July 11, 2019, <https://l-a-b-a.com/blog/685-kakie-socseti-predpochitajut-ukraincy>.

6 "Skil'ky ikrayintsiv korystuyut'sya zaboronenymy sotsmerezhamy: rezul'taty doslidzhennya," *24 kanal*, September 11, 2018, https://24tv.ua/skilki_ukrayintsiv_koristuyutsya_zaboronenimi_sotsmerezhami_rezultati_doslidzhennya_n1030070.

this media. Nominally Ukrainian media, however, whose content is ideologically and thematically interwoven with Russian propaganda have begun to grow stronger and extend their audience.

As to content, all pro-Russian media of Ukraine with greater or lesser persuasiveness promote a certain set of themes intended to discredit democratic values and institutions in Ukraine and in the West, and to sow distrust both inside Ukrainian society as well as regarding European and American partners. In this fashion they try to form:

- a skeptical attitude toward all actions and initiatives of the Ukrainian leadership;
- total distrust in any state and public institutions in Ukraine, the European Union and certain countries and the West in general;
- mercenary anti-social motives in any actions by civic activists, state agencies, and Western allies of Ukraine;
- a concept of “outside management” of the Ukrainian government on the part of Western governments, the International Monetary Fund, and other transnational organizations;
- distrust in the possibility of positive changes in Ukraine;
- distrust “of everyone to everything” in Ukrainian society;
- denigration of the values of the Revolution of Dignity;
- an emergency around strengthening of linguistic, religious, and territorial (western and eastern regions) enmity;
- radicalization of the most passionate part of society; striving for violent resistance, a “third Maidan”;
- doubt in the sincerity of the intentions of Western allies and in the use of the European orientation for the country;
- a distorted portrayal of the reasons and circumstances for the continuation of the military conflict in the east of the country;
- a distorted portrayal of the intentions and real actions of Russia regarding Ukraine, and also about the success of Russia itself and its role in the world;

- conviction that only Russia can and will provide real help to Ukraine;
- the “Muscovite” view on controversial and conflict situations inside Ukraine and regarding its neighbors.

The most notable event in the “pro-Russian” sector of the media space was the consolidation of television channels that specialize in news broadcasting into one owner: NewsOne, 112 Ukraina and ZIK. From October 2018 to June 2019, all these channels were acquired by People’s Deputy Taras Kozak and united into the media holding company Novosti. The Russian media producer Aleksey Semyonov, who had obtained Ukrainian citizenship not long before that, became the director.

Kozak announced officially that he had bought the channels for entrepreneurial purposes and now “could build the largest network of news broadcasters which from the perspective of resources saves costs and at the same time creates their large capitalization as an asset.”⁷ The real owner of the television channels in the political and media space of Ukraine, however, is customarily considered Viktor Medvedchuk, the head of the political council of the party Opposition Platform—For Life (OPZZh) with ties to Vladimir Putin (the Russian president became the godfather of Medvedchuk’s daughter, Darya). On paper, the nominal leader of the OPZZh is not related to the television channels. “But in fact these channels were purchased by front men; that is, we cannot prove the ties to Medvedchuk,” said Ulyana Feshchuk, deputy head of the National Council on Television and Radio, at a session of the *Verkhovna Rada* (parliament) in June 2019.⁸

Nevertheless, Ukrainian politicians, journalists and so on essentially share the perception of Medvedchuk’s actual affiliation with the television channels. If these channels are mentioned together, then they are always called “the Medvedchuk channels” or “the Medvedchuk holding company.” In journalists’ investigations, a good deal of evidence is cited concerning the connection between Taras Kozak and Viktor Medvedchuk. For example, Deputy Kozak’s reception room is in the same building as the office of Viktor Medvedchuk’s organization “Ukrainian Choice—People’s Right.” Kozak was Medvedchuk’s deputy in the civic organizations Center

7 “Vladelets ‘112 Ukraina’ I NewsOne Kozak kupil telekanal ZIK,” *ZN, UA*, June 14, 2019, https://zn.ua/ECONOMICS/taras-kozak-stal-oficialnym-vladelcem-telekanala-zik-320861_.html.

8 “U Natssoveta net dokazatel’stv svyazi ‘112 Ukraina,’ NewsOne I ZIK s Medvedchukom,” *ZN, UA*, July 11, 2019, https://zn.ua/UKRAINE/u-nacsoveta-net-dokazatelstv-svyazi-112-ukraina-newsone-i-zik-s-medvedchukom-323449_.html.

for a Lawful State. The brother of Taras Kozak, Bohdan, is co-owner of Eksponent, Ltd. together with Viktor Medvedchuk's brother, Sergiy. Journalists from the program *Skhemy* (Schemes) established that Viktor Medvedchuk and Taras Kozak fly together in a private plane (including to Moscow).

More complicated ties have also been established through ownership of a chain of affiliated firms and off-shore companies together with other figures among Medvedchuk's close associates. It should be noted that the ownership scheme of assets through front men is employed by Viktor Medvedchuk not only in media. Formally, he has no business at all in Ukraine, although he is considered an oligarch and has the lifestyle to go with it. A large number of Medvedchuk's residences abroad and in various regions of the country are also registered to companies not related to him.

In October 2019, the Verkhovna Rada created a temporary investigative commission to research the legality of the changes in ownership of the news channels (in the Novosti holding company) and to provide resistance to Russia's information influence. So far, the creation of the commission has had no effect on the activity of the television channels.

The television channel 112 Ukraina started broadcasting in 2013, several months before the beginning of the Revolution of Dignity. Its first owner, entrepreneur Andriy Podshchipkov was also considered a figurehead in the media community for many years, as he was connected to the last interior minister of the Yanukovich era, Vitaliy Zakharchenko. In 2015, 112 Ukraina ranked first among the news channels of Ukraine. The channel survived several changes of owners, and in fact the final beneficiaries, in the opinion of media experts, each time remained in the shadows.

In April 2018, 99% of the channel's ownership was transferred to the Swiss firm Plirofories AG, which is owned by a citizen of Germany, Edward Katz. From open sources, Ukrainian journalists managed to determine that the Katz family lives in the small village of Künzell in the central part of Germany and sells used automobiles.⁹ The "television magnate" Katz did not respond to journalists' questions. And since new managers connected to Medvedchuk appeared at the channel, and meanwhile the politician and his statements began to appear on air frequently, suggestions as to who really bought 112 be-

9 Maksym Savchuk, Nataliya Sedlets'ka, "Khto kupyv telekanal '112 Ukraina'? (Rozsliduvannya)," *Radio Svoboda*, August 20, 2018, <https://www.radiosvoboda.org/a/schemes/29439621.html>.

gan to appear in the media space. The acquisition of the channel in December 2018 by Taras Kozak confirmed those suppositions.

Although 112 Ukraina was criticized for the presence of pro-Russian content, starting in 2014 (for some time the armed separatists in the Donetsk/Lugansk People's Republics had been called "the militia"), on the whole, the positions of the hosts and guests remained balanced until 2018. After Edward Katz, and then Taras Kozak became the nominal owners of the channel, 112 Ukraina's political partisanship and its resonance with Russian propaganda became obvious. Several recognized journalists and several television hosts with their own programs left 112 Ukraina.

"The thing is, lately there has been too much on the channel of Viktor Medvedchuk and that ideology, the Kremlin ideology which he propagandizes. I don't see any opportunity for me to continue, to continue to broadcast on 112 channel," was how the well-known host Alesia Batsman, for example, explained the end of her program.¹⁰

It's true that Viktor Medvedchuk often uses 112 Ukraina for proclaiming his positions on various issues. Commenting in late March 2020 about the conditions the IMF made for continuing cooperation with Ukraine (passage of a law additionally regulating banks, and removal of the moratorium on sale of land for agricultural purposes), he stated in a broadcast of the channel: "The International Monetary Fund is exercising direct external governance of Ukraine with its usual cynical methods [...]. In a situation of global crisis, the IMF once again has demonstrated readiness to exploit the problems of its "partner" to achieve its own purposes. Obviously, Ukraine cannot count on the help of the International Monetary Fund, therefore the government should conduct such negotiations with the Russian Federation, China, other countries that will provide such help,"¹¹ he said.

In general, Viktor Medvedchuk systematically raises the topic of restoring relations with Russia:

But after all, it is natural that lately we constantly hear [...] that Ukraine has to come to an agreement

10 "Gordon i Batsman so skandalom ushli s kanala '112 Ukraina' iz-za 'russkogo mira' Medvedchuka," *Telekritika*, May 17, 2019, <https://telekritika.ua/news/gordon-i-bacman-so-skandalom-ushli-iz-112-ukraina-iz-za-russkogo-mira-medvudchuka/>.

11 "Viktor Medvedchuk: MVF prodolzhaet politiku isklyuchitel'nogo tsinizma po otnosheniyu k Ukraine," *112.ua*, March 27, 2020, <https://112.ua/mnenie/viktor-medvedchuk-mvf-prodolzhaet-politiku-isklyuchitel'nogo-cinizma-po-otnosheniyu-k-ukraine-530721.html>.

with Russia. [...] Yes, that will all help not only to resolve the conflict; it can help our economy, which has stagnated today. And this is even more important than establishing peace [...]. At one point Mr. Lukashenka (early last year), talking with journalists at a big conference, said: 'Where is the conflict? In Ukraine. Who is interested in solving it? The Ukrainian government. Who should initiate all the peace initiatives and who should search for this denominator here which could lead to peace? The president of Ukraine and his team.' That's it.¹²

Few experts who appear on the air at 112 Ukraina dare to call for friendship with Russia. Far more often you can hear criticism of the Ukrainian authorities for insufficient professionalism and pro-Western aspirations. Some experts note that during the daytime hours, the channel's broadcasts are more balanced regarding the points of view represented, but closer to the evening prime time, the pro-Russian zombies—the analysts and commentators with an offensive anti-Western position start to come out.

The television channel NewsOne was created by the Ukrainian businessman and politician Vadym Rabinovych back in 2008. The channel attained Ukrainian-wide prominence, however, after 2014, when it was purchased from Rabinovych by People's Deputy Yevhen Murayev of the Party of Regions. In August 2015, after a restructuring, the channel came on the air in a new format with a new logo, from a new studio with renewed program content. Soon it became one of the top three news channels of Ukraine in terms of audience size. From that time, NewsOne gained its reputation as pro-Russian, although for a time, Russian émigrés with an anti-Kremlin position—Evgeniy Kiselyov and Matvey Ganapolsky—worked at the channel. As with the case of 112 Ukraina, the channel's content became more pro-Russian after it was acquired by Taras Kozak in October 2018.

Starting from December 2017, the channel received several warnings and fines from the National Council on Television and Radio Broadcasting for violating Ukrainian law and broadcast regulations. In September 2019, the National Council even took the decision to go to court in order to strip the TV channel from its license to broadcast due to its violations of the law (incitement of national, ra-

cial, and religious enmity). In October, the Kyiv District Administrative Court opened a case based on the National Council's lawsuit, however, to date a ruling has not been made.

The latest warning and fine (25% of the license fee—105,625 hryvnias or more than US \$4,000) were imposed on NewsOne by the National Council on Television and Radio Broadcasting on February 27, 2020 due to statements made by Ruslan Kotsaba, host of the program *I Think So* in November of last year.¹³ In particular, Kotsaba stated, "Illegal enrichment was in fact the purpose of these 'Euromaidan hucksters'. And not some sort of spectral European future, NATO, the European Union, and all that. Accordingly, they tried to conquer insurgent Donbass with the aid of tanks and aircraft bombs. It's true, there's nothing for it. It must be voiced, right here, at this level. The Kyiv authorities must admit that the use of armed forces against the civilian population is a crime for which there is no statute of limitations."¹⁴

In these words, the National Council perceived signs of violation of these legal norms:

- part one of Article 28 of the Law on Information (information cannot be used for calls for the overthrow of the constitutional order; violation of Ukraine's territorial integrity; propaganda of war, violence, brutality, incitement of inter-ethnic, racial, or religious enmity; commission of terrorist acts; and infringement of human rights and freedoms);
- paragraphs 3, 4, and 9 of the second part of Article 6 of the Law on Television and Radio Broadcasting (television and radio organizations cannot be used for calls to change the constitutional order of Ukraine; incitement of aggressive war or its propaganda; and/or incitement of national, racial or religious enmity and hatred, for broadcast of television programs prepared after August 1, 1991 containing the popularization or propaganda of agencies of an aggressor state and their individual actions, and also those who claim the occupation of the territory of Ukraine is lawful);

13 Mar'iana Zakusylo, "Natsrada oholosyla poperedzhennya ta oshtrafuvala NewsOne za vyslovlyuvannya Ruslana Kotsaby," *Detektor media*, February 27, 2020, <https://detector.media/infospace/article/175113/2020-02-27-natsrada-ogolosila-poperedzhennya-ta-oshttrafuvala-newsone-za-vislovlyuvannya-ruslana-kotsabi/>.

14 "Natssovet oshtrafoval NewsOne na 105 tys. grn. iz-za vyskazyvaniy Kotsaby," *Telekritika*, February 27, 2020, <https://telekritika.ua/news/naczsouet-oshttrafoval-telekanal-newsone-na-105-tys-grn-iz-za-vyskazyvaniy-koczaby/>.

12 "Viktor Medvedchuk: komanda pravitel'stva, vklyuchaya Goncharuka i ego ministrov, profneprigodna i veduyot k krakhu ekonomiki," *112.ua*, February 12, 2020, <https://112.ua/interview/viktor-medvedchuk-komanda-pravitelstva-vklyuchaya-goncharuka-i-ego-ministrov-profneprigodna-i-vedet-k-krakhu-ekonomiki-525457.html>.

- points a) and v) of part one of Article 59 of the Law on Television and Radio Broadcasting (television and radio organizations must observe the law of Ukraine and the requirements of licensing and disseminate objection information).¹⁵

It is obvious that although the above-cited statements of the host Kotsaba indeed correspond to the theses of Kremlin propaganda, only with a big stretch do they fall under the definition of violations of the above-cited legal norms. Now we should expect a lawsuit by NewsOne against the National Council, with a fair prospect of getting the fine overturned (and possibly the warnings as well).

On July 7, 2019, a teleconference was announced on the air titled *We Need to Talk* on the Moscow television channel Rossiya-1, organized by Rossiya-1 and NewsOne (the announcement on the air of the Ukrainian channel appeared somewhat later on the same day). The teleconference was planned to be held on July 12; the hosts from the Russian side were announced as Andrey Malakhov and Mariya Sittel, and on the Ukrainian side, Olena Kirik and Vasyl Holovanov. The idea of such a special television program was demagogical and fit well within the “Kremlin theses,” as if to say that while politicians argue over the affiliation of Crimea and the Donbass, ordinary people, representatives of the “fraternal peoples” can hold a dialogue over their heads.

The intention to hold a teleconference provoked a storm of criticism from most Ukrainian politicians and civic activists. Protest pickets were staged at the NewsOne building, and nationalists hinted at the possibility of acts of violence. “Channel NewsOne reports that in connection with the news campaign against our journalists, there is a threat of an attack on the channel...we are forced to end preparation of the television marathon *We Need to Talk*. We would like for peace to come to Ukraine, but there are forces representing the party of war for whom this is extremely unprofitable,” NewsOne’s press service stated, voicing the position of the channel.¹⁶ Rossiya-1 conducted the teleconference without the Ukrainian partners. Condemnation (or praise) of NewsOne became one of the topic subjects of Ukrainian media for several days.

The television channel ZIK grew out of the Lviv news agency of the same name. It first went on the air

in September 2010. In 2016, it became all-Ukrainian and opened a new central studio in Kyiv. Subsequently it was in opposition both to Ukrainian presidents Viktor Yanukovich and Petro Poroshenko as well as Lviv Mayor Andriy Sadovyi. Until June 2019, the channel belonged to Petro Duminsky, a regional oligarch, who left Ukraine after getting into a car accident that led to the death of a person (in the opinion of the investigation, Duminsky was guilty of the accident).

After ZIK was bought by Taras Kozak, almost all the program hosts were fired, along with many journalists, editors, and managers. The reason all of them cited was an unwillingness to cooperate with Medvedchuk in the interests of Russia and against Ukraine. Most personnel who came in their place were transferred from the channels NewsOne and 112 Ukraina.

The most scandalous of the channel’s shows in recent months was the telethon on February 28, *It Smells Like Soros*. “After the fall of the Soviet Union, the American billionaire George Soros decided to appropriate nothing more nor less than entire countries, in order to make them dependent. He was particularly successful in Ukraine, creating an entire network of his agents, his own fans of American bucks. Today they are taking over Ukraine,” according to an announcement for the program.¹⁷ Under that text were the faces of Andriy Kobolev, the head of the oil and gas company Naftogaz Ukrainy; Artyom Sytnik, director of the National Anti-Corruption bureau; and others.

During the telethon, the channel’s staff members and invited experts discussed the activity of George Soros and his supposed influence on the Ukrainian government, parliament, Prosecutor General’s Office and also on civic organizations. Among other things the telethon’s participants accused Soros of organizing “color revolutions” in Eastern Europe, provoking violence and destroying national economies. It was claimed that Soros brought to power Petro Poroshenko and Oleksiy Honcharuk’s cabinet of ministers, and that on Soros’ money, specialized anti-corruption bodies were created.

As the Ukrainian Commission on Journalistic Ethics (KzhE) claimed in its statements, “the entire telethon [...] on the television channel ZIK is based exclusively on suppositions and value judgements which are not based on concrete and persuasive facts. Such claims are made not only by the invited experts but most often by the hosts

15 “Natssovet oshtrafoval NewsOne.”

16 Elena Galadzhiiy, “Komu i zachem ponadobilsya telemost Ukraine-Rossiya?,” *KP v Ukraine*, July 8, 2019, <https://kp.ua/politics/641646-komu-y-zachem-ponadobylsia-telemost-ukrayna-rossiya>.

17 “Marafon ‘Tkhne Sorosom’ | Duyvit’sya u p’yatnytsyu na telekanale ZIK,” *YouTube*, February 25, 2020, <https://www.youtube.com/watch?v=sn1eVvi9lrQ>.

themselves who should, on the contrary, provide for a dispassionate presentation of the news. A great deal of such commentaries was recorded during talk shows [...] where the hosts actively voiced accusations and guided the speakers and the discussion into a previously determined channel.”¹⁸ The Commission appraised the actions of the journalists and editorial board of ZIK as an abuse of freedom of speech and declared a public condemnation of the television channel ZIK.

The newspaper *Vesti* (News), which has been published since 2013 and was officially created with the funds of Russian investors, is the most notable among the pro-Russian print publications. Today, it is part of the holding company Multimedia Invest Group (along with the television channel UBR, the magazine *Vesti.Reportyor* and *Radio Vesti*), which is owned by Oleksandr Klymenko, the minister of revenue and taxes from the Yanukovich era, who lives in Moscow. Until 2018, the newspapers were distributed for free in the major cities of Ukraine, and later began to be sold for a symbolic low price. The content of the newspaper, like the other media properties of the holding company enables us to speak of the advancement of the theses of Russian propaganda. In May 2014, the editorial offices of *Vesti* were searched; editor-in-chief Ihor Guzhva (who had worked for several years in Moscow before *Vesti*) and the publisher of the newspaper were incriminated with money-laundering and failure to pay taxes.

In recent weeks, as the coronavirus pandemic has become the central news story, Russian propaganda has intensified the narratives related to the inability of the Ukrainian authorities to cope with the new challenges independently or without the aid of Western partners. The Russian media is once again predicting the fall of the government of Ukraine, economic collapse, and the triumph of Nazis.

And the Ukrainian newspaper *Vesti* is not far behind. The headlines from the front page of the newspaper’s Internet site just for one day, April 7, were as follows: “No money and fear: due to the quarantine, 90% of Ukrainians have problems”; “How many Kyivans are sick with Covid-19—Klichko cites alarming figures”; “Children have been sent to certain death”; “Who has suffered more from the quarantine than others”; Covid-19 epidemic in Ukraine—the disease has killed 45 people, the situation is worsening”; “All bankrupts. What will happen

with Ukrainian airlines after the quarantine?”; “Money and patience is running out”; “Unemployment is driving Ukrainians to the countryside”¹⁹

After the sale of the newspaper to Klymenko’s organizations in the summer of 2015, Ihor Guzhva left his post as editor-in-chief and started the Internet publication *Strana.ua* (Country.ua). Like the newspaper *Vesti*, *Strana.ua* is published only in the Russian language; criticizes the European integration aspirations of the former and current Ukrainian leadership; and advocates for improvements in relations with Russia. Guzhva, together with his deputy, Svitlana Kryukova, ran a program on NewsOne and have also appeared on 112 Ukraina. In the summer of 2017, Guzhva once again became a figure on the police blotter—he was detained on charges of extortion. The editor-in-chief allegedly blackmailed People’s Deputy Dmitriy Linko, threatening the publication of compromising material. Later, Guzhva was released on bail, and was able to leave Ukraine and reach Austria, where he obtained political asylum. *Strana.ua* continues to operate and despite a clear tendentiousness, the publication’s content is professionally laid out and thanks to this, is notable in the Ukrainian media space.

The publication performs the topics of Russian propaganda quite creatively. For example, like this:

- “While everyone’s minds are occupied with the coronavirus epidemic, Ukrainian authorities are wrapping up peace talks with the Donbass at a rapid pace.”
- “Work on the creation of a Consultative Council has been halted, and also all activity in general in Minsk, where traditionally talks on settling the crisis in the Donbass have been underway. Parallel to this, Ukraine has taken a hard line regarding Moscow. Even so, it is total copying the rhetoric of Petro Poroshenko.”²⁰
- Or this:
- “On the night of March 31, the Verkhovna Rada passed a scandalous law that enables Ukrainian agricultural lands to be sold. The time for the vote was selected very conveniently—due to the quarantine, any protest actions in Ukraine are prohibited.”

18 “KZhE ob’avila kanalu ZIK publichnoe osuzhdenie za marafon ‘Tkhne Sorosom,’” *Telekritika*, March 10, <https://telekritika.ua/news/kzhe-obyavila-kanalu-zik-publichnoe-osuzhdenie-za-marafon-thne-sorosom/>.

19 *Vesti.ua*, <https://vesti.ua/>.

20 “Pochemu na Donbasse strelyayut vsyo gromche, a Kiev zamorozil mirnye initsiativy,” *Strana.ua*, April 5, 2020, <https://strana.ua/video/259497-pochemu-kiev-zamorozil-mirnyj-protsess-na-donbasse-novyj-vypusk-jasnoponjatno-s-olesej-medvedevoj.html>.

- “In fact, the government itself imposed the quarantine. And on the morning of March 31, Prime Minister Denys Shmyhal had already announced that Ukraine cannot be under quarantine for long, since the economy will suffer greatly. It’s true—why is a quarantine needed now if the land law needed by the IMF has been passed? [...] The country doesn’t intend to change the course previously taken, chosen even under Poroshenko. This is total dependency on external organizations—the IMF, the embassies of the USA and others.”²¹

Strana.ua promotes Moscow’s interests even in publications on historical topics. In particular, an article devoted to the 80th anniversary of the end of the Soviet-Finnish war says that after Finland got out of World War II, the Soviet Union did not occupy the country but only returned territories to itself seized by it from Finland back in 1940. “However, in exchange, Finland silently agreed that it could not conduct a policy hostile to the USSR. Therefore, Finland did not join NATO, and maintained neutrality toward Moscow in the unfolding cold war between the socialist camp and the West.

Thus the term “Finlandization” was born as a means of co-existence of a small state next to a superpower: Finland maintained a friendly policy toward the Soviet Union, and the USSR, for its part did not make attempts to Sovietize it”²².

And the article ends with essentially a call to Ukrainians to reconcile themselves to the occupation of part of the territory of his country. “Now, seeing the dead end in Ukrainian-Russian relations, this term ‘Finlandization’ is sometimes used as a variation for getting out of this dead end. And it cannot be ruled out that once again a ‘Finnish’ scenario will turn out to be relevant for Ukraine.”²³

In Ukraine, other pro-Russian Internet media operate, although their audience is not large, and citation not high. Nevertheless, the “world” of pro-Russian media today, in the opinion of experts, has a marked influence on the outlook of many Ukrainians.

It is difficult to measure the specific results of the

harmful influence of Russian and pro-Russian media (mass media, social networks, and blog platforms) on Ukrainian public opinion. Nevertheless, sociologists have repeatedly recorded that the regular audience of such media is the most opposed to Ukraine’s European and Euro-Atlantic integration; often refuses to acknowledge Russia as an aggressor; regards some democratic values skeptically (particularly equal rights for minorities); denies the fairness of the institution of elections and does not believe in the sincerity of the intentions of the leaders of their country.

Ukrainian pro-Russian media encounters minimal resistance on the part of the authorities unlike the media of the aggressor state itself. Aside from the criminal cases against Ihor Guzhva noted above and the fines imposed on NewsOne, we can recall the denial of license renewals to five television companies which re-broadcast 112 Ukraina on a digital network. This occurred in September 2019, already under President Zelensky. People at 112 Ukraina spoke of “harsh censorship” and “doubts about freedom of speech in Ukraine”²⁴; the operation of the channel itself, however, was not prohibited; it is accessible on cable networks, on the Internet, or with a satellite antenna. In accordance with a decision of the National Council for Security and Defense of Ukraine, access to several Ukrainian news sites have been blocked; in fact, these sites can be counted on one hand.

Such a mild reaction by the authorities to pro-Russian content can be explained by the absence of a tradition of suppression of the media by the state and the public dislike of pressure on journalists. Although international organizations have never counted Ukraine among the states with full freedom of speech, there is media pluralism here which enables the Kremlin to maintain and advance its agenda in Ukraine’s news space.

21 “Pod kogo prodayut ukrainskuyu zemlyu,” *Strana.ua*, March 31, 2020, <https://strana.ua/video/258508-v-chikh-interesakh-prinjat-zakon-o-rynke-zemli-novyj-vypusk-jasnoponjatno-s-olesej-medvedevoj.html>.

22 Dmitriy Korotkov, “Pyat’ voprosov o sovetско-finskoy voyne, zakonchivsheysya 80 let nazad. Uroki dlya Ukrainy,” *Strana.ua*, March 13, 2020, <https://strana.ua/articles/istorii/254633-pochemu-proizoshla-sovetско-finskaja-vojna-1939-1940-hodov.html>.

23 Korotkov, “Pyat’ voprosov o sovetско-finskoy voyne”.

24 “Natssovet ne prodilil tsifrovye litsenzii gruppe veshchateley ‘112 Ukraina,’ telekanal nazval eto tsenzuroy,” *Gordon*, September 26, 2019, <https://gordonua.com/news/politics/nacsovet-lishil-licenziy-gruppu-veshchateley-112-ukraina-telekanal-nazval-eto-cenzuroy-1301638.html>.



**CONCEPTUALIZING
MALIGN INFLUENCE
OF PUTIN'S RUSSIA IN
EUROPE**

Anton Shekhovtsov



ABOUT AUTHOR

Anton Shekhovtsov

Anton Shekhovtsov is a Senior Fellow at the Free Russia Foundation (US), external lecturer at the University of Vienna (Austria), and expert at the European Platform for Democratic Elections (Germany).

INFLUENCE AND POWER IN INTERNATIONAL RELATIONS

Influence, as the Cambridge Dictionary defines it, is “the power to have an effect on people or things,” and it would not be an exaggeration to say that all states, to one degree or another, try to exert influence on other states.

As its definition implies, *influence* is closely linked to *power* which represents the ability to influence how someone or something behaves, develops or thinks, or to cause someone to change their behavior, belief or opinion when that would not have occurred otherwise. In the context of international relations and on the basis of the close connection between influence and power, Joseph S. Nye introduced the concepts of hard power and soft power.¹ *Hard power* is the ability to exert influence over other nations through coercion that implies using military threats, sanctions and/or bribery. In turn, *soft power* is the ability to influence through affinity and attraction with resources such as a nation’s political values, culture, and foreign policies.

In recent years, as authoritarian regimes increasingly challenged the democratic West, experts developed new terms in an effort to identify those aspects of power and influence that made the challenge of authoritarian regimes especially distressing.

In 2013, elaborating on Nye’s concept of soft power in relation to Putin’s Russia, James Sherr argued that, when discussing the country’s influence abroad, a better way would be to talk not of soft power but rather of soft coercion. Sherr defined the latter as “influence that is indirectly coercive, resting on covert methods (penetration, bribery, blackmail) and on new forms of power, such as energy supply, which are difficult to define as hard or soft.”²

* The author of the report is grateful to Thomas Garrett, Maria Snegovaya and Melissa Hooper for their useful and insightful comments on the earlier draft of this paper.

1 Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990); idem, *Soft Power: The Means to Success in World Politics* (New York: PublicAffairs, 2004).

2 James Sherr, *Hard Diplomacy and Soft Coercion: Russia’s Influence Abroad* (London: Chatham House, 2013), 2.

Christopher Walker and Jessica Ludwig also found it difficult to identify particular influence techniques used by authoritarian regimes such as Putin's Russia and Xi's China as related to either hard power or soft power. Therefore, they wrote of *sharp power* to characterize malign, aggressive, and manipulative aspects of influence operations of authoritarian states in democratic societies. Unlike soft power, sharp power "is not a 'charm offensive,' nor is it an effort to 'share alternative ideas' or 'broaden the debate.' It is not principally about attraction or even persuasion; instead, it centers on manipulation and distraction."³

Mimetic power is another useful concept to employ in discussions about the approaches of authoritarian regimes to wield influence in the democratic West. Mimetic power can be defined as the ability to influence Western nations by creating the impression that authoritarian regimes are normal members of the international community and emulating what authoritarian regimes perceive as Western soft power techniques.⁴ The idea behind mimetic power is that, for example, Putin's Russia is no better and no worse than any other Western country: even if Moscow behaves in an apparently questionable way, it is still normal because Western capitals allegedly do the same.

Another power-related concept that is useful for analysing influence of authoritarian regimes in democratic societies is *dark power*. The term appeared in 2007,⁵ but was not properly conceptualized until very recently. Mark Galeotti offered arguably the most significant contribution to the conceptualisation of dark power: "If soft power is the ability of a state to get its way by attraction and positive example, then dark power is the capacity to bully. [. . .] If you are going to be a bully, then be a fearsome and formidable one. That way, rivals are deterred from challenging you, and are inclined to pacify you with deals and exemptions."⁶ Drawing on the discussions of dark power by Galeotti and ourselves,⁷ we can define it as the ability to influence preferences and behavior of other nations through projecting an image of a state inherently antagonistic to their political values. Wielding dark power is about producing an image of a country that opposes the "Western hypocrisy" of liberal democracy, has the right to behave irresponsibly on the international stage, and is able to corrupt democracy in other countries.

The above-mentioned interpretations and definitions of sharp power, mimetic power and dark power suggest that these concepts are related to deception as an instrument employed by authoritarian regimes in their relations with democratic states. Hence, it seems natural that these types of power can be linked to specific forms of what the Soviet forces called *maskirovka*, "a set of processes employed during the Soviet era designed to mislead, confuse, and interfere with anyone accurately

3 Christopher Walker and Jessica Ludwig, "From 'Soft Power' to 'Sharp Power': Rising Authoritarian Influence in the Democratic World," in *Sharp Power: Rising Authoritarian Influence* (Washington: National Endowment for Democracy, 2017), 10.

4 Anton Shekhovtsov, "Mimetic Power: How Russia Pretends to Be a Normal Member of the International Community," *OpenDemocracy*, October 31, 2018, <https://www.opendemocracy.net/en/odr/mimetic-power-russia-international-community/>.

5 Charles S. Maier, "Dark Power: Globalization, Inequality, and Conflict," *Harvard International Review* 29, no. 1 (2007): 60-65.

6 Mark Galeotti, "Russia Pursues 'Dark Power' and the West Has No Answer," *Raam op Rusland*, March 15, 2018, <https://raamoprusland.nl/dossiers/kremlin/894-russia-pursues-dark-power-and-the-west-has-no-answer>.

7 Anton Shekhovtsov, "How Vladislav Surkov Joined the Russian Order of Dark Power," *Political Capital Institute*, April 8, 2019, https://politicalcapital.hu/russian_sharp_power_in_cee/publications.php?article_read=1&article_id=2382.

assessing its plans, objectives, strengths, and weaknesses.”⁸ One Soviet military dictionary argues that these forms include concealment, imitation, simulation, demonstrative actions, and disinformation.⁹ Although the Soviet forces originally applied the concept of *maskirovka* only to particular aspects of kinetic warfare, they would later use it to describe political, economic and diplomatic measures. In the context of this paper, we can argue that mimetic power corresponds to such forms of *maskirovka* as imitation and simulation, while sharp power and dark power draw upon disinformation and demonstrative actions.

MALIGN INFLUENCE

Nye wrote that a nation is more likely to produce soft power or, in other words, to implement the ability to influence other societies through affinity and attraction “when a country’s culture includes universal values and its policies promote values and interests that others share [. . .]. Narrow values and parochial cultures are less likely to produce soft power.”¹⁰ From this we can conjecture that influence emanating from soft power is normatively positive: when a state tries to influence the behavior of another state by appealing to shared universal values and common interests, it effectively strengthens the universal value system thus contributing to the building of a global culture of human rights and achieving long-term balance and stability in international relations.

In contrast, authoritarian regimes based on non-democratic value systems use soft coercion, sharp power, mimetic power and dark power with the intent to mislead and confuse democratic nations and their leadership, hence the influence emanating from these approaches is inevitably negative in the normative sense and is termed here as malicious.

We define *malicious influence* in the European context as *a specific type of influence that directly or indirectly subverts and undermines European values and democratic institutions*. We follow the Treaty on European Union in understanding *European values* that are the following:

- human dignity
- freedom
- democracy
- equality
- the rule of law
- respect for human rights, including the rights of persons belonging to minorities¹¹

8 Timothy C. Shea, “Post-Soviet Maskirovka, Cold War Nostalgia, and Peacetime Engagement,” *Military Review* 82 no. 3 (May/June 2002): 63-67. See also Charles L. Smith, “Soviet Maskirovka,” *Airpower* 2, no. 1 (Spring 1988): 28-39.

9 *Sovetskaya voennaya entsiklopediya*, 5 (Moscow: Voenizdat, 1976), s.v. “Maskirovka.”

10 Nye, *Soft Power*, 11.

11 “Consolidated Version of the Treaty on European Union,” *EUR-Lex*, <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A12012M%2FTXT>.

Democratic institutions are guardians of European values, and among them we highlight:

- representative political parties that aggregate, organize and articulate citizens' political demands, translate these demands into policy proposals, engage citizens in the democratic process, provide the basis for coordinated legislative activity, and advance government accountability

- free and fair elections in which voters should be able to form opinions independently and free of violence or threats of violence, compulsion, or manipulative interference of any kind

- an impartial justice system free of discrimination or favoritism

- free, independent and pluralistic media that provide objective and accurate reporting, guarantee access to diverse views and meaningful opinions, monitor public officials, foster democratic debate, and encourage active involvement of citizens in political and social life

- a robust civil society that holds public institutions accountable on issues of democracy and human rights, helps preserve democratic vibrancy, presents opportunities for collective action, builds community cohesion, and helps citizens articulate their interests and demands.

The main effect of malign influence is erosion and decline of European values, as well as deepening distrust of democratic institutions.

Before discussing motifs, agents, and instruments of malign influence of Putin's Russia in Europe, one caveat is in order. The fact that this authoritarian regime wields malign influence does not mean that Russia cannot produce soft power in Europe. Russia's major source of soft power is its high culture that comprises of literature (especially humanist writings), classical music, ballet, etc., and Russia has doubtlessly made an important historical contribution to world culture. The problem for Putin's regime is that it has only limited access to this source, because the Kremlin's activities and behavior in the international arena compromise the positive effects of Russia's traditional soft power. One dramatic example here is the sharp decline of Russia as a sport superpower after the disclosure of the massive state-sponsored doping program that led to several temporary bans from the most important international sport events.

MALIGN INFLUENCE AS AN EFFECT OF POLITICAL WARFARE

It seems appropriate to discuss Russian malign influence in Europe in the framework of a political war that Putin's regime wages against Europe. Although the term "political warfare" was first introduced by the British forces during the Second World War, it was George F. Kennan, a leading American diplomat during the Cold War, who elaborated on the concept of political warfare in 1948: "political warfare is the employment of all means at a nation's command, short of war, to achieve its national objectives. Such operations are both overt and covert. They range from such overt actions as political alliances, economic measures (as ERP [i.e. Economic Recovery Plan, better known as The Marshall Plan]), and 'white' propaganda to such covert operations as clandestine support of 'friendly' foreign elements, 'black' psychological warfare and even encouragement of underground resistance in hostile states."¹² According to Paul A. Smith, "political war may be combined with violence, economic pressure, subversion, and diplomacy, but its chief aspect is the use of words, images, and ideas, commonly known, according to context, as propaganda and psychological warfare."¹³ Today, political warfare is seen as a grey area between, on the one hand, regular political, diplomatic, economic and other interactions, and, on the other, high-order war, i.e. "intense, declared conventional or nuclear war between the armed forces of two or more nation-states."¹⁴

The framework of *political warfare* is useful for understanding malign influence and delineating its meaning. In times of peace, authoritarian regimes build their relations with democratic societies predominantly on the basis of traditional and public diplomacy, trade and cultural exchange, which implies the employment of soft power on the part of authoritarian regimes no matter how limited their access is to it. However, in a situation of crisis, nations tend to "deform" all areas of cooperation they enjoyed during peace time. Traditional and public diplomacy are poisoned by the downgrading of communications and projections of hard power, routine trade is crippled by sanctions and trade wars, and soft power degenerates into dark power, mimetic power and/or sharp power. If the crisis is not resolved quickly, political warfare emerges.¹⁵ As an effect of political warfare, malign influence does not belong to the areas of cooperation in times of peace, but—while it is not a repercussion of high-order war—it can be observed throughout such war. Figure 1 demonstrates the forms that power and influence take during times of peace, political warfare, and high-order war.

For example, disinformation may imply different things depending on the particular context. In times of peace, disinformation may be created for profit (mercenary fake news) or for purposes of humor (satirical fake news).¹⁶ Publishing false

12 State Department Policy Planning Staff, "The Inauguration of Organized Political Warfare," *United States Department of State*, April 30, 1948, <https://history.state.gov/historicaldocuments/frus1945-50Intel/d269>.

13 Paul A. Smith, *On Political War* (Washington: National Defense University Press, 1989), 3.

14 Ben Connable et al., *Russia's Hostile Measures: Combating Russian Gray Zone Aggression Against NATO in the Contact, Blunt, and Surge Layers of Competition* (Santa Monica: RAND Corporation, 2020), 2.

15 Waller argues that political warfare is an outcome of a situation "when public relations statements and gentle, public diplomacy-style persuasion—the policies of attraction that constitute 'soft power'—fail to win the needed sentiments and actions" Michael Waller, "Getting Serious about Strategic Influence: How to Move beyond the State Department's Legacy of Failure," *The Journal of International Security Affairs*, no. 17 (2009): 24.

16 On the forms of fake news see Donald A. Barclay, *Fake News, Propaganda, and Plain Old Lies: How to Find Trustworthy Information in the Digital Age* (London: Rowman & Littlefield, 2018).

Peacetime	Political war	High-order war
Soft power	Projections of hard power	Hard power
	Mimetic power	
	Sharp power	
Dark power		
Traditional influence	Malign influence	

Figure 1. Power and malign influence during times of peace, political warfare, and high-order war

orders about diversionary landings or movements of troops is considered disinformation in times of war. Spreading manipulated pictures in order to confuse and disrupt a nation’s opponents can be considered disinformation as part of political warfare or high-order war. In none of the cases can we talk about malign influence, unless disinformation is produced to manipulate public sentiment which leads—in the European context—to subversion of European values and/or undermining of democratic institutions. Likewise, neither corporate espionage nor money laundering necessarily produces malign influence despite the unwelcome nature of these criminal activities. Only when crime appears to be part of political warfare (for example, used to wield political influence or carry out targeted political assassinations¹⁷) can we talk about malign influence deriving from crime.

Furthermore, the relationship between political warfare and malign influence allows us to solve the question of whether this type of influence is an offensive or defensive measure. Any warfare implies both, so—in the context of Putin’s Russia and Europe—the aggressive subversion and undermining of European values and democratic institutions is mirrored by the Kremlin’s willingness to defend from Western influence what it considers as its own values and institutions. This echoes how some experts and practitioners understand information warfare, namely as “actions taken to *preserve the integrity of one’s own information system* from exploitation, corruption, or disruption, while at the same time *exploiting, corrupting, or destroying an adversary’s information system* and, [in] the process, achieving an information advantage in the application of force.”¹⁸

17 Mark Galeotti, “Crimintern: How the Kremlin Uses Russia’s Criminal Networks in Europe,” *European Council on Foreign Relations*, April 18, 2017, https://www.ecfr.eu/publications/summary/crimintern_how_the_kremlin_uses_russias_criminal_networks_in_europe.

18 A definition of information warfare by the US Department of Defense, cited in Edward Waltz, *Information Warfare: Principles and Operations* (Boston: Artech House, 1998): 20 (emphasis added).

STRATEGIC AND TACTICAL GOALS OF RUSSIAN MALIGN INFLUENCE

Elaborating on their concept of sharp power, Christopher Walker and Jessica Ludwig argue: “powerful and determined authoritarian regimes, which systematically suppress political pluralism and free expression in order to maintain power at home, are increasingly applying the same principles internationally to secure their interests.”¹⁹ This insight helps us conceptualize the major motifs of Russian state or non-state actors wielding malign influence in Europe, as it was Russian society that was the first victim of malign influence operations conducted by the Kremlin and its loyalists. In other words, before they started to wage a political war against the West in general and Europe in particular, the pro-Kremlin actors first undermined and subverted European values and democratic institutions at home.

Starting from Putin’s first presidential term, the pro-Kremlin actors increasingly:

- took away freedoms and liberties from the Russian people
- destroyed the rule of law replacing it with the rule of political considerations, cronyism, and nepotism
- degraded human rights and practices aimed at their defense
- put pressure on civil society and NGOs
- clamped down on political opposition
- undermined the free and fair character of electoral processes

All of these actions were needed in order to do away with democratic principles—no matter how weak they were during Boris Yeltsin’s rule—to establish control over all Russian political institutions, and to enervate Russian society, thus securing the unlimited rule of Putin’s authoritarian and kleptocratic regime. The Kremlin has projected its domestic agenda of subverting democratic values and institutions onto Europe in its political war against the West. From this perspective, one can concur with James Sherr who argues that the overarching aim of Putin’s Russia is “the creation of an international environment conducive to the maintenance of its system of governance at home.”²⁰

It must be stressed, however, that there are different degrees of assertiveness in influencing the international environment, and—as argued before—it is natural that nations are, to different extents, involved in the process of influencing other states. For example, strategies of public diplomacy in times of peace can be based on *engagement* or *shaping*. In the case of engagement, nations aim to “inject new thinking and ideas,” “create shared resources,” “promote dialogue” and/or “fashion a common language.”²¹ In the case of shaping, the task is to reframe debates between nations by creating fresh perspectives, developing new concepts, changing the language of the debates, promoting rule of law and human rights.²²

But there are *disruptive* and *destructive* public diplomacy strategies too, and

19 Walker and Ludwig, “From ‘Soft Power’ to ‘Sharp Power,’” 10.

20 Sherr, *Hard Diplomacy and Soft Coercion*, 96 (the original emphasis omitted).

21 Alex Evans and David Steven, “Towards a Theory of Influence for Twenty-first Century Foreign Policy: The New Public Diplomacy in a Globalized World,” *Place Branding and Public Diplomacy*, 6, no. 1 (2010): 24.

22 Evans and Steven, “Towards a Theory of Influence,” 24.

nations resort to using them when engagement and shaping strategies do not seem to be effective. A disruptive strategy of public diplomacy is employed when a nation faces an unwelcome consensus. The aims of this strategy are to “probe points of weakness,” “exploit wedge issues,” “redefine the terms of the debate,” “create a counter-narrative,” “galvanize allies,” “divide, co-opt, or marginalize opponents.”²³ A destructive strategy of public diplomacy is used when a nation does not see there to be an opportunity for further debate with what it considers its adversaries. Public diplomacy informed by this strategy aims “to sow confusion, fear and panic” through disinformation, “encourage dissent and defection” and “isolate enemies.”²⁴ It is these strategies of public diplomacy that produce malign influence as an effect of political warfare conducted within the circumstances of a perceived crisis.

While the malign influence of Putin’s Russia subverts and undermines European values and democratic institutions, these are not necessarily the primary targets of Russian influence operations. There is a difference between the effects of malign influence in our perspective and the aims of Putin’s Russia.

We identify two major strategic goals of Putin’s Russia when it engages in political warfare that produces malign influence.

The first goal is to protect Russian society from Western ideological, political, cultural, and other influences believed to undermine the grip on power held by Putin’s regime. This goal is attained by discrediting European values and democratic institutions in the eyes of the Russian people. To this effect, Putin’s regime pushes the idea that Europe is only interested in promoting European values in order to acquire advantage in geopolitical competition with Russia: narratives about democracy and rule of law are needed to denigrate the Russian authorities and pit Russian citizens against the regime; narratives about equality and human rights are directed at subverting Russian traditional, conservative values. The bottom line here is that European nations themselves care neither about democracy nor freedom nor human rights—they only weaponize these values against Russia.

The second goal is to advance the political, economic and security interests of Putin’s Russia on the international stage. The Kremlin and pro-Kremlin actors strive to attain this goal through shaping the international environment in the image and semblance of Putin’s regime, and—to this end—seek to corrupt major democratic institutions such as political parties, elections, justice systems, media and civil society.

Putin’s regime and pro-Kremlin loyalists try to achieve these two strategic goals by meeting various tactical objectives. These objectives include, but are not limited to, weakening of Europe’s transatlantic contacts, poisoning of bilateral relations between European states, spreading disorder on the international stage, retaining former Soviet states in the Russian sphere of influence, hindering modernization of democratizing European states, undermining trust in the EU and NATO, etc.

23 Evans and Steven, “Towards a Theory of Influence,” 24.

24 Evans and Steven, “Towards a Theory of Influence,” 24.

AREAS, TOOLS, AND OPERATORS OF RUSSIAN MALIGN INFLUENCE

It is important to distinguish between tools of political warfare (and malign influence) and areas of their application, although at times the difference between them is vague. An analysis of existing literature on Russian foreign policy and political warfare²⁵ helps us identify ten sometimes overlapping major areas in which actors of Putin’s Russia conduct political warfare and, thus, produce malign influence. These areas are illustrated in Figure 2.

POLITICS	DIPLOMACY	MILITARY DOMAIN	BUSINESS	MEDIA
CIVIL SOCIETY	ACADEMIA	RELIGION	CRIME	LAW

Figure 2. Areas of Russian malign influence

At the same time, we identify the following tools of Russian malign influence (the list, however, is far from exhaustive):

- political alliances
- interference in elections
- agents of influence
- front organizations
- international organizations
- public relations and lobbying
- energy politics
- economic subversion and sanctions
- shell companies
- intelligence operations
- cyber warfare
- cyber crime
- lawfare, or corrupt misuse of the legal system
- public diplomacy
- think-tanks
- diaspora groups
- propaganda and disinformation
- corruption
- conditional military aid
- paramilitary groups
- organized crime
- religious politics
- historical revisionism

Thus, techniques and combinations of techniques used by state and pro-Kremlin non-state actors in the framework of political warfare thus producing malign influence are innumerable. For example, the Kremlin may interfere in elections in Western nations by building alliances with particular political forces, providing funding through shell companies, and supporting them with the help of disinformation and

25 Sherr, *Hard Diplomacy and Soft Coercion*; Keir Giles et al., *The Russian Challenge* (London: Chatham House, 2015), https://www.chathamhouse.org/sites/default/files/field/field_document/20150605RussianChallengeGilesHansonLyneNixeySherrWoodUpdate.pdf; Mark Galeotti, “Controlling Chaos: How Russia Manages Its Political War in Europe,” *European Council on Foreign Relations* (2017), https://www.ecfr.eu/page/-/ECFR228_-_CONTROLLING_CHAOS1.pdf; Linda Robinson et al., *Modern Political Warfare: Current Practices and Possible Responses* (Santa Monica: RAND Corporation, 2018), https://www.rand.org/content/dam/rand/pubs/research_reports/RR1700/RR1772/RAND_RR1772.pdf; Bob Seely, “A Definition of Contemporary Russian Conflict: How Does the Kremlin Wage War?” *Henry Jackson Society* (2018), <http://henryjacksonsociety.org/wp-content/uploads/2018/06/A-Definition-of-Contemporary-Russian-Conflict-new-branding.pdf>; Andrei P. Tsygankov, ed., *Routledge Handbook of Russian Foreign Policy* (Abingdon: Routledge, 2018).

cyber-attacks against their opponents. Or Russian pro-Kremlin actors may attempt to drive wedges between social and cultural groups in European nations through simulated “civil society” groups funded through organized crime. Or those actors may hack European think-tanks that aim to counter the Kremlin’s malign influence operations, and discredit them by publishing sensitive, non-public information. Or Russian intelligence services may provide training for paramilitary groups in European societies that could later be used for radicalizing peaceful democratic protests.

There are eight major categories of Russian state and non-state operators that are engaged in political warfare in Europe and thus are exercising malign influence: *siloviki* (institutions of force), official structures, political forces, business community, state-sponsored media, social media propaganda networks, think-tanks/foundations, and the traditionalist bloc. Figure 3 provides non-exhaustive examples of operators belonging to these categories.

SILOVIKI	■ Defence Ministry, Main Directorate of the General Staff of the Armed Forces, Foreign Intelligence Service, Federal Security Service
OFFICIAL STRUCTURES	■ Presidential Administration, Foreign Ministry, Committee on International Affairs of the State Duma
POLITICAL FORCES	■ “United Russia”, Liberal-Democratic Party of Russia, Communist Party
BUSINESS COMMUNITY	■ Gazprom, Rosneft
STATE-SPONSORED MEDIA	■ RT, Sputnik, Redfish
SOCIAL MEDIA PROPAGANDA NETWORKS	■ Internet Research Agency, Russian web brigades
THINK-TANKS/ FOUNDATIONS	■ Rossotrudnichestvo, Valdai Discussion Club, Dialogue of Civilisations, Katehon
TRADITIONALIST BLOC	■ Russian Orthodox Church, anti-LGBT organisations

Figure 3. Russian state and non-state operators of political warfare

Although these operators of malign influence can be broken down into categories, it is important to stress that at the time of a particularly acute crisis in the relations between Putin’s regime and the West, all these operators can be momentarily mobilized and function as a single unit, no matter whether they are state or non-state entities.

Russian operators of malign influence do not function in a vacuum: in the majority of cases they are linked to Western and, in particular, European *facilitators* of the Kremlin’s political warfare. The concept of facilitators is close to what the authors of *The Kremlin Playbook 2* call “enablers,” defined as entities (sometimes even countries) that “allow the Kremlin to achieve its end [. . .] and avoid some of the consequences of its behavior. [. . .] Crucially, by allowing Russian economic influence to cycle through their systems, enablers actively participate in the weakening

and discrediting of their own democratic structures.”²⁶ However, while the concept of enablers—at least as defined above—is economical in nature, facilitators operate in any area identified in Figure 2 thus helping Russian state and non-state operators (see Figure 3) achieve objectives that lead to the implementation of the Kremlin’s strategic goals. Figure 4 gives examples of facilitators of pro-Kremlin malign influence in Europe.

SILOVIKI	■ Transnational organized crime, paramilitary groups, biker gangs
OFFICIAL STRUCTURES	■ Agents of influence, friendly academics, experts and journalists, celebrities, producers
POLITICAL FORCES	■ Friendly foreign political actors, front organizations
BUSINESS COMMUNITY	■ Business partners of Russian companies
STATE-SPONSORED MEDIA	■ Websites amplifying Russian pro-Kremlin narratives
SOCIAL MEDIA PROPAGANDA NETWORKS	■ Far-right and conspiracy theory Internet activists
THINK-TANKS/ FOUNDATIONS	■ Friendly academics, experts and journalists
TRADITIONALIST BLOC	■ National Orthodox churches, ultraconservative and anti-LGBT organisations

Figure 4. Facilitators of the Kremlin’s political warfare in Europe

26 Heather A. Conley et al., *The Kremlin Playbook 2: The Enablers* (Washington: Center for Strategic and International Studies, 2019): 12 (the original emphasis omitted).

INVESTIGATING RUSSIAN MALIGN INFLUENCE

When investigating Russian malign influence, one needs, first of all, to establish the context. Malign influence emerges during a crisis between nations, which is perceived to move them into a situation inconsistent with peacetime relations when they would try to change other nations' behavior or opinions by employing engagement or shaping strategies, rather than disruptive or destructive ones. In other words, malign influence is a product of the grey area of political warfare and cannot emerge during peacetime (see Figure 1).

Understanding the context of malign influence is helpful to understand why the Kremlin and pro-Kremlin actors are strategically engaged in political warfare against the West in general and Europe in particular. These actors seek to minimize Western influences perceived as threats to Putin's regime and, at the same time, to advance various interests of the regime in the Western environment considered as unfavorable due to a crisis in relations between Putin's Russia and the West.

It is also important to assess vulnerabilities of European states because the Kremlin and pro-Kremlin actors are most likely to exploit those. Major vulnerabilities to Russian malign influence are shown in Figure 5.

CORRUPTION	■ Pro-Kremlin actors use corruption as a lubricant for malign influence operations
ANTI-SYSTEM PARTIES	■ Anti-system parties, whether of far-right or far-left conviction, amplify societal divisions and make societies more vulnerable
ECONOMIC DEPENDENCE	■ A country's economic dependence on Russia is yet another lubricant for malign influence operations
SOCIAL INEQUALITY	■ High levels of social inequality make European societies more vulnerable.
HISTORICAL LINKS	■ Religious and cultural connections to Russia may make countries less resilient to pro-Kremlin propaganda.
WEAK DEMOCRACY	■ Weak or defective democratic institutions facilitate Russian malign influence operations
WEAK MEDIA	■ Weak independent media imply weak social control over state officials and a distorted picture of developments in a country

Figure 5. Major vulnerabilities to Russian malign influence

Next, we need to identify the operators of malign influence, i.e. Russian state and non-state pro-Kremlin actors, that are engaged in political warfare in Europe and thus produce malign influence (Figure 3). Furthermore, with regard to operators, we also need to identify the area(s) of their operation (Figure 2), the tools these operators use, and whether they also use any facilitators in Europe (Figure 4).

After identifying operators, their tools and, possibly, their facilitators, as well as establishing the areas affected, we need to consider whether the malign influence operations helped the Kremlin achieve any tactical objectives that help the Kremlin achieve its strategic goals.

Finally, we need to discuss how the existing malign influence subverts European values and/or democratic institutions—it is this very effect that determines the malign nature of the influence operations of Putin’s Russia. Figure 6 sums up the process of investigating Russian malign influence described above.

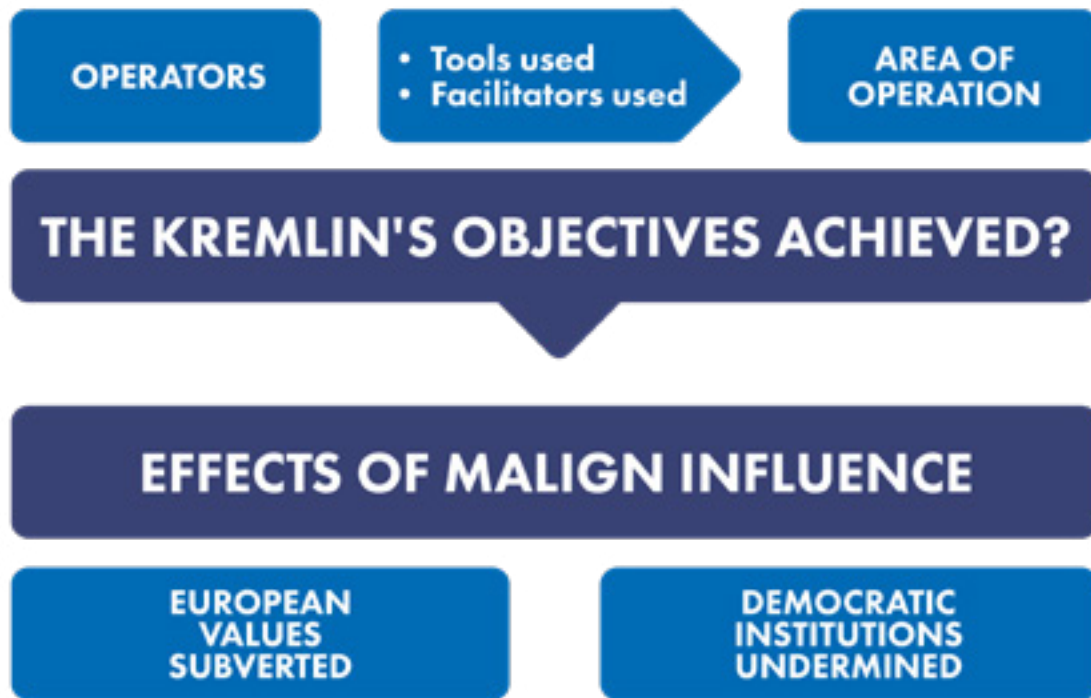


Figure 6. Malign influence as a product of political warfare

FREE
RUSSIA



Free Russia Foundation is an independent nonprofit organization with a 501 (c) 3 status registered in the U.S. in 2014.

The work of Free Russia Foundation is focused in three key mission areas:

1. Advancing the vision of a democratic, prosperous and peaceful Russia governed by the rule of law by educating the next generation of Russian leaders committed to these ideals;
2. Strengthening civil society in Russia and defending human rights activists persecuted by the Russian government; and
3. Supporting formulation of an effective and sustainable Russia policy in the United States and Europe by educating policy makers and informing public debate.

Free Russia Foundation is a non-partisan and non-lobbying organization and is not affiliated with any government organization or agency.

www.4freerussia.org
info@4freerussia.org

Washington, DC 2020