

INTERNATIONAL SECURITY
AND ESTONIA

2020



VÄLISLUUREAMET
Estonian Foreign Intelligence Service

Design: Taivo Org

Illustrations: Joosep Maripuu, Taivo Org, Shutterstock, Bigstock

ISSN 2613-3261 (print)

ISSN 2613-327X (online)

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FOREWORD

This is the fifth edition of the Estonian Foreign Intelligence Service's annual report, "International Security and Estonia". The previous editions have shown that there is great interest in our region's security situation, both in Estonia and abroad. The report has become sought-after reading material for diplomats, journalists, security experts and others looking for a reliable overview of Estonia's security situation.

The world has not become a more secure place during these five years; if anything, the opposite is true. The main external threats to Estonia's security remain the same. We are particularly threatened by neighbouring Russia, whose leadership is aggressively and actively opposed to the democratic world order.

Russia will continue to strengthen its military power in the European direction. In the immediate region of Estonia, Latvia and Lithuania, the balance of military power is tilted in favour of Russia. For example, not a single NATO member anywhere in Europe has missile systems comparable to the Iskander short range ballistic missiles, which Russia has placed close to the



MIKK MARRAN

Director General of the Estonian Foreign Intelligence Service

Estonian and Lithuanian borders. The likelihood of a Russian military attack on Estonia is low, as Russia does not want a military conflict with NATO, but the escalation of Russia's confrontation with the West anywhere in the world could trigger a rapid change in Estonia's threat situation. Russia may opt for a preventive military offensive in the Baltic region if it anticipates the escalation of a conflict, even if this occurs in another region.

Globally, there are many regions where Russia is seeking to establish its interests. In the Middle East, the Russian leadership's willingness to take risks has met with success, and Russia wants to consolidate its position as a major power in the region. In Africa, Russia is making efforts to increase its

influence through diplomatic relations, military cooperation and influence operations coordinated by oligarchs; we are witnessing more and more ventures by private military contractors. In the Arctic, Russia is fighting for control of mineral resources and shipping routes. These military and influence operations in remote regions are seen by the Russian leadership as part of a major confrontation with the West, especially the United States.

The Kremlin has done nothing to put an end to the armed conflict in eastern Ukraine; instead, it continues to control the conflict, supplying arms and using all available means to halt Ukraine's European integration. Similarly, Russia is holding on to other countries in its "neighbouring region", intervening forcefully in the internal affairs of Belarus, Moldova, Georgia, Armenia and Azerbaijan. In this year's report, we describe in detail the Russian special services' information operation in Moldova, which is a revealing illustration of Russia's modus operandi.

To some extent, Russia's actions are restrained by international sanctions, which limit the aggression in Ukraine and prevent Russia from developing its military capabilities at the desired pace. However, Russian cyber operations are yet to meet with equally effective sanctions, which is why Russian cyber

TO SOME EXTENT, RUSSIA'S ACTIONS ARE RESTRAINED BY INTERNATIONAL SANCTIONS, WHICH LIMIT THE AGGRESSION IN UKRAINE.

attackers continue to look for new security vulnerabilities to exploit.

When analysing potential external threats to Estonia's security, more and more attention must be paid to China. China's foreign policy has become increasingly active and its leadership is looking to establish a world order that would serve its interests. The potential use of China's foreign investment for political purposes and the possible development of technological dependency are increasingly threats to Estonia's security.

It is the responsibility of the Foreign Intelligence Service to ensure that the Estonian government receive the best information and early warning about the above threats, as well as many others. In this and our future reports, we will continue our mission to also keep the wider public apprised of the threats, for security rests on everyone's informed choices.

Bonne lecture!

Editing concluded on 31st January 2020.

RUSSIAN MILITARY THREAT

Russia will continue to prioritise the re-armament and reinforcement of its armed forces along the European border.

Almost all security threats in the Baltic Sea region stem from Russian activity. Russia's covert influence operations, economic pressure, aggressive foreign policy, as well as Cold War-style military activity and the deployment of weapons along the borders of the Baltic states, destabilise the security of the Baltic Sea region. The only existential threat to Estonia's sovereignty is a potential Russian military operation against the Baltic states.

In 2019, Russia continued to strengthen its armed forces against Europe, a consistent trend throughout the past decade. Within that period, three army commands, five new division headquarters and 15 new mechanised regiments (motor rifle, armoured and air assault units) have been set up in the Russian Western Military District. The 76th Guards Air Assault Division, based 28 kilometres from the Estonian border, is the first division of the Russian Airborne Troops to have a third manned air assault regiment.

Compared to NATO forces, the balance of power on the Baltic states' axis is clearly tilted in favour of Russia. Even discounting Kaliningrad, Russia has absolute supremacy in terms of offensive equipment – tanks, fighter aircraft and rocket artillery. The Russian armed forces have Iskander short-range ballistic missiles permanently positioned 120 km from the Estonian border and 45 km from the Lithuanian border, which allows Russia to threaten the territory of the Baltic states from two directions – from the oblasts of Leningrad and Kaliningrad – with these offensive weapons. NATO has no comparable missile systems anywhere in Europe.

In their annual major military exercises, the Russian armed forces continue to train for an extensive military conflict with the United States and NATO. This practice began long before the Baltic states joined NATO. The year 2019 also re-emphasised the fact that the Russian armed forces' major exercises are becoming increasingly detailed and

RUSSIAN ARMED FORCES ON THE BALTIC BORDER

IN KALININGRAD

-  12,000 ground and airborne troops
-  ca 100 tanks
-  ca 400 combat vehicles
-  ca 90 self-propelled howitzers
-  ca 40 multiple rocket launchers
-  12 short-range ballistic missile systems

350 km

18,000 ground and
airborne troops

ca 70 tanks

ca 750 combat
vehiclesca 90 self-propelled
howitzersca 40 multiple
rocket launchers12 short-range ballistic
missile systems

complex. One example of this was the large-scale naval exercise “Ocean Shield 2019”, in which groups of vessels practised naval battles in the Danish Straits and the Atlantic, previously only played out in wargames. The “Tsentr 2019” and “Union Shield 2019” strategic exercises were conducted on a large scale as always, and also involved civilian institutions. Due this year is the large-scale “Kavkaz 2020” exercise focusing on military conflict in the Black Sea, Ukraine and the Caucasus region.

Despite all this, the risk of a Russian military attack against Estonia will continue to be low in 2020, as Estonia is not a top priority for Russian military planning or foreign policy, and Russia wants to avoid a direct military conflict with NATO.

Nevertheless, the Russian Armed Forces have put significant effort into developing the concept of “preventive military action” in recent years. This is an attempt by Russia to close the gap in terms of conventional capabilities compared to an overwhelming adversary by

seeking to be faster in deploying troops and achieving military objectives.

As with any other region of the world or international issue, Russia shapes its stance with the Baltic states in light of its broader relationship with the United States. Russia would like to reduce the United States’ role in the world in whatever way possible, while at the same time increasing its own. Therefore, it is impossible for Russian foreign policy or military planning to see the Baltic states as anything other than a potential theatre for a war between the United States and Russia. For this reason, the Baltic states cannot ignore the possibility that Russia may opt for a preventive military offensive in the Baltic region if it fears that the conflict with the United States will escalate elsewhere in the world.

The upshot is that, in the worst-case scenario, a military attack may result from nothing more than a decision taken by the Russian leadership based on a distorted threat assessment and political miscalculation.



PROBLEMS IN THE RUSSIAN MILITARY-INDUSTRIAL COMPLEX

Western sanctions are an obstacle to the development of Russian military capabilities.

The Russian leadership places a great emphasis on building an image of the omnipotence of its armed forces, but sanctions imposed by the European Union, United States and Ukraine have created a number of problems for the Russian military-industrial complex. These have affected the navy in particular – with the imposition of sanctions, the delivery of one Mistral-class helicopter carrier was canceled, the construction of three large Grigorovich-class frigates was abandoned and the completion of at least five combat ships was delayed considerably. Restrictions arising from the sanctions have frozen the introduction of new military technology and forced the Russian armed forces to settle for modernising their existing equipment. The Kremlin seeks to obscure the effects of the sanctions in every way it can, and the Russian government has classified all national defence procurement processes for this purpose as of 1 June 2018.

Due to sanctions, Russia has shifted its focus to using domestically developed components instead of importing from

the West. In August 2014, the import substitution policy – *importozameshcheniye* – was approved, requiring the defence industry to replace imported technologies with domestic ones. However, the use of domestic components is much more expensive, as the introduction of new technologies first requires research and development. This can take years and will significantly push up the price of the products. Another problem with domestic products is their poor quality, especially for basic components such as electronic and mechanical sub-assemblies. A striking example is the prohibition, since 2016, on the use of Russian equipment and tools in the Sevmash shipyard, which produces nuclear submarines.

The shortage of domestic components forces producers to try and find a way around the sanctions, replacing equipment with cheap, mainly Chinese-made, copies or adapting existing Russian technologies. All this requires time-consuming redesign, affects the reliability of the equipment and makes maintenance difficult. For example, in the autumn

of 2018, Saint Petersburg-based NPO Karat, a manufacturer of communication and navigation systems for the navy, went bankrupt as it was forced to stop production due to a ban on the use of imported components. In 2016, the Russian defence ministry had to cancel the procurement of new Sfera-V communications satellites, because the Russian electronic components used due to sanctions made the satellites too heavy for Russian carriers to launch to orbit. The ministry decided to purchase old, Meridian-type satellites instead.

The sanctions imposed on Russia's shipbuilding sector – the United Shipbuilding Corporation – have also had an effect. They have removed foreign investment and credit and complicated insurance operations. The sanctions have also crushed the United Shipbuilding Corporation's hopes to acquire foreign shipbuilding enterprises.

The export of military equipment is vital for the Russian military industry, as the revenue it generates allows the industry to fulfil domestic government contracts. The major military enterprises would not survive on government contracts alone.

Another problem for the industry is the endemic corruption in the Russian armed forces, meaning that greasing the palms of key figures is a must to win government contracts. This is exacerbated by Russia's deeply bureaucratic

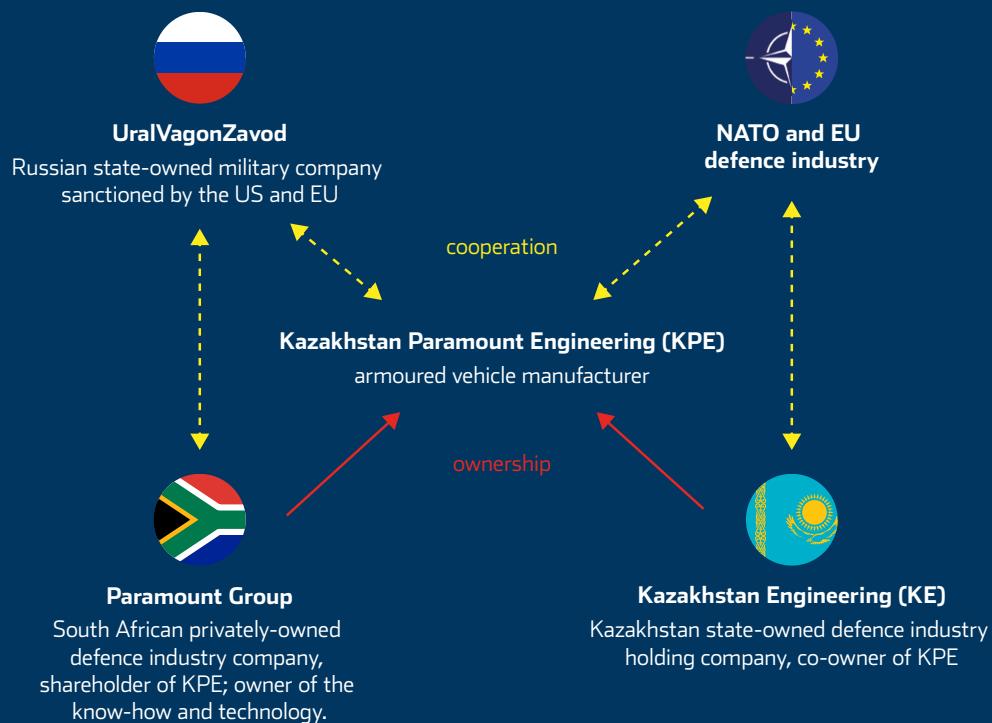
administrative procedures, where minor formalities can stop the whole process. The effect on military subcontractors and small businesses within the industry, whose budget does not allow for handing out the necessary inducements, is particularly devastating. Recently, companies whose products also have a civilian market are no longer interested in participating in Russian defence ministry procurements, as winning the contract never comes down to the quality of work.

Although Russia's military capability remains very high, Western sanctions have curbed its enhancement in many areas.

RUSSIA SEEKS TO MITIGATE THE EFFECTS OF SANCTIONS THROUGH THIRD COUNTRIES

Despite sanctions, Russian military companies continue to look for opportunities for international cooperation and, in some cases, have met with success. Two reasons underlie their interest in international cooperation. First, it is an opportunity to make more money. Second, and this is probably the more compelling reason, they seek access to Western know-how and technology. This would allow for faster and cheaper production of more effective weaponry, which the Russian armed forces could use in a potential military action against NATO and EU members.

COOPERATION BETWEEN KAZAKHSTAN'S ARMoured VEHICLE PRODUCER AND RUSSIAN MILITARY COMPANY



Examples include the collaboration between the armour manufacturer Kazakhstan Paramount Engineering (KPE) and the Russian military concern UralVagonZavod (UVZ). At the KADEX defence industry exhibition in Astana in June 2016, KPE unveiled its Barys wheeled armoured vehicle fitted with the AU-220M Baikal artillery module, manufactured by a subsidiary of UVZ,

equipped with a powerful 57 mm automatic cannon capable of hitting a target from a distance of 8 to 12 kilometres.

UVZ, with almost 100% ownership by the Russian state-owned defence industry conglomerate Rostec, is under sanctions imposed by both the United States and the European Union.



One of KPE's shareholders is Kazakhstan Engineering, a state-owned defence industry holding company with subsidiaries that have previously cooperated with defence companies in NATO member states. The KPE production plant started operations at the end of 2015, or shortly after the sanctions were imposed on the Russian defence industry. The potential production capacity of the plant is said to be 200 armoured vehicles per year, which clearly exceeds the demand and needs of both Kazakhstan and other countries in the region. The know-how and technology required for the production of armoured vehicles in the plant erected in Kazakhstan come from the other shareholder of KPE – the South African defence industry company Paramount Group.

Another example of the international links of the Russian military-industrial

- ← *The armoured vehicle Barys, jointly produced by Kazakhstan and South Africa, fitted with the AU-220M Baikal artillery module manufactured by UralVagonZavod.*

SOURCE: URALVAGONZAVOD.RU

complex is the relationship between Russian defence industry companies and the Azerbaijani national defence industry. In 2016, Sharg, a production association of the Ministry of Defence Industry of Azerbaijan, and the Russian state-owned military-industrial group Takticheskoye Raketnoye Vooruzheniye (TRV) signed an agreement for the joint production of air-to-air and air-to-ground missiles. This "solid and mutually beneficial" agreement, as it has been described by Azerbaijan, was still in force in 2019. TRV is subject to United States sanctions.

In addition, Azerbaijan delivers spare parts, maintenance services and so on to the Russian military-industrial complex. Russia and Azerbaijan are negotiating to expand their cooperation in military technology and launch new projects in this area.

At the same time, the Azerbaijani defence industry has had recent collaborative projects with defence companies in NATO member states, and the country's leadership is still actively pursuing partnerships with major Western defence industry operators.

MILITARISATION OF RUSSIAN SOCIETY

Russia is militarising its society to support the country's military ambitions.

The deepening militarisation of society stems from the Kremlin's belief that a military conflict with the West is inevitable and its outbreak a matter of time. In fact, the Russian leadership believes that the war with the West has already begun – initially fought in the world of information and also on the ground in third countries. For example, Russia sees the military intervention in Syria as strengthening the southern flank of an anti-US front, rather than a stand-alone operation. The events in Ukraine are similarly seen as merely an episode in Russia's great confrontation with the United States. Therefore, from the Russian point of view, not a single ongoing military conflict can be resolved separately without considering the bigger picture.

The Russian leadership believes that this situation of quasi-war requires the mobilisation of the entire society and all the country's resources. Preparing the population for war and concentrating

resources is manifestly happening in many areas, from the strengthening of mobilisation reserves, formation of territorial defence units and patriotic education, to massive propaganda and intelligence efforts. While some of these initiatives – such as the Yunarmiya, or Youth Army, and the “kindergarten troops” – may seem grotesque, we must remember that the broader purpose of all this is to increase military capability. The Russian leadership hopes that by militarising society they will be better prepared for a dreaded *coup d'état* or revolution. The constant reminders of the threat of war will also help mobilise society against a foreign enemy and thus distract from domestic political, rule of law, economic and social problems.

DOSAAF

As part of the militarisation of society, the paramilitary organisation DOSAAF (Volunteer Society for Cooperation with



the Army, Aviation, and Navy) is being integrated with the Russian armed forces. DOSAAF has participated in all recent major exercises and has been continuously expanding its functions.

- » The DOSAAF nationwide network is used by Russian special services as cover for their covert activities.
- » During military exercises, DOSAAF is responsible for transporting troops, organising accommodation for territorial defence units and conducting reconnaissance.
- » DOSAAF uses civilian ships and aircraft (An-2, UAVs) for reconnaissance.
- » DOSAAF prepares conscripts for military service. The training volumes and list of military specialisations have increased with each year. The number of DOSAAF trainees in various military specialities has grown from about 12,500 in 2015 to as many as 28,000 in 2019.

In 2018, DOSAAF camps trained nearly 70,000 school students.

- » DOSAAF is led by former high-ranking military officers.

YUNARMIYA

The Yunarmiya, an “all-Russia social movement for children and youth”, was established in 2015 on the initiative of Minister of Defence Sergey Shoygu. Its tasks include the patriotic education of young people, the popularisation of military service, internationalism and the fight against extremism.

- » The organisation is run by the Main Directorate for Military-Political Affairs of the Ministry of Defence of Russia.
- » Yunarmiya accepts children from the age of 8.
- » The main base for Yunarmiya is schools.

WITH CONSTANT REMINDERS OF THE THREAT OF WAR,
THE KREMLIN TRIES TO DISTRACT THE SOCIETY
FROM DOMESTIC PROBLEMS.



↑ *Exhibition of weapons after a children's parade in Rostov-on-Don.*

SOURCE: ROSTOV-GOROD.RU / CC BY 4.0

- » Yunariya has committed to reach a million members by the 75th anniversary of the end of the Great Patriotic War in 2020. As of 2019, there were 589,000 members.
- » Membership is “voluntary”. However, there is an informal obligation to join Yunarmiya which applies to the children of military personnel, public servants and defence industry employees.
- » So far, Yunarmiya has mainly performed ceremonial duties – at parades, patriotic events, local government events, opening ceremonies and so on.

CHILDREN'S PARADES

Alongside Yunarmiya events, children's military parades are organised on Victory Day in several Russian cities. The children marching at these events are known as “preschool troops” (doshkolniye voiska), “kindergarten troops” (detsadovskiye voiska) or simply “child troops” (detskiye voiska).

- » As a rule, several hundred preschool and elementary school children aged 4 to 12 take part in these parades.
- » The preparations are extensive – the children wear specially tailored



① *Victory Day children's parade organised in Pyatigorsk in 2019.*

SOURCE:
PYATIGORSK.ORG

historical and modern uniforms of different military branches and carry mock-up weapons or toy guns.

- » Younger children who are not yet able to take the long marches on their own, are placed in strollers converted to resemble tanks, aeroplanes or something similar.
- » While southern Russian cities in particular stand out with parades like this, the practice has begun to spread to other regions as well.
- » The parades are usually organised under local government leadership and with the support of the Russian defence ministry.

The purpose of children's parades is to boost patriotism, as explained by the head of the education department of the city of Pyatigorsk after a much-debated parade in 2019: "Society will be the healthier the sooner patriotic education begins."

On the one hand, the gradual militarisation of society certainly shows the regime's unease and fear of being ousted. On the other hand, we should bear in mind that a militarised regime becomes increasingly unpredictable, opportunistic, and therefore more dangerous.

RUSSIAN CYBER THREAT

Russia's cyber operations against the West have gone unpunished and will therefore continue in 2020.

Cyber operations are an effective means for Russia to achieve its political goals. They are affordable in terms of people, time and financial resources, and allow Russia to operate below the threshold of armed conflict. The targets of Russian cyber operations have changed little through the years – the target countries are mostly the same, while the range of targeted sectors has expanded over time. The strategic objectives of the operations – projecting the image of a superpower and maintaining internal stability – also remain unchanged. What changes, however, is the methods used to perform the cyber operations, which is why consistent enhancement of cyber security is crucial.

Russia has been conducting cyber operations against Western democracies since the 1990s. At first, the operations primarily targeted the military sector, but the range of targets has gradually expanded. Russia uses cyber operations to steal information, but also to undermine unity in countries, exert influence (for example, creating and fuelling divisions to obstruct

political processes), and punish decisions unfavourable for Russia (for example, bans on Russian athletes have been followed by attacks against international sports organisations).

Russia's cyber operations have been successful and, to date, have not been sanctioned enough by the West to force Russia to abandon them. As Russia has received the signal that cyber operations are justifying themselves, these operations will continue to be a security threat, to Estonia among others.

In 2019, Russian cyber operations were revealed that have been going on undiscovered for years, and there are

The first Russian cyber operations date back to at least 1996. Turla's predecessor, Moonlight Maze, conducted cyber operations against United States government agencies and universities, stealing large amounts of sensitive information.

likely to be more. In addition to their continuity, Russia's cyber operations are characterised by the tendency to exploit situations as they arise – as security vulnerabilities become public, the Russians are eager to exploit these immediately against their existing targets. For example, only a month after a security vulnerability was announced in February 2019, Russian cyber actors attempted to exploit it in an operation against an international organisation. This case demonstrates again how important it is to constantly update the software of your IT systems.

Russia conducts cyber operations against international institutions mainly to steal sensitive information on what political positions countries hold, which countries can be influenced in directions suitable for Russia, as well as how and whom to target with their narratives in information operations. International institutions are more vulnerable to information leakage, as they use shared systems for the exchange of information between member states with different levels of cyber security. Russia prefers to target states and institutions that have a low level of cyber security and possess sensitive information of another country due to membership in an international organisation.

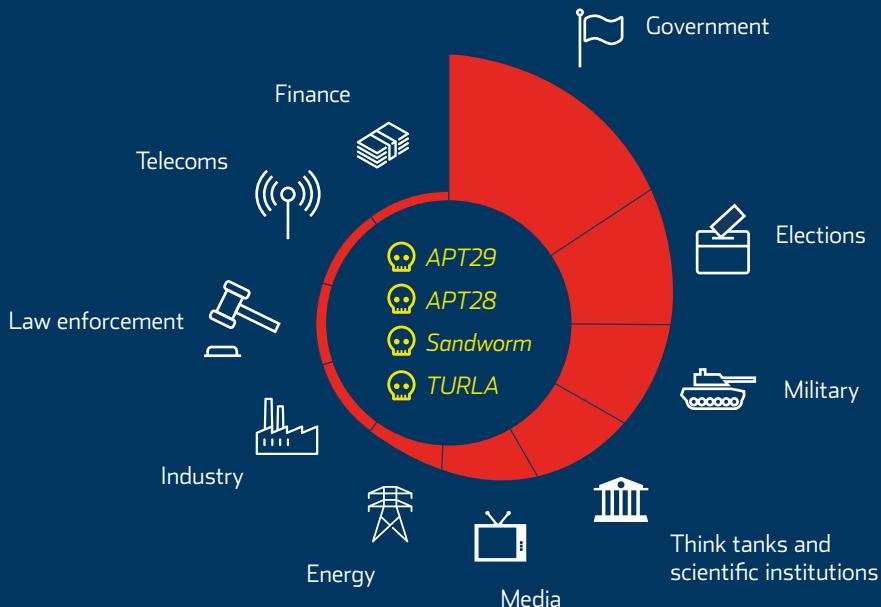
In the summer of 2019, the European Union External Action Service identified leaks in the information systems of its Moscow delegation, which were traced back to February 2017.

Russia intervened in Western elections in 2019 and is likely to do so again in 2020. This year, for example, Russia's focus will certainly be on the US presidential and Georgian parliamentary elections. The main goal is to ensure a more beneficial election result for Russia by favouring Russian-friendly candidates or those who have the most divisive influence in the West. Moreover, Russia wants to show that the West is failing to hold fair elections, which is an opportunity to divert attention away from Russia's own problems and use the well-worn rhetoric of Western double standards.

The Western military sector has been the target of Russian cyber operations since the very beginning. The main purpose is to obtain a state secret revealing the military plans or capabilities of Western powers. For example, a probable target for the Russian cyber actors is the US-led exercise "Defender Europe 20", which takes place in Europe in May–April 2020.

Cyber attackers are looking for the weakest link to achieve their goals – everyone is a potential target. Russian cyber groups may target, for example, the support teams of high-ranking officials or executives (accountants, secretaries, personal assistants, chauffeurs, registrars, etc.). Online devices (computers, routers, smartphones and others) with low or insufficient levels of cyber security are easy to attack and can unsuspectingly become part of the Russian cyber-attack infrastructure. Russian cyber attackers continually and automatically map devices

THE MOST INFLUENTIAL RUSSIAN CYBER OPERATIONS IN 2019



The proportion of cyber operations by different sectors

that are connected to the internet and either have software that is not up to date or are publicly accessible. Having identified such a device, an attacker is likely to compromise it and start using it in their cyber operation.

Below is a description of one common method used by Russian cyber groups to infect a target with malware with the purpose of stealing sensitive information.

Russia is actively using cyber operations as a political tool. As a result, the targets of Russian foreign politics and cyber operations may overlap. Attackers get to their targets through people close to the target who have low cyber security and limited ability to detect cyber attacks. As long as the potential benefits outweigh the consequences, Russia is very likely to continue its use of cyber operations.

WATERING HOLE ATTACK – A METHOD WIDELY USED BY RUSSIAN CYBER ACTORS

Cyber attackers are looking for the weakest link to achieve their goals – everyone is a potential target. Russian cyber groups may target, for example, the support teams of high-ranking officials or executives (accountants, secretaries, personal assistants, chauffeurs, registrars, etc.). Online devices (computers, routers, smartphones etc.) with low or insufficient levels of cyber security are easy to attack and can unsuspectingly become part of the Russian cyber-attack infrastructure. Russian cyber attackers continually and automatically map devices that are connected to the internet and either have software that is not up to date or are publicly accessible. Having identified such a device, an attacker is likely to compromise it and start exploiting it in their cyber operation.



The attacker is targeting a diplomat from country X to infect their device with malware.

Mapping

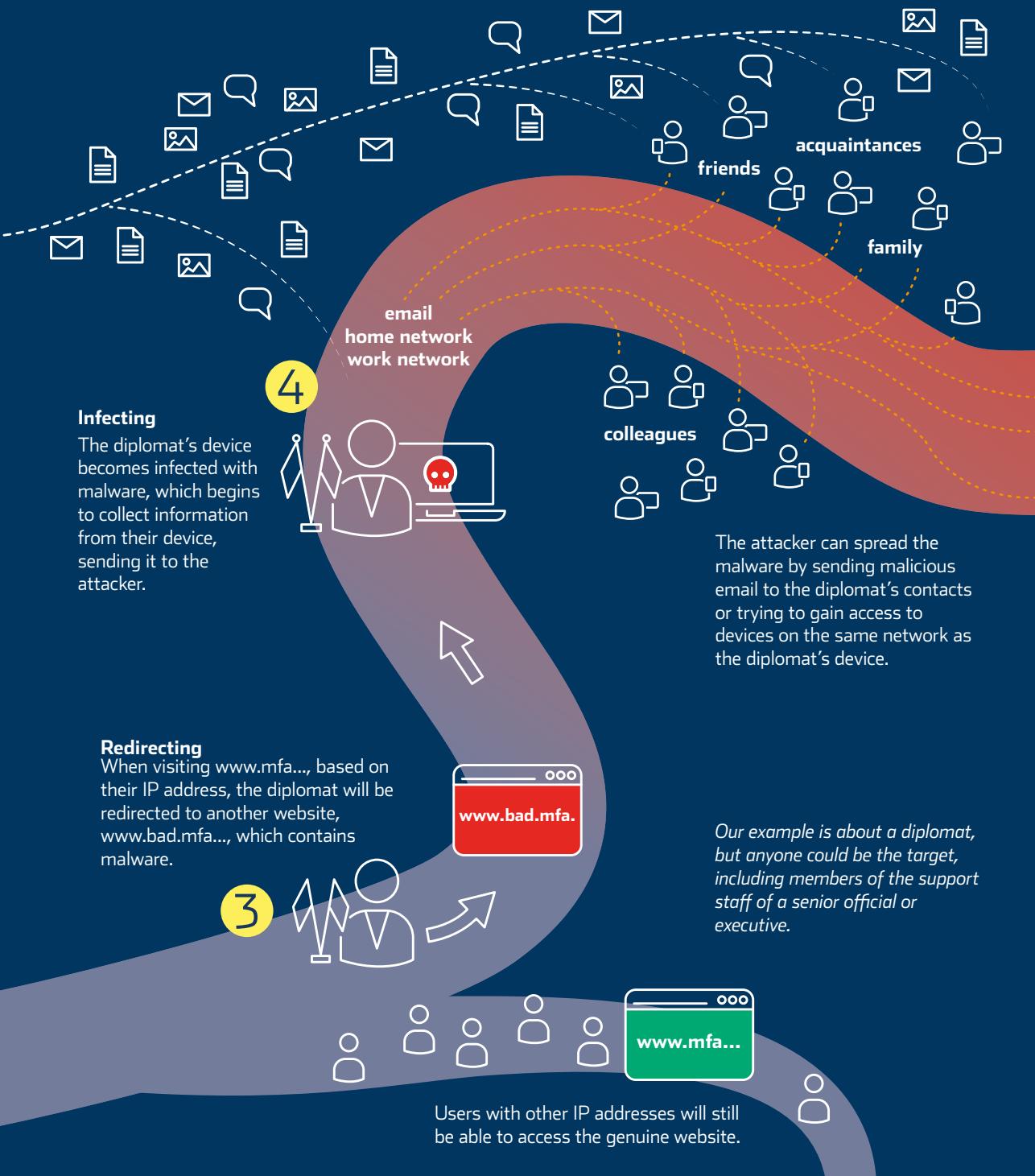
The attacker maps the websites visited by the diplomat and discovers a security vulnerability in the web content management system of one of the sites because the system has not been updated – a foreign ministry website, www.mfa....



Compromising

By exploiting the security vulnerability, the attacker breaks into the www.mfa... website and compromises it.





RUSSIAN DOMESTIC POLITICS AND ECONOMY

In the absence of positive incentives, the ruling elite will resort to even more forceful repression.

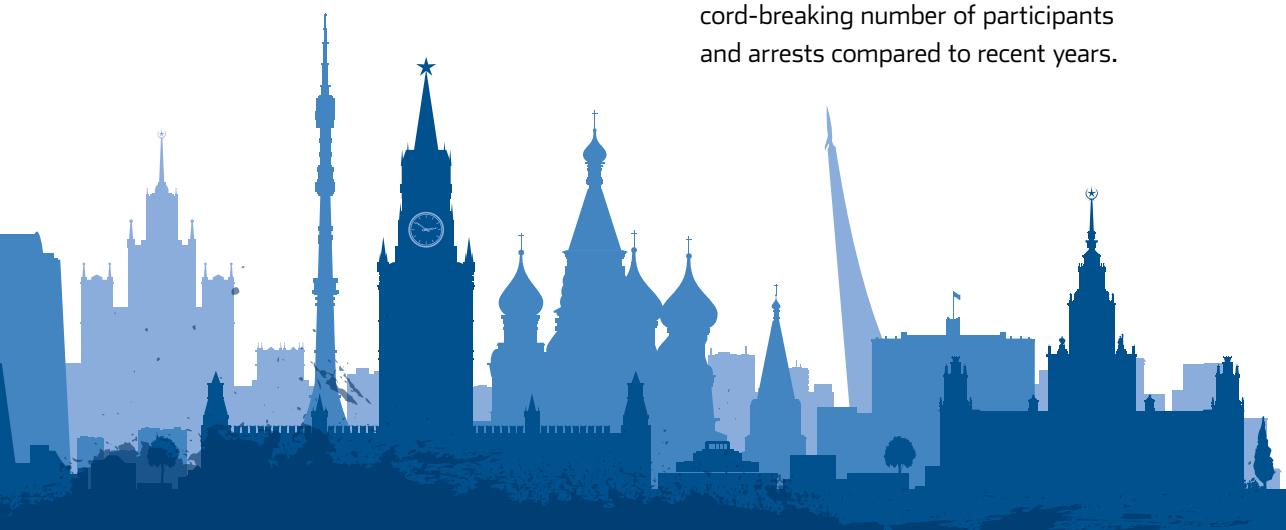
Russian political leadership and economy will remain stagnant, as the motives and principles of the country's elite remain unchanged. With no improvement in welfare, it will be more and more difficult for the ruling elite to maintain Vladimir Putin's popularity.

The keywords in Russian domestic politics in 2019 were the strengthening of political repression and increasingly forceful restrictions of freedom of expression. Russia's current ruling elite has never hesitated to abuse its power to mute opposition voices and restrict

political competition, yet in recent years utilising these measures to maintain the *status quo* has increased significantly. This trend is expected to continue in the coming years.

POLITICAL REPRESSION

In the second half of 2019, political repression intensified significantly in response to the problems surrounding the autumn elections, especially those related to the Moscow City Duma. The dissatisfaction that had grown among the population over the past few years escalated into an outbreak of protests in Moscow in summer 2019, with a record-breaking number of participants and arrests compared to recent years.





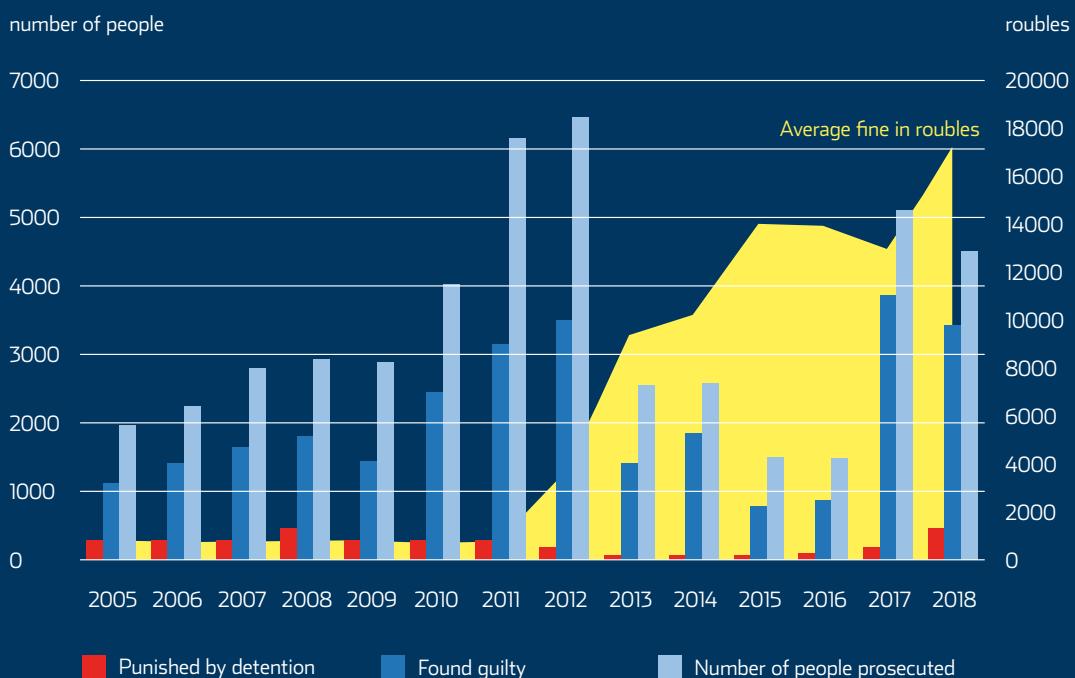
- ➔ In 2019, pressure on Alexey Navalny's organisations culminated only after election day and clearly represented the authorities' reaction to the success of the "Smart Voting" initiative in the Moscow City Duma elections. The extent of the nationwide raids conducted at Navalny's organisations' regional offices and activists' homes combined with the freezing of personal bank accounts belonging to activists and those close to them was unprecedented.

SOURCE: DIMITAR DILKOFF / AFP

The immediate catalyst for these demonstrations was the exclusion of opposition candidates from the Moscow City Duma elections, which created a nation-wide political conflict between the central government and the more liberal part of society. For the authorities, these events came as

unexpected, marking a setback to a previously successful method of guaranteeing favourable election results, whereby inconvenient individuals were not allowed to register as candidates on a formal pretext. Increasing dissatisfaction and frustration with the elite had heightened the public's interest

PUNISHMENT OF PROTESTERS IN RUSSIA



SOURCE: OVD-INFO



The court judgments shown in the figure clearly illustrate the authorities' increasingly tough stance on protesters in applying Article 20.2 of the Administrative Code. Needless to say, it is not the only legal provision used to silence troublesome voices, but it is still the one most widely used for protesters. In addition to an increase in the number of people convicted of violating demonstration law and the number of court cases, it is clear that a much higher percentage of court proceedings now end in conviction (the number of cases brought against individuals is shown in the figure). The penalties are also more severe – both the number of arrests and the average amount of fines have grown.

and sympathy for the attempts of opposition activists to register for elections. At the same time, more attention was paid to the questionable formal excuses used to refuse candidacy applications.

What happened in Moscow was an expansion of the events of 2018 – but while the 2018 local elections had deviated from the ruling elite's scenario in a few federal subjects remote from Moscow, now there were setbacks in the capital itself.

In addition to the protests, the authorities faced another unpleasant surprise in the form of election results, which showed the considerable reach of the protest vote Alexey Navalny's team had supported. The Presidential Administration was undoubtedly alarmed by the serious problems arising on the election day in two consecutive years.

Lacking good arguments, the authorities reacted with excessive use of force, prosecution, arrests and administrative bullying, which were targeted against the protesters as well as political activists unaffiliated with the central government. In addition to demonstrating how limited the resources of the ruling elite are, their overreaction and growing reliance on repression also revealed

how dangerous the central government perceived these events to be.

RESTRICTION OF FREEDOM OF EXPRESSION

The efforts to restrict freedom of expression are mainly focused on cyberspace, which has become the primary channel for the distribution of independent information in Russia, as well as a serious problem for the ruling elite. In 2019, laws continued to be amended to allow for full monitoring of cyberspace. The overall situation of press freedom in Russia also deteriorated, which is vividly illustrated by forceful restrictions on press freedom and the sanctioning of journalists. Continued negative trends in Russia are also confirmed by the Press Freedom Index compiled by Reporters Without Borders, where Russia has fallen to 149th place.

RUNET – AUTHORITIES' ATTEMPTS TO RESTRICT FREEDOM OF EXPRESSION ONLINE

Attempts by the Russian authorities to curb the spread of information in cyberspace already became evident years ago, but in 2019 the central

government reached another level in restricting online freedom. In April, for example, the State Duma adopted the so-called sovereign internet law, the declared purpose of which was to protect the national segment of the internet (Runet) when the stable operation of the network is threatened or the network is attacked by a foreign aggressor. The law came into force on 1 November 2019.

The Runet legislative package calls for the establishment of a national data traffic control and regulation system.

The law requires all internet service providers to equip their servers with devices operated by the Federal Service for Supervision of Communications, Information Technology and Mass Media (Roskomnadzor), enabling this federal body to monitor and filter all internet traffic and close down websites where necessary. Roskomnadzor also seeks to be able to switch Runet to an operating mode isolated from the global internet in case the network is somehow threatened. Therefore, Roskomnadzor has been given considerable power to block data traffic on the internet either partially or completely at its discretion.

Russian public opinion polls show that the majority of Russians do not believe

the authorities' reasoning that the Runet law is necessary to protect the internet from foreign attacks, and instead tend to consider it an attempt to restrict freedom of expression online.

The complete separation of Runet from the global internet is not very likely, however, as it would be technically difficult, very costly and would jeopardise the functioning of web-based services. Yet it can be expected that the Kremlin will continue to stifle online freedom of expression and opinion, leading to increasing alienation of the people from the ruling power.

In Russian domestic politics, the main cause of problems for the ruling elite is the absence of adequate welfare growth for the majority of the population. This has led to rising dissatisfaction and the spread of a critical stance towards the government. The beginning of Vladimir Putin's presidency was characterised by rapid economic growth, with the average GDP increase even exceeding 7% during his first and second term in office. This created a favourable climate for Putin's popularity and made the majority rather complaisant towards the ruling elite. The figure on page 26 highlights how strongly Russia's economic indicators affect Putin's support rating.

GROWTH IN APPRECIATION OF FREEDOM OF EXPRESSION IN RUSSIA



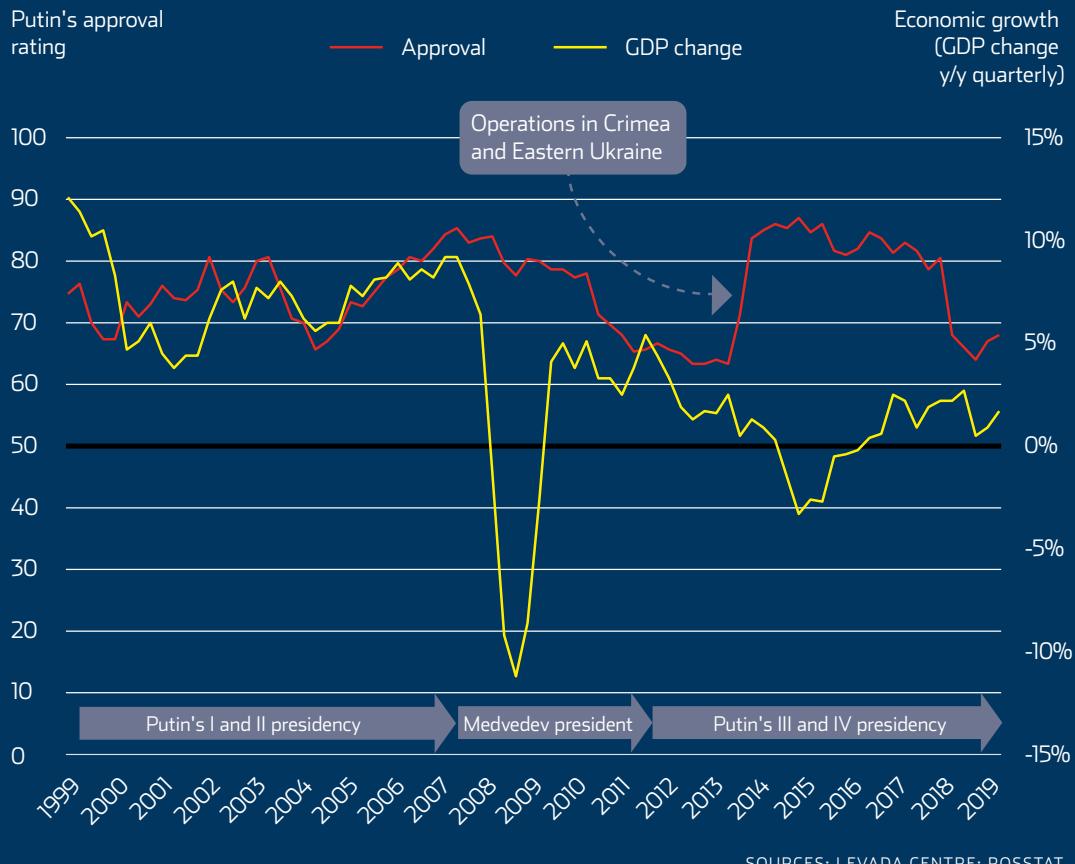
As the central government is putting on more pressure, there is a growing appreciation of freedom of expression in Russian society. This tendency only increases alienation of Russian society from the power elite and places further pressure on domestic policy.

In the coming years, the current political elite will likely continue to be unable to provide the population with a sufficient rise in the standard of living or convincing prospects for development. Both economic and political restructuring are out of the question under the current regime, as the existing structures are directly related

to the preservation of the privileges of the ruling elite and the proceeds of corruption.

There is a dissonance between the expectations of society and what the authorities have to offer, and in order to muffle the resulting dissatisfaction, the ruling elite will continue to

GDP CHANGE AND PUTIN'S APPROVAL RATING



rely primarily on repressive methods. The inability of those in power to find flexible solutions and their tendency to overreact make for a bad combination with the heightened discontent with domestic policy and the accompanying rise in protest activity. This increases the likelihood of profound domestic policy crises in the coming years.

In January 2020, several notable political events have already taken place – the president-initiated amendments to the constitution and the cabinet was replaced. Rather than change the nature of Russia's political system, however, the planned constitutional amendments are aimed at making the existing framework even more suitable

for the current system. Predictably, Vladimir Putin will want to continue as Russia's de facto leader after 2024; what is unknown is the office he will formally assume. The constitutional changes are likely intended to set the scene for the reshuffle in 2024, although the latter may well be finalised before then. However, the end of Putin's presidency may not necessarily lead to the creation of another post with similar powers. Dmitry Medvedev's presidency was a clear demonstration that Putin can dominate the power system regardless of the formal powers of his office. The possibility that a legal pretext will be created to formally justify Putin's continuing as president cannot be ruled out either.

The main purpose of the change of government announced in January 2020 was to convince the public that positive socio-economic development is possible and the ruling elite is really putting in the effort to implement development plans. At the same time, it is obvious that this partial substitution of the team will not bring a decisive breakthrough. Instead, it will buy the ruling elite some time, allowing part of the society to once again believe that life could improve in the coming years.

RUSSIA'S ECONOMIC ENGINE HAS COME TO A HALT

Russia's economic development has had its ups and downs during Vladimir Putin's 20-year rule. Putin's early years in power were very successful due to the surge in international oil prices starting in 2000, which reached almost \$150 a barrel by 2008. The global economic crisis that started in 2008 severely reduced Russia's overall economy, from which it is yet to fully recover.

The sanctions are also contributing to the stagnation in the economic environment. Attempts to increase Russia's influence through aggressive foreign policy led to the imposition of international economic sanctions on Russia in 2014. This, coupled with a sharp drop in international oil prices, led to a new economic crisis and a rapid fall of the rouble. Although the Russian economy started to emerge from the crisis in 2016, GDP growth has remained modest. The main reason for this is the economic uncertainty stemming from sanctions and the policies of the Russian government, which discourages both domestic and foreign investors.

Vladimir Putin's rule is characterised by the state's consistently increasing share

in the economy. An estimated 60% of the Russian economy is concentrated in the state sector. State monopolies dominate, suppressing fair competition and small and medium-sized private enterprises. Large state-owned companies tend to operate inefficiently; there is a lot of waste and corruption. The Russian law enforcement system primarily operates in the state's interest. Due to these factors, private investment remains low and the strong outflow of capital from the country continues. For example, in 2018, net capital outflow from Russia was \$67.5 billion, 2.6 times higher than in 2017.

Although oil prices have remained relatively stable – above \$60 a barrel – and Russian oil and gas exports are hitting historic highs, this is no longer accompanied by GDP growth rates averaging 6-7% as in the early 2000s. According to the Russian Federal State Statistics Service (Rosstat), the annual growth rate for 2018 was 2.3%, but many economic experts suspect that this figure was achieved through data manipulation.

In 2019, Russia's GDP grew much slower than expected; annual growth is expected to remain between 1.1% and 1.3%. According to the World Bank, global growth is projected at 2.9% in 2019, which means Russia is still lagging behind the rest of the world.

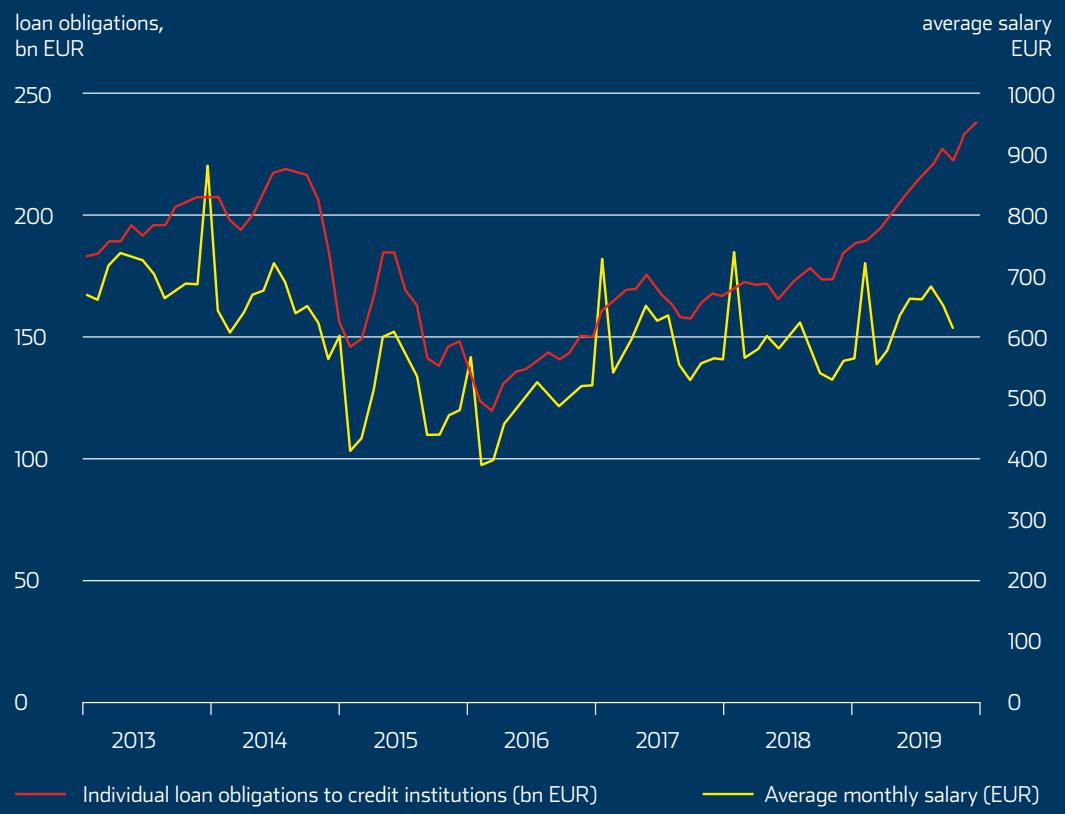
RUSSIANS' INCOME HAS DECREASED

The stagnation of the Russian economy is also evidenced by statistics on the population's real income. Since 2014, the real income of the Russian population has decreased by 8.3% and the decline continued in the first half of 2019. The main reason for this were growing loan commitments, which have significantly increased monthly interest payments that families owe to banks. The rapid growth of unsecured, high-interest consumer loans is of particular concern, as this increases risks for the banking sector and could lead to a wave of personal bankruptcies. This is a far cry from the income growth that President Putin promised his citizens in the "May Decrees" of 2012 and 2018.

In order to overcome stagnation, the Russian government has initiated a "national projects" investment programme, aiming to inject 25.7 trillion roubles (€364 billion) into the economy between 2019 and 2024. Most of this money is to be put towards the construction of new infrastructure.

Implementation of national projects is unlikely to significantly accelerate Russia's GDP growth. Even if the projects achieve 80% of what is planned, they will have virtually no economic impact.

LOAN OBLIGATIONS AND AVERAGE SALARY



SOURCES: RUSSIAN CENTRAL BANK; ROSSTAT

The main problem is that additional funding for the projects was found by raising the VAT rate from 18% to 20% at the beginning of 2019, which has a strong hindering effect on the economy. The state also seems to be unable to implement the budget allocated to investment projects at the expected pace and many projects have been delayed.

The state capitalist economic model established in Russia is reaching its limits, and revenues from the sale of oil and gas no longer guarantee rapid economic growth. Yet, the Russian ruling elite is not interested in economic reform, as it could lead to a weakening of its monopoly of control.

RUSSIAN FOREIGN POLICY

Russia's foreign policy continues to be based on the ruling elite's perception of a country aspiring to become a world power.

With limited resources, however, Russia is unable to compete geopolitically with the West or China, and is strategically trying to advocate for the creation of a multipolar world order. In order to maintain its global importance, Russia is trying hard to hold on to its "near abroad" and has increased focus on regions further away.

It is important for the Russian leadership to maintain influence in the so-called near abroad and to prevent these countries from integrating with the West. To this end, Russia intervenes vigorously in the political processes of countries it considers to be within its sphere of influence, such as Belarus, Ukraine, Moldova, Georgia, Armenia and Azerbaijan. One of Russia's key goals is strong control over Belarus, evidenced by the ongoing integration process of the Union State. Russia's intentions in Ukraine have not changed. In the guise of apparent cooperation, the Kremlin is actually working against ending the conflict in eastern Ukraine and wants to close the chapter on the annexation of

Crimea. Negotiations in Moldova during the 2019 political crisis allowed Russia to once again display itself as a constructive actor to the Western states, but its real purpose was to prepare for strengthening its influence in Moldova. In the South Caucasus, the Kremlin has exerted pressure on Georgia through security policy and influence activities, while trying to maintain a suitable position as mediator in the Nagorno-Karabakh conflict. In its pursuit against Western integration in the Western Balkans, Russia also makes use of its good relations with the Serbian ruling elite.

In recent years, Russia has also begun to shift its foreign policy attention to regions further away in an attempt to establish its position as a major global power. It is trying to strengthen its influence in the Middle East, Africa and Asia to preserve its image as a geopolitical superpower. In reality, however, Russia does not have power comparable to that of the United States in the Middle East and it cannot compete with the West and China in Africa or Asia.

Belarus p. 34

Ukraine p. 37

Serbia p. 40

Moldova p. 42

South Caucasus p. 50

Middle East p. 54

Africa p. 61

Asia p. 65

Arctic p. 68

COVERT INSTRUMENTS OF RUSSIAN FOREIGN POLICY

 NGOs

 Media

 Special services

 Cyber operations

 Oligarchs

 Russian Orthodox Church

 Influence agents

Even though not a distant region for Russia, its increasing activity in the Arctic also deserves a mention here. The main agenda there is to establish favourable economic conditions for Russia and strengthen its military position against the West.

Russia has not changed its opportunistic foreign policy behaviour and is still using covert influence operations to achieve its goals. Alongside political, economic and military cooperation, Russia continues to use instruments of influence to support its foreign policy, such as state-controlled NGOs, the

media, special services, cyber operations, oligarchs, as well as the Russian Orthodox Church and the Kremlin's influence agents. The latter two have been covered in more detail in previous Estonian Foreign Intelligence Service annual reports, in 2019 and 2018, respectively.

The strategic direction of Russia's foreign policy is unlikely to change in 2020. With its limited resources, Russia will seek to capitalise on the opportunities left open for it, in order to increase its influence in both the near abroad and more distant regions.

GONGOS AS AN INSTRUMENT OF RUSSIAN FOREIGN POLICY

The Russian Presidential Administration and Ministry of Foreign Affairs use dozens of pseudo-NGOs, or GONGOs, to support the Kremlin's foreign policy¹.

Russian authorities curate cooperation with these organisations, which are based in Russia or abroad and participate in forums and conferences organised by reputable international organisations. The task of the GONGOs is to promote and amplify official Russian talking points in the international community while presenting themselves as independent representatives of civil society.

The most important platforms for Russia where GONGOs are deployed to support foreign policy are the major annual UN, OSCE and Council of Europe events for NGOs on human



↑ *Russian representatives at the OSCE human rights conference in 2019.*

rights, democracy and freedom of speech. These conferences are intended as a gathering place for authentic NGOs that operate independently of their own government and seek to provide the international audience with objective information about what is happening in their country. For an authoritarian regime like Russia, such events are uncomfortable, so it covertly uses GONGOs to respond to “unpleasant” information with counter-accusations and to defend Russian policies at conferences. Thus, Russia is deliberately manipulating such events with the help of GONGOs, which demonstrates that Russia regards the issue of human rights and the protection of its “compatriots” primarily as

¹ GONGOs or *government-organised non-governmental organisations* are understood here as NGOs set up, run or funded by the state to operate under the appearance of an independent body in order to knowingly promote the state’s political interests in the host country or abroad.



SOURCE: OPRF.RU / CC BY 4.0

an instrument of political pressure and influence operations.

Russia is particularly active in involving GONGOs at the OSCE's largest human rights conference – the Human Dimension Implementation Meeting (HDIM) – held in Warsaw every September. The speeches made by GONGOs as pawns of the Kremlin at the event are often in line with statements by Russian diplomats, suggesting prior coordination of the messages propagated in Warsaw. The participation of GONGOs in HDIM is usually financed by the Fund for the Support and Protection of the Rights of Compatriots Living Abroad, which operates under the Russian foreign ministry. In the process, state authorities give recommendations to the Fund as to whose participation in the HDIM should be financed.

Examples of pseudo-NGOs acting in Russia's interests in international organisations in 2019 include:

- » Centre of Socio-Political Studies "Russian Baltic", director Sergey Rekeda, rubaltic.ru
- » Information Group on Crimes Against the Person, director Maksim Vilkov, igcp.eu
- » Russian Peace Foundation, chairman of the board Leonid Slutsky, peacefond.ru
- » International Council of Russian Compatriots, director Mikhail Neborsky, msrs.ru
- » The Foundation for the Study of Historical Perspective, director Natalya Narochnitskaya, fiip.ru

For example, at the 2019 HDIM, two Kaliningrad-based GONGOs – the Centre of Socio-Political Studies "Russian Baltic" and the Baltic Media Research Centre – distributed an English-language report that sought to discredit the Baltic states and Ukraine, intentionally using false allegations.

There are several types of GONGOs that are consciously acting in the interests of the Russian authorities. They can take the form of a traditional non-profit organisation, foundation, think tank or research institute, association, council, social movement, or informal information group.



- ↑ *The almost monthly meetings in 2019 between Russian and Belarussian leaderships did not bring about progress in integration issues.*

SOURCE:
ALEXEI DRUZHININ / TASS

BELARUS AS A STRATEGIC PRIORITY FOR RUSSIA

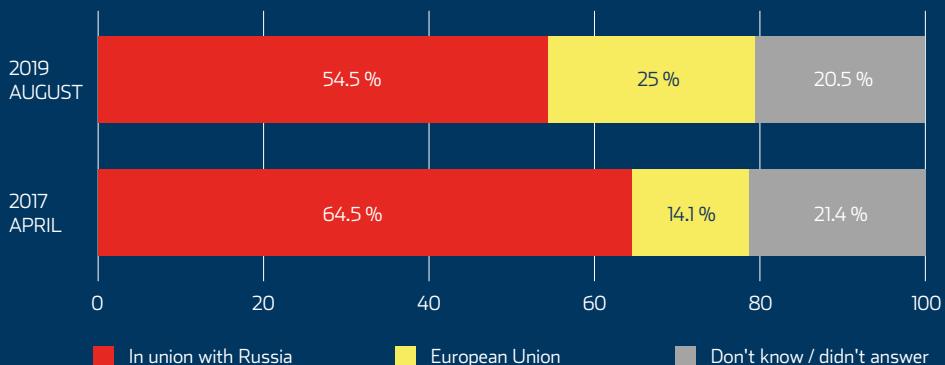
The Kremlin considers the possible movement of Belarus from Russia's sphere of influence to the West unacceptable as it would diminish Russia's geopolitical reach and military capability against the West.

ALYAKSANDR LUKASHENKA IS REINFORCING HIS POWER

In Belarus, the parliamentary elections in November 2019 were a prelude to the 2020 presidential election.

Meticulous preparations were made to formalise an election result suitable for the authorities: the electoral committees consisted mainly of people who were obedient to the authorities, the more well-known opposition

IN WHICH UNION WOULD BE BETTER - WHETHER THE EUROPEAN UNION OR A UNION WITH RUSSIA?



BELARUSIAN ANALYTICAL WORKSHOP (ANDREI VARDOMATSKI)

candidates were gradually excluded from the competition, and the elections were organised in a non-transparent manner. Unlike the previous parliament, no opposition figures were elected this time. The West's growing strategic interest in relations with Belarus gave President Alyaksandr Lukashenka confidence that this time there was no need to even imitate democratic elections.

Having secured a completely loyal parliament, President Lukashenka's next goal is to secure his power through the presidential election of summer 2020. The parliamentary elections showed that getting elected should not be a problem for him; however, he will need to ensure Russia's backing for his re-election.

BELARUS LOOKS TO THE WEST

Belarus has strong cultural, linguistic and historical ties to Russia, but Belarusians are increasingly looking towards the West to improve their standard of living. More and more Belarusians study and work in the European Union and support the EU in general.

Against the backdrop of integration talks with Russia, Belarusian authorities are also continuing the dialogue with the West. In 2019, several senior officials from the United States and various EU countries visited Minsk. For the first time in a long time, President Lukashenka made an official visit to an EU country, Austria. Cooperation with China also continues.

RUSSIA'S GROWING PRESSURE ON BELARUS

Keeping Belarus in its sphere of influence and presenting it as the Kremlin's closest military and political ally is of paramount importance to Russia. Russia wants to prevent Western influence from expanding in Belarus. Moreover, as Russia sees it, Belarus does not show enough loyalty in return for the economic benefits from Russia, which is why the Kremlin considers it necessary to further tighten its hold on Belarus.

In 2019, at Russia's proposal, in-depth integration negotiations were opened within the framework of the Union State. Belarus wants to receive compensation for the tax amendments in the Russian oil sector,² a continuation of low oil and natural gas prices and unrestricted access for its goods to the Russian market. Russia does not want to discuss these issues unless Belarus agrees to the conditions put forward by Russia, such as the alignment of the tax codes of the two countries.

Russia sees integration with Belarus as a long-term process. No undue pressure will be applied to its closest partner, in order to avoid provoking a negative reaction from Belarus. The focus of the integration talks is mainly on economic topics, as Belarus sees Russia's wish to create supranational institutions as a threat to its independence. In the spring of 2019, critical statements by the Russian ambassador Mikhail Babich against Belarus provoked resentment in the Belarusian leadership, and as a result, Babich was recalled after only eight months in office. Despite the differences in deepening integration the two countries continue to have very close military ties.

Belarus hopes that integration talks will get stuck in details and implementation will be delayed indefinitely. However, the forthcoming presidential elections in Belarus will weaken President Lukashenka's negotiating position. At the same time, Russia is continuing to impose its integration agenda on Belarus.

**BELARUS HOPES THAT INTEGRATION TALKS WITH RUSSIA
WILL GET STUCK IN DETAILS AND IMPLEMENTATION
WILL BE DELAYED INDEFINITELY.**

2 Tax reform in the Russian oil sector will eliminate export tax and increase mineral taxes between 2019-2024. For Belarus, this would mean an increase in the price of crude oil.



↑ The president of Ukraine, Volodymyr Zelenskyy, on his first visit to the front line of the conflict in Eastern Ukraine.

SOURCE:
PRESIDENT.GOV.UA / CC BY 4.0

MOSCOW'S STRATEGY FOR UKRAINE REMAINS UNCHANGED

The Kremlin pressures Ukraine to make concessions in the Donbas conflict but is itself working against putting an end to the hostilities.

The year 2019 brought a new political situation in Ukraine, which proved to be a serious challenge for Russia. The complete change of leadership as a result of free elections was an unpleasant surprise for the Kremlin. Ukraine has shown how, at the will of the people, a government can be peacefully retired. While the example cannot be transposed directly to Russia, it is still a

warning sign to the Russian leadership; all the more so as the Kremlin continues to proclaim that Russians and Ukrainians are one and the same people. The new president and government of Ukraine have set ambitious goals. They want to overcome stagnation by regenerating social life and reviving the economy. The main aim, however, is to achieve peace and liberate the occupied areas.

Russia has not been able to defeat Ukraine with the proxy war in Donbas and is now trying to politically manipulate the international community in this new situation. Russia seized the moment after Ukraine's new government had just taken office to create the impression that the resolution of the conflict had not been achieved due to Ukraine's repeated failures to act. Russian rhetoric towards Ukraine has since changed and now expresses hope that the new leadership of Ukraine will deal with the eastern Ukraine conflict as a domestic problem. In doing so, the Kremlin is seeking to present itself merely as a mediator who could help resolve this long-standing dispute. Russia agreeing to the exchange of prisoners and the return of the navy vessels hijacked from Ukraine on 25 November 2018 is a vivid example of the methods Moscow applies in international relations. First, Russia captures the target and then negotiates over its return to gain trust.

Russia is also persistently using energy as a weapon to put pressure on Ukraine. The completion of the Nord Stream 2 gas pipeline is intended to put Ukraine in a position where the functioning of its gas transmission system depends solely on Russia's discretion. Russia also tried to influence the Ukrainian parliamentary elections by presenting representatives of the pro-Russian opposition as importers of cheap Russian gas.

Russia's strategic objectives for Ukraine have not changed. Suspending Ukraine's European integration and linking it to its sphere of influence are still its goals. In negotiations for a settlement of the eastern Ukraine conflict, Russia is pursuing concessions from Ukraine (e.g. special status in the Ukrainian constitution, full amnesty for the separatists) that would undermine Ukraine's statehood. Restoring the occupied Donbas area as part of Ukraine on Russia's terms would inseparably link Ukraine to Russia.

THE CONTINUATION OF INTERNATIONAL SANCTIONS
AGAINST RUSSIA IS INDISPENSABLE FOR THE
RESTORATION OF UKRAINE'S TERRITORIAL INTEGRITY.

RUSSIA'S AGGRESSION IN EASTERN UKRAINE

- » Leads, arms and supplies illegal armed groups in occupied Donbas.
- » Sends army officers and mercenaries to participate in the activities of armed groups.
- » Restricts ship traffic in the Kerch Strait and access to Ukrainian ports on the Sea of Azov in violation of international law.
- » Issues its passports to the residents of Donbas.
- » Prevents Ukraine from gaining control of its border in Donbas.
- » Hides the war criminals involved in the downing of MH 17.

Russia has done nothing to stop the armed conflict in eastern Ukraine. On the contrary, Russia is arming and equipping the separatist forces, which are led by Russian Armed Forces officers. Cynically, Russia began to issue passports to the residents of Donbas, demonstrating vividly the discrepancy between its words and actions. By feigning benevolence, it actually revealed its will to treat the people of Donbas as political and military pawns.

The desire of the Ukrainian authorities to somehow put an end to this burdensome war plays a major role in the negotiations over the armed conflict. International expectations are also high, and Russia hopes that seemingly offering solutions to the situation can lead to international sanctions being relaxed. However, separating the armed forces involved in the conflict in some areas of the eastern Ukrainian front

line does not improve the situation as a whole. Armed clashes on the rest of the front line continue, Ukrainian armed forces under fire from Russian-backed armed groups suffer losses, Ukrainian authorities still have no control over the occupied territory, and the Donbas border is under Russian control. Russia does not want to address these issues of immediate security, and this precludes a lasting solution.

The continuation of international sanctions against Russia is indispensable for the restoration of Ukraine's territorial integrity. The sanctions are effective because they have stopped Russian aggression against Ukraine and restrain further ambitions. The premature lifting of sanctions would send a signal to Russia that, with sufficient strategic patience, the system of international relations can be bent at will.



↑ *Russian and Serbian joint military exercise the Slavic Shield held in 2019.*

SOURCE: MOD.GOV.RS

RUSSIAN INTERESTS IN SERBIA

Good relations with the Serbian ruling elite allow Russia to strengthen its presence and influence throughout the Western Balkans.

It is in Russia's interest that the key challenges of the Western Balkans remain unresolved to prevent the countries' integration into the European Union and NATO. On Kosovo, Russia is Serbia's most important international supporter. Russia does not want a solution to the Kosovo conflict, as it would reduce its political influence in Serbia and bring Serbia closer to joining the EU.

Serbia's incumbent political elite is working closely with Russia, although it also seeks to not undermine relations with Europe. Serbian President Aleksandar Vučić (Serbian Progressive Party, SNS) meets regularly with Vladimir Putin, and both emphasise good relations between Russia and Serbia. This relationship was not damaged even by the Russian spying scandal widely covered in November 2019. Serbia has not

supported Western sanctions against Russia and has sided with Russia in the United Nations' votes on Crimea. The Serbian Socialist Party (SPS), which holds the seats of foreign minister as well as the minister for mining and energy in the government coalition, plays an important role in defending Russian interests in Serbia. The Serbian defence minister also supports this line.

In order to strengthen its influence in Serbia, Russia emphasises "Slavic brotherhood"; this is further amplified by the Russki Mir Foundation with its centres in Belgrade and Novi Sad, Rossotrudnichestvo, and the closely intertwined Orthodox churches of Russia and Serbia. Russia has invested heavily in the Serbian energy and transport sector, provided Serbia with loan guarantees and thus linked the Serbian economy to its own. In October 2019, Serbia signed a free trade agreement with the Russian-led Eurasian Economic Union. However, in terms of trade volume, the EU is a more important economic partner for Serbia than Russia.

Military cooperation between Russia and Serbia has also intensified in recent years, both in terms of providing

RUSSIA DOES NOT WANT
A SOLUTION TO THE KOSOVO
CONFLICT, AS IT WOULD
REDUCE ITS POLITICAL
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BRING SERBIA CLOSER
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equipment and conducting joint exercises. Russia has donated six MIG-29 fighter jets, 30 T-72 tanks and 30 BDRM-2 armoured vehicles to Serbia. In addition, Serbia has purchased Mi-17 transport helicopters and Mi-35 attack helicopters from Russia. Military cooperation with Serbia in joint exercises and arms sales supports Russia's efforts to present itself as a major international power. Furthermore, arms sales, weapons training, spare parts and maintenance will tie Serbia to the Russian military-industrial complex for years to come, giving Russia an additional lever to influence Serbia.

Russia is interested in Serbia remaining a country through which to challenge and provoke NATO and the EU. Serbia's so-called two-door policy is also an indirect opportunity for Russia to undermine the European Union's enlargement policy.

RUSSIAN INFLUENCE IN MOLDOVA GROWS

Russia has recently succeeded in its schemes for increasing its influence in Moldova and impeding the country's move to the West.

In 2019, Russia's influence in Moldova significantly increased. Russia has used and continues to use a diverse arsenal of influence activities against Moldova:

- » the separatist enclave of Transnistria and the consequent military threat;
- » information operations and propaganda;
- » economic pressure and economic incentives.

The Kremlin's most vital instrument in Moldova is, however, the Party of Socialists of the Republic of Moldova



(PRSM), which has close ties to Russia. Although the official leader of the Socialists of Moldova is Speaker of Parliament Zinaida Greceanî, the actual leader of the party is the officially nonpartisan president Igor Dodon.

While the PSRM gained slightly more than a third of the seats in the 101-member parliament as a result of the parliamentary elections of February 2019, the formation of a functioning coalition was delayed for several months and a political stalemate ensued. ACUM, a pro-European and anti-corruption electoral alliance that reached the parliament as a new force,³ ruled out cooperation with the former ruling party, the Democratic Party of Moldova (PDM). Purging the country of the influence of oligarch

³ ACUM – an election coalition that consists of the Party of Action and Solidarity (PAS), headed by Maia Sandu, and the Dignity and Truth Platform Party (PPDA), headed by Andrei Năstase. The acronym ACUM means "NOW" in Romanian.



← *In August 2019, Russian defence minister Sergey Shoygu visited Moldova at the invitation of president Igor Dodon. Dodon had not coordinated this visit with the Moldovan government and therefore Shoygu was there as a “private citizen”.*

SOURCE: IGOR DODON, FACEBOOK, 24.08.2019

Vladimir Plahotniuc, founder and head of the Democratic Party, had been ACUM’s main election pledge. However, following the parliamentary elections of 24 February 2019, the Russian leadership had publicly and repeatedly signalled that it would not accept a coalition government of the Socialists and the Democrats. Russia quite openly recommended that the Socialists form a coalition with ACUM or hold snap parliamentary elections.

Plahotniuc had extensive influence in the legislative, executive and judicial institutions in Moldova. The mechanisms for exercising this power were not always in accordance with the principles of democracy and the rule of law. But the Kremlin was concerned with Plahotniuc’s influence as such, not the mechanisms and ways he was implementing it. His influence prevented Russia from achieving its own objectives in Moldova, and

consequently, as a precondition for expanding Russian influence, the system of power controlled by Plahotniuc had to be dismantled. Political stalemate came to an end in June 2019 when the Socialists and ACUM announced the formation of a coalition government. While PDM and Vlad Plahotniuc refused to step down, they nevertheless retreated under diplomatic pressure coordinated by the United States, the European Union and Russia.

Plahotniuc and several of his close associates fled the country the day the Socialist and ACUM government took office.

Negotiations to resolve the Moldovan political crisis provided a good opportunity for Russia to show itself to the EU and the US as a cooperative and sound foreign policy actor with whom it is possible to work together in a rational and benevolent fashion.

In reality, the aim of the Socialists and Russia was not to eradicate corruption and uproot the oligarchic power system in Moldova, but to prepare positions for subordinating the country's executive branch to their influence. At first glance, the cabinet headed by Prime Minister Maia Sandu, who took office in June, was pro-European – almost all ministerial positions were occupied by ACUM, while the Socialists had only the portfolio of the defence minister and the deputy prime minister for integration. But at the same time, the Security and Intelligence Service (SIS) and the State Protection and Guard Service of Moldova (SPPS) responsible for the security of the president and other high-level officials, were subordinated to President Dodon. In the months that followed, important positions were also filled with people loyal to the Socialists, for example in anti-corruption and judicial institutions. Socialist Minister of Defence Pavel Voicu and President Dodon also began to pursue their own parallel foreign policy. Just a month and a half after the new government took office, on 26 July 2019 Minister of Defence Voicu met with Russian Minister of Defence Sergey Shoygu in Moscow. Shoygu, for his part, went on a return visit in August to mark the 75th

anniversary of Moldova's "liberation from fascism".

The new power shift took place in November 2019, when the Socialists, along with the previously ousted PDM Members of Parliament, succeeded in holding a vote of no confidence in the Prime Minister Sandu's government and voted in a new cabinet, now dominated by Russian-oriented Socialists. Formally, it is a "government of experts"; however, all the key ministers of this government have previously been advisers and co-workers of President Dodon and other influential Socialists.

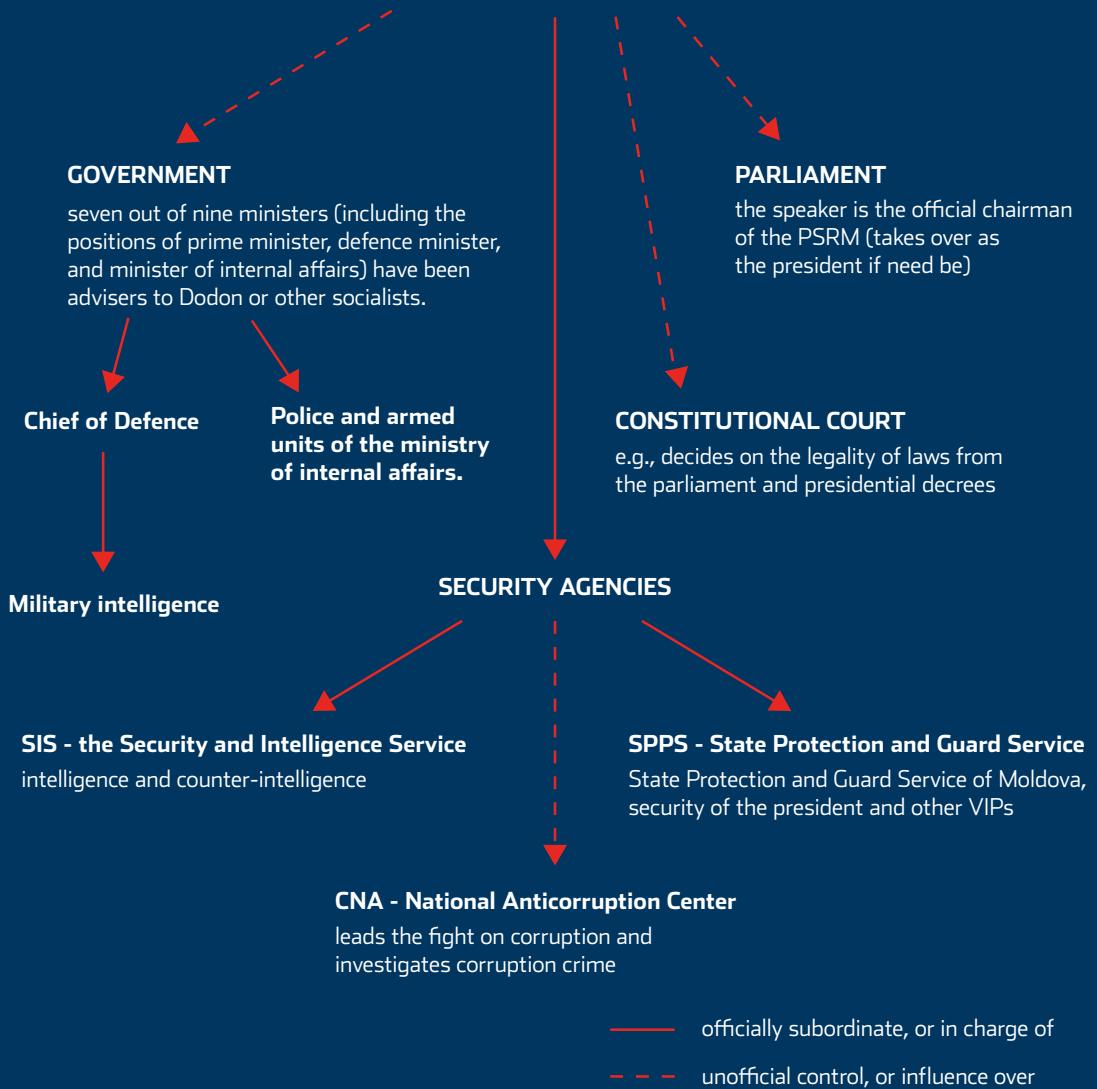
Less than a week after his appointment, the new prime minister, Ion Chicu, made his first foreign visit – to Moscow to meet with Russian Prime Minister Dmitry Medvedev. In turn, Russia immediately announced that it would provide Moldova with up to \$500 million in loans, lower natural gas prices, lift export restrictions that had applied to many of Moldova's producers until then, and so on.

Russia's influence in Moldova will thus be significantly strengthened before the presidential elections in 2020, where Igor Dodon hopes to be re-elected for a second term.

PRESIDENT'S INFLUENCE OVER MOLDOVAN STATE INSTITUTIONS AT THE END OF 2019

IGOR DODON

President of Moldova, de facto leader of the Party of Socialists of the Republic of Moldova (PRSM)



EXAMPLE OF AN FSB INFLUENCE OPERATION: THE DISCREDITING OF VLAD PLAHOTNIUC⁴

According to Soviet terminology, the activities of intelligence services consisted of two main components:

- » collecting secret information about an adversary; and
- » influence operations with the aim of weakening the adversary's political, economic, military and ideological position (so-called active measures).

This concept remained unchanged after the collapse of the communist regime, as Russia took over Soviet intelligence agencies along with their structure, personnel and working principles. Alongside to gathering foreign intelligence, influence operations have remained an important task for all three Russian intelligence agencies (FSB, SVR and GRU).

At present, the influence activities of Russian intelligence services notionally fall into two categories.

- » One is the recruitment of so-called influence agents who, through their authority or position (including through the media), can influence public opinion or political, economic

and social processes in the target country.

- » The second has emerged in the digital age and is about influencing public opinion by spreading provocative comments or fake news through internet portals and social media anonymously (i.e. using false identity and concealing the real author), also known as "internet trolling".

Part of the FSB headquarters in Moscow is the Directorate for Support Programmes (Upravleniye programm sodeistviya), the publicly visible body of which is the Public Relations Centre (Tsentr obshchestvennyh svyazei). In addition to communicating with the press, the Directorate for Support Programmes conducts covert influence operations, including overseas, and its operatives recruit and task internet trolls who carry out operations in cyberspace.

The following is an example of an FSB influence operation against a foreign target.

In the end of 2017, the FSB Directorate for Support Programmes decided to

⁴ Disclaimer: the chapter describes an FSB influence operation and does not assess the truthfulness of the allegations against the persons referred to therein or their moral character.

conduct an influence operation against Vlad Plahotniuc, a well-known Moldovan politician who supports European integration, in order to deepen and consolidate his negative image in the West. The operation was carried out in January 2018 mainly in English-, German-, French- and Spanish-language media and social media, and avoided linking the published material to Russia.

The FSB formulated the talking points to be distributed by the trolls:

- » Vlad Plahotniuc has hijacked power in Moldova,
- » has created an oligarchic system there,
- » represses the opposition with the help of power structures under his control,
- » is not actually in favour of European integration because it would lead to a reduction in his power.

The aim of the influence operation was to enhance Plahotniuc's criminal image and to include his alleged opposition to European integration, which would

deter the West from cooperating with Plahotniuc.

During the operation, trolls tasked by the FSB Directorate for Support Programmes published a series of articles and posts with prepared messages critical of Plahotniuc on social media and internet portals of various countries in mid-January 2018.

At the heart of the texts published by one of the trolls was an interview with another prominent Moldovan politician Andrei Năstase, seemingly published by the influential German website Spiegel Online on 28 December 2017 – “Vladimir Plahotniuc is the main enemy of Moldova”. In the interview, Năstase criticised the corruption in Moldova, identified Plahotniuc as Moldova's main enemy, who undermines the country's European aspirations, and called on the European and the United States authorities to impose sanctions on Plahotniuc and his assets. This so-called interview is a complete fake – it has never been published in Spiegel Online. However, the fake is of high quality, imitating the design of Spiegel

INTERNET TROLLING IS PART OF RUSSIAN
INTELLIGENCE SERVICES' EVERYDAY ACTIVITIES.

Online and naming actual Spiegel journalists as the authors.

Subsequently, the troll began to distribute this so-called interview in several languages and under various aliases in different online forums, using Nelson Bain on English-language websites, Jorge Martin in Spanish, Andrei Demidenko, Roman Rodionov and Igor Miasnikov in the Russian-language portals of Ukraine, Kazakhstan and Russia, and simply Milana in Moldova. In all cases, a fake account was created on the same day that the one and only post, critical of Plahotniuc, was published. All forums were visited by the troll for just a few minutes – only for the time it took to create an account and publish the material. The “troll” also changed between different countries and languages on a daily basis – posting in English on one day, in Spanish the other, and then in Russian forums. All the posts made under the different aliases were identical. They began with a short introductory text (the same text translated word-for-word), followed by a photo of the Spiegel Online fake article. The posts always ended with the same summary – Moldova is not ready for European integration and would damage the European economy. Links to posts published in internet forums were then circulated in other forums and in Russian and Western social media platforms, such as Odnoklassniki, MirTesen and Twitter.

Publishing an article in the form of a photo as part of a post should have caused suspicion among readers. Usually a web link to the referenced material would be published, but since there was no actual article referenced on Spiegel Online, it had to be published as a photo. In at least one forum, the troll’s post was followed by a discussion among readers about the low journalistic standards of Spiegel, but the authenticity of the “interview” was not questioned.

The episode described is just one example of a major internet operation undertaken by the FSB in January 2018 to discredit Vlad Plahotniuc. Several other solutions were less resourceful and of lesser quality, suggesting that they were done only to report to the FSB headquarters on the task being carried out. The success of the entire operation is questionable, as it was conducted predominantly through newly created false accounts in online forums and social media, which lacked a large following and credibility. Widely distributed mainstream media publications or accounts of social media users in the position of opinion leaders were out of the FSB trolls’ reach on this occasion.

During the last two years, Moldova’s domestic political situation has changed significantly, but this is not due to the FSB’s influence operation.

SOUTH CAUCASUS – RUSSIA’S SO-CALLED SOFT UNDERBELLY

In 2019, Russia continued to use military pressure, exploitation of conflict zones, influence activities, and a mix of economic pressure and incentives to maintain its leverage in South Caucasus.

Russia’s aim is to paralyse potential cooperation with the West and present itself as a mediator in resolving any “critical” problems.

Maintaining influence, and preferably also control, over South Caucasus is of strategic importance to Russia. First, Russia sees the region as a geopolitical buffer zone. Second, South Caucasus is a gateway for transit flows as well as oil and gas pipelines to both Asian and European markets.

President Vladimir Putin announced that Russia would also fund the modernisation and re-armament of the Abkhazian “armed forces”.

On the administrative boundary line (ABL) separating occupied South Ossetia from the rest of Georgia, 2019 was likely the most intense year of the past decade. Attempts to shift the ABL deeper into Georgia-controlled territory increased and intensified, with separatist militias near the ABL being more aggressive and provocative than before, even resorting to physical threats against European Union Monitoring Mission patrols. It is important to recall here that the autonomy of South Ossetian “authorities” is an illusion – they are a puppet government run from Moscow. Concerning military pressure, it is also worth noting that this year Russia will conduct a strategic military exercise, “Kavkaz 2020”, in its Southern Military District immediately neighbouring South Caucasus.

RUSSIA STEPS UP PRESSURE ON GEORGIA

In 2019, Russia clearly stepped up its military and security-political pressure on Georgia. The Russian armed forces have had a substantial presence in occupied Abkhazia and South Ossetia since Russia invaded Georgia in 2008. The Russian units in the occupied territories are well equipped and armed and participate in regular exercises.

In September 2019, however, Russian



↑ *The secretary of the Russian Security Council, Nikolay Patrushev, at a meeting with the Azerbaijan president Ilham Aliyev in Baku on 4 September 2019. Patrushev is one of the most influential people in Russian foreign and security policy.*

SOURCE:
PRESIDENT.AZ / CC BY 4.0

In addition to the use of hard power, influence activities are also part of the traditional arsenal employed by Russia in South Caucasus. A classic example of this is the Yevgeny Primakov Georgian-Russian Public Centre in Georgia, a local “branch” of the Alexander Gorchakov Public Diplomacy Fund, which acts as an instrument of Russian influence activities. In Georgia, the Primakov Centre organises Russian language courses, introduces Russian culture and history, and organises conferences and seminars. The real purpose of these seemingly innocent activities is to make Georgia’s current and future

elite more receptive to Russia’s political and economic ambitions. Meanwhile, Russia was planning to open another centre for influence activities in Tbilisi in December 2019 – the Russkiy Mir Russian Cultural Centre. The Russkiy Mir Foundation was also set up and works for the benefit of Russian influence activities.

Recent years have also seen a significant increase in propaganda to promote so-called traditional values in Georgia. The Georgian March, an umbrella organisation for extremist movements established in 2017, plays

a major role in this. Its mission is to resist the values supposedly imposed on Georgian society by the West, allegedly threatening the very existence of the Georgian people and society. It is an aggressive movement that does not shy away from physical attacks against its opponents. It is aimed at rattling public support for joining the European Union and NATO – a foreign policy consensus that has held for nearly 15 years – as well as creating internal tensions and escalating conflict within Georgian society. Among the leaders of the Georgian March are several individuals with ties to Russia and its influence activities.

RUSSIA IS INTERESTED IN SUSTAINING THE NAGORNO-KARABAKH CONFLICT

The Nagorno-Karabakh conflict continues to play a key role in the bilateral relations of Armenia and Azerbaijan, with both Yerevan and Baku seeing Moscow as holding the keys to resolving the conflict. It is vital for Armenia to maintain Russia's political and military support, without which it would be difficult to provide military protection

to ethnic Armenians in Nagorno-Karabakh. Presented to the public as the crowning events of a fraternal alliance between the two nations were Vladimir Putin's visit to Yerevan on 1 October 2019, as he attended the Summit of the Eurasian Economic Union, and Russia's agreement to supply Armenia with Su-30SM fighter aircraft.

Behind this facade, relations between the Armenian Prime Minister Nikol Pashinyan and Russia are reserved, but since the Pashinyan government has not collapsed, Russia is forced, for the time being, to accept the internal political situation in Armenia following the "Velvet Revolution" of 2018. While tensions between the former elite and the new government remain, popular support for Pashinyan also persists. No serious political rivals have emerged for Pashinyan. The Armenian economy has not collapsed either. Instead, it is showing good growth momentum and government revenue has in fact increased.

Top-level contacts and the promotion of economic cooperation also continued between Russia and Azerbaijan. Concerning the resolution of the Nagorno-Karabakh conflict, it is

important for the Azerbaijani leadership that Russia take its views into account at least as much – and preferably more – than those of Armenia. Also deserving attention were the visits of several top Russian officials, such as the Secretary of the Security Council, Nikolay Patrushev, to Baku, and the participation of Patriarch Kirill of Moscow at the second World Summit of Religious Leaders held in Baku in November 2019. With the express consent of the hosts, the Patriarch used this gathering as a propaganda platform for the positions of the Russian Orthodox Church and government. At the same time, economic ties between Azerbaijan and Russia continued to tighten; preparations were made to connect the Russian, Azerbaijani and Iranian electrical grids, and to launch a transit corridor through Azerbaijan to Iran and the rest of the Middle East.

In 2020, Russia's influence in Armenia is likely to remain stable, while continuing a moderate increase in Azerbaijan. The latter is largely due to the political choices made by the Azerbaijani leadership – President Ilham Aliyev and those close to him have probably decided that the way to a favourable settlement of the Nagorno-Karabakh conflict for Azerbaijan goes through Moscow.

While passing off as a constructive and solution-oriented mediator in the Nagorno-Karabakh conflict, Russia is not actually interested in solving that conflict; neither is it interested in the outbreak of a full-scale war between Armenia and Azerbaijan. The first scenario would deprive Moscow of its main lever of influence in South Caucasus, since neither Armenia nor Azerbaijan would have to work hard for its favour. The risks involved in a full-scale war, however, would be too great and unpredictable.

RUSSIA IS NOT INTERESTED IN SOLVING THE
NAGORNO-KARABAKH CONFLICT, BUT NEITHER IS IT
INTERESTED IN THE OUTBREAK OF A FULL-SCALE WAR
BETWEEN ARMENIA AND AZERBAIJAN.

RUSSIA IN THE MIDDLE EAST

In recent years, Russia has been extending its attention to more faraway regions to fulfil its ambition of being a global power.

A breaking point in its Middle East policy came in September 2015, when Russia directly intervened in the Syrian civil war. Since then, Russia's influence in the Middle East has been growing, mainly in terms of the following strategic factors:

- » with the Syrian campaign, Russia was able to prove itself as a military force to be reckoned with by regional powers;
- » Russia has successfully involved itself in negotiations related to regional confrontations without explicitly taking sides.

For Russia, Syria and the Russian military bases there are a major platform for influence in the Middle East and a strategic priority in the region. However, Russia's military intervention in Syria was not motivated solely by the desire to increase its regional importance – the decision was also based on other considerations:

- » Bashar al-Assad's regime in Syria was on the verge of collapse, which for Russia would have meant the loss of a military outpost on the Mediterranean;
- » Iran was prepared to support al-Assad's regime with troops on the ground, which reduced the need for Russian army contingent and helped to avoid the "image of Afghanistan";
- » having become isolated by the West as a result of the Ukrainian conflict, Russia wanted to force the West to re-establish bilateral contacts with Moscow, which it achieved.

Russia's engagement in the Middle East clearly displays the characteristics of the country's foreign policy under Vladimir Putin – opportunism and willingness to take risks in the pursuit of strategic goals. At the same time, Russia's Middle East policy also supports the broader strategic goal of moving towards a multipolar world order and



↑ During his visit to Saudi Arabia on 14 October 2019, Vladimir Putin gave King Salman bin Abdulaziz al Saud a Kamchatka falcon as a gift.

SOURCE:
KREMLIN.RU / CC BY 4.0

creating additional leverage to influence international geopolitical trends. In doing so, Russia must navigate through the maze of interests and confrontations in the region, which it has done so far with moderate success.

Russia's influence in the Middle East, considering its current capabilities, has essentially reached a ceiling. To create a surge in its influence, Russia would need to invest significant additional military or economic resources, which is unlikely in the short term. Moreover, Moscow's desire to negotiate simultaneously with the conflicting regional powers also means that it lacks direct

allies and is unable to contribute substantially to conflict resolution.

There is no doubt that interest in Russian-provided weapon systems in the region has grown and Russia has a seat at the table on the Syrian issue. It is also clear that OPEC (Saudi Arabia) needs Russia if it wants to control oil prices (or have any hope to do so), an interest understandably shared by Russia. As concerns regional influence, Russia is, however, still clearly lagging behind the United States in the Middle East. The reason for this is that most of the countries in the region depend on US political and military support, while

Russia, at least for the time being, has nothing comparable to offer. Thus, due to limited resources, in the Middle East, Russia relies primarily on opportunities that may arise as the West retreats.

Russia's diplomatic initiatives in relation to Syria mainly involve attempts to restore the international status of the Bashar al-Assad regime in one way or another. Russia hopes that if the political process in Syria is formally advanced (the Constitutional Committee first met in October 2019) and the al-Assad regime once again accepted, even if partially, in the international community, it will become possible to persuade international donors (including the EU) to contribute funds towards rebuilding Syria. However, we must not overlook the fact that the Syrian Constitutional Committee hardly represents a genuine political process, considering that al-Assad regime has all but achieved a military victory over the opposition. The

regime, therefore, neither wants nor is prepared to make concessions to the opposition.

Due to needs arising from the Syrian conflict, Russia's closest contacts in the Middle East are Iran and Turkey. Relations between Russia and Iran are multidimensional. They are increasingly influenced by the fact that the Syrian conflict is coming to an end, highlighting the actual strategic rivalry between Russia and Iran. Russia wants to limit Iran's influence in Syria, an interest shared by Israel and the Gulf states. Russia can use this shared interest to further develop its relations with these states. However, it will probably be very difficult for Russia to juggle the interests of the different parties involved in the Syrian conflict, especially since Russia cannot afford an open disagreement with Iran any time soon. On the other hand, there is now a basis for closer cooperation between Russia and

**RUSSIA'S INFLUENCE IN THE MIDDLE EAST,
CONSIDERING ITS CURRENT CAPABILITIES, HAS
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RUSSIA'S MILITARY PRESENCE IN SYRIA

"Russia has come here for a long time," said Major General Igor Konashenkov, a spokesman for the Russian Defence Ministry, commenting on the lease agreement with Syria in 2017, which granted Russia the use of the port of Tartus and Hmeimim airbase until 2066.

Russia has sent its armed forces to Syria on a permanent basis, because it has long-term strategic interests in Syria, as well as the Middle East and the Mediterranean more broadly. As already mentioned, Russia sees the military operation in Syria as strengthening the southern flank of an anti-US front, rather than a stand-alone operation. The Russian military operation in Syria has been running for four years, and during that time Russia has consistently been extending its military

presence by establishing new bases in northern Syria and expanding and consolidating the port of Tartus and the Hmeimim military base.

Syria is also an important platform for Russia's interests in Africa. The Syrian bases serve as an intermediate stop for Russian vessels and aircraft as well as Russian mercenaries bound for Africa.

GROUP OF RUSSIAN ARMED FORCES IN SYRIA

- » Strength: 4,000 to 5,000 military personnel
- » Aircraft: 30 to 50 planes and helicopters
- » Permanent naval task force in the Mediterranean (strength varies)

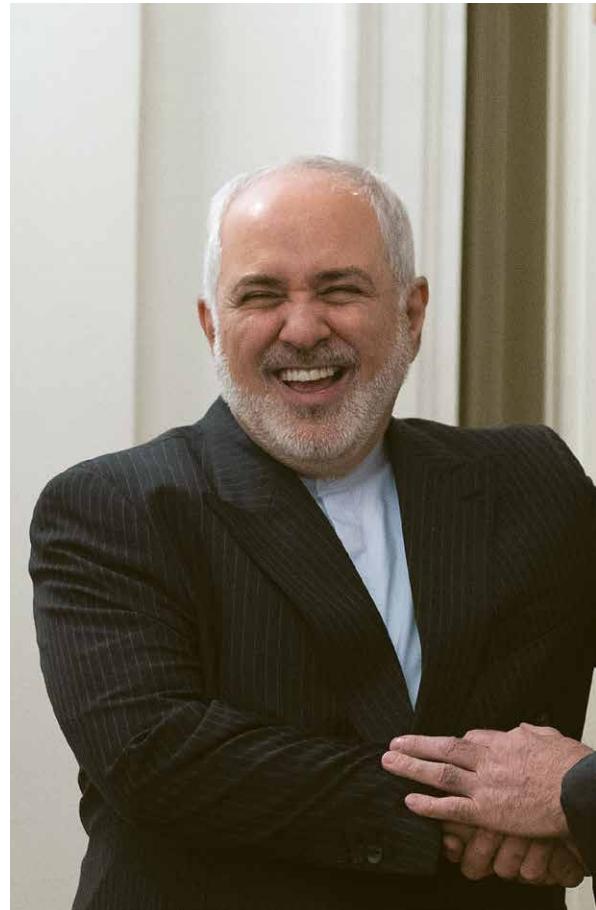
the Gulf states, attested by Vladimir Putin's first visit to Saudi Arabia and the United Arab Emirates in October 2019 after more than a decade. In an interview with Saudi media outlets prior to his visit, Putin said that Russia does not form alliances against anyone but builds bilateral relations based on positive trends created through contacts.

Bearing all this in mind, Russia's relations with Iran are likely to become more strained in the future.

At the moment, however, "maximum pressure" from the United States and the de facto isolation of Iran are strengthening Russia's role as an important mediator between Iran and

other regional powers (Israel and the Gulf states) on the one hand and Iran and the West (the EU and the US) on the other. Russia also defends Iran's interests in organisations that discuss Iran. For example, Russia has accused the United States in the UN Security Council of sending mixed messages to Iran in connection with the US-Iran talks.

However, it is doubtful whether Russia is actually prepared to defend Iran's interests to any considerable extent. For example, Russia has made no notable efforts towards the preservation of the 2015 Iran nuclear deal (JCPOA); it has so far been modest in its stance and called the parties to order. Russia remains a bystander and an observer to the EU's efforts to rescue the nuclear deal, allowing it to shift responsibility to other parties, should the efforts fail. At the same time, the Iranian sanctions and the nuclear deal have given Russia the opportunity to deepen its relationship with the EU, allowing it to cultivate an image of being an important bridge between the European stakeholders and Iran. Russia has also expressed its wish to be part of the INSTEX financial mechanism set up by European countries.



With toughening US sanctions, Russia could be an alternative for Iran to replace Western trade or energy. In reality, however, the US sanctions have also severely restricted Russian activity, e.g., with Russian companies such as Rosatom and Lukoil stopping their operations in Iran due to US oil sanctions in 2018. Russia itself lacks both the capabilities and the will to successfully implement alternative trade and financial mechanisms.



◀ *Iranian foreign minister Javad Zarif and Russian foreign minister Sergey Lavrov in Moscow, 30 December 2019.*

SOURCE: ALEXANDER ZEMLIANICHENKO / AP

considered a diplomatic victory for Russia, as it has created a special relationship with Turkey, a NATO member, in addition to Iran. Russia has taken every opportunity to demonstrate its relationship with Turkey as a deepening strategic partnership, although in reality these relations remain purely pragmatic and are highly unlikely to become strategic. Russia knows this too, but does not miss any opportunity to create discord within the alliance, even if only seemingly. The best example is the sale of the S-400 missile system to Turkey, but also Russia's offer to sell its Su-35 aircraft to Turkey to replace its F-35s.

Russia and Turkey continue to cooperate on the construction of the Akkuyu nuclear power plant and on the Turk-Stream gas pipeline. It is important for Russia to increase sales of natural gas to Turkey and thereby expand its transit to Southeast Europe. However, given its likely aspirations to diversify natural gas supplies, Turkey will continue to be a complicated partner for Russia.

Turkey has a special place in Russia's policy in the Middle East. Initially, Russia's military intervention in Syria seemed to lead to a drastic deterioration of relations with Turkey, especially after Turkey shot down a Russian Su-24 aircraft in November 2015. However, as early as summer 2016, normalisation of the bilateral relations began. In December 2016, the so-called Astana Process was set up, involving Turkey alongside Russia and Iran. The launch of the Astana Process can be

Another significant bilateral relationship in the region is the one between Russia and Egypt. Although located in North

Africa, Egypt has an important role to play in the Middle East because of its strategic location between Africa and the Middle East, as well as its membership in the Arab League. In June 2015, Russia and Egypt held a joint naval exercise. In 2017, an agreement was reached on the mutual use of air bases, should the need arise. In October 2018, Russia and Egypt signed a strategic partnership agreement, followed by several joint military exercises. According to media reports, Egypt has signed a \$2 billion contract with Russia to buy more than 20 Su-35 fighters. On top of that, a so-called 2+2 meeting between the Russian and Egyptian foreign and defence ministries to discuss issues such as Syria and Libya took place in June 2019. The volume of trade between the two countries has also increased significantly in recent years. In December 2017, Rosatom signed an agreement to build the El Dabaa nuclear power plant. With all this in mind, it is quite clear that Russia has succeeded in establishing lasting and multi-layered relations with Egypt, which is undoubtedly a great success for Russian diplomacy. At the same time, the two countries are far from the level of close relations that Egypt and the Soviet

Union enjoyed from the mid-1950s to the early 1970s.

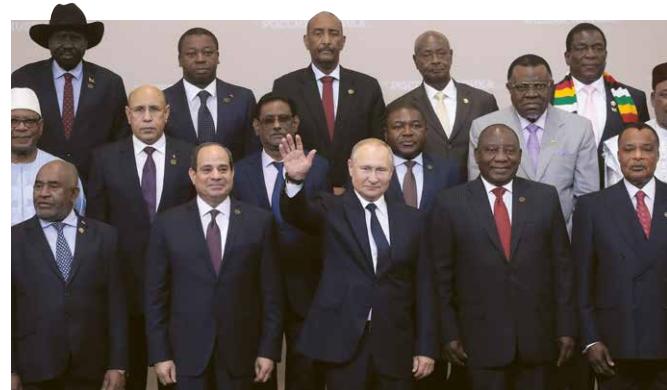
Due to the presence of Russian troops in Syria, contacts between Israel and Russia have been very close in recent years. Incidents have not been completely avoided – as Russia held the Israeli Air Force, rather than Syrian air defence, responsible for the downing of its Il-20 aircraft with 15 personnel on board in September 2018.

In the context of the Israeli-Palestinian peace process, Russia will certainly continue its contacts with the Palestinians in general and with the Palestinian National Authority in particular. To some extent, this political line has been inherited from the Soviet Union; however, it also suits present-day Russia, because it makes it easy to find contact points with Sunni countries and thus indirectly balance Russia's contacts with Iran. Still, it is unlikely that even the Russian Foreign Ministry believes that Moscow could be able to re-launch the Israeli-Palestinian peace process. In conclusion, we may say that for Russia, the Middle East presents a combination of opportunities and challenges.

AFRICA – THE KREMLIN SEEKS NEW OPPORTUNITIES

Due to limited resources, Russia looks to Africa in hopes of enhancing its image as a geopolitically active superpower and boost its international status as a crisis manager.

Russia attempts to present itself as a geopolitically active international player, and due to the sanctions of Western countries, it has started to look for alternative political opportunities and new markets in order to secure its investments. In this context, Africa has

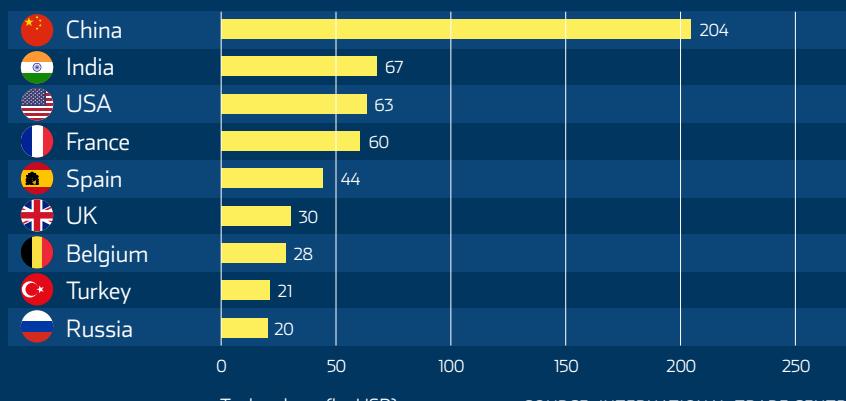


↑ *The first Russia-Africa Summit was held in Sochi in October 2019.*

SOURCE:
SERGEI CHIRIKOV /
POOL VIA REUTERS

become more attractive for Russia. Russia is bidding to reduce Western influence in African countries and

TRADE VOLUME WITH AFRICAN COUNTRIES



EXAMPLES OF RUSSIAN INFLUENCE OPERATIONS IN AFRICAN COUNTRIES

What distinguishes Russian activities in Africa is the use of unconventional and opportunistic methods. Russia is seeking and testing emerging opportunities, as it cannot compete with the West or China. Oligarchs have an important role to play in expanding Russian influence. The most prominent of them on the African front is Yevgeny Prigozhin, a man who holds a mandate from the very top and has broad liberties with the support of the authorities. The map shows just a few examples of Russia's activities in Africa. Russia, or Yevgeny Prigozhin, has been active one way or another in nearly 20 African countries, and not always with remarkable success. For example, an attempt by Prigozhin's troll factory to intervene in Libya was exposed early on, Wagner's mercenaries have sustained losses in Libya and Mozambique, and the efforts to keep President Omar al-Bashir in power in Sudan ultimately failed.

Guinea

Russia is showing an increasing interest in Guinea. Minerals are an important reason for interfering there. For example, the Russian aluminium giant Rusal acquires much of its raw material from Guinea. Interfering in the elections will be very likely, if the change of political power in the country would jeopardise Russia's interests. Guinea is due to hold a presidential election in 2020. President Alpha Condé will end his second term and the constitution does not provide for a third. There is widespread suspicion among Guineans that Condé will seek to stay in power and amend the constitution accordingly. Russia's support for the current regime has been expressed by the former Russian ambassador to Guinea, Alexander Bregadze, who stated that constitutions are not dogma, adding that "it is constitutions that adapt to reality, not realities that adapt to constitutions". After leaving his post as ambassador, Bregadze moved on to take a job with Rusal.

Yevgeny Prigozhin

The Saint Petersburg oligarch Yevgeny Prigozhin (b. 1961) received a prison sentence for fraud, robbery and pimping. Released in 1990, he went into catering. Over the past decade, Prigozhin started receiving more and more government contracts and performing increasingly important tasks for the Kremlin. His companies have provided catering for the Russian armed forces and Moscow schools. He also runs a private military contractor, Wagner Group. His "troll factory" meddled in the 2016 US presidential election. Prigozhin's personal relationship with Putin allows him to act independently.



Libya

For Russia, Libya is strategically more important than many other African countries. Russia's economic interests lie in the Libyan energy sector. From a military and strategic point of view, Libya would offer Russia the opportunity to deploy its units on NATO's southern flank and provide greater flexibility for operations in the Mediterranean. In addition, the success achieved in Syria may trigger a desire in Russia to "resolve" another major regional conflict and use it to once again get a seat at the table.

In Libya, too, it is Yevgeny Prigozhin who acts in Russian interests. In May 2019, two Russian citizens – Maxim Shugalev and Samer Sueyfan – with ties to Prigozhin were arrested there. Both were accused of working for a Russian troll factory and of intending to interfere in the Libyan elections. This shows that Prigozhin's plan was, and probably still is, to also use in Libya the lessons learned in Madagascar, the Central African Republic and elsewhere across the continent.

Central African Republic

Russia's attention began to shift increasingly to the Central African Republic (CAR) in the autumn of 2017. At that time, Russian companies associated with the oligarch Yevgeny Prigozhin became active in the mining sector in the CAR. At the same time, Prigozhin's mercenaries – the Wagner Group – arrived in the country to secure the working of the mines in an unstable environment, train the CAR security forces and protect the local elite. The mining companies affiliated with Prigozhin are also active in public relations – organising football matches, beauty contests, and so on. Intensive influence operations were launched in both traditional and social media – pro-Russian Facebook pages were created, a radio station launched to broadcast Russia's talking points and a free newspaper distributed to publicise the benefits Russia would bring to the region. In the summer of 2018, three Russian journalists investigating Prigozhin's links with the diamond business were shot in the CAR. Russian interests are also represented at a high political level in the CAR – since 2018, the security adviser to President Faustin-Archange Touadéra has been Valery Zakharov, who has been identified in the media as a Russian intelligence officer.

Madagascar

In early 2018, Madagascar's president Hery Rajaonarimampianina was in contact with Yevgeny Prigozhin, who then sent a group of experts to the island to support the re-election of the president. As the Russians estimated that the president stood no chance of winning the election, they decided to support another candidate, Andry Rajoelina, instead, so as to prevent a pro-Western president from being put into office.

The *modus operandi* of Prigozhin's people in Madagascar included organising a demonstration in support of Russia in front of the French embassy, finding new candidates to split the supporters of Rajoelina's competitors, creating social media pages and printing publications praising Rajoelina.

Having won the election, Rajoelina confirmed his commitment to establish closer ties with Russia. Also, a company affiliated with Prigozhin retained control over a chrome mining company, despite protests by local residents.

RUSSIA'S MILITARY COOPERATION AGREEMENTS WITH AFRICAN COUNTRIES

 Burundi	anti-terrorism cooperation, joint exercises
 Botswana	peacekeeping and training cooperation
 Burkina Faso	counter-terrorism cooperation
 Ghana	technological cooperation
 Guinea	peacekeeping, counter-terrorism and maritime rescue
 Ethiopia	peacekeeping, counter-terrorism and anti-piracy
 Cameroon	technological cooperation
 Central African Republic	consulting, military technology-related cooperation and military cooperation
 DR Congo	advisers
 Mali	counter-terrorism and related training
 Mozambique	arms supply
 Nigeria	counter-terrorism and anti-piracy, peacekeeping
 Niger	consulting, deployment of experts
 Rwanda	arms supply
 Zambia	arms supply
 Sierra Leone	supply of defence equipment and arms
 Sudan	consulting, deployment of experts
 Eswatini	arms supply
 Tanzania	arms supply, joint research and development centres
 Chad	counter-terrorism
 Zimbabwe	arms supply

redefine the balance of power in the continent. It is also seeking to increase its presence in the African markets and to provide opportunities for the Russian private sector to operate there. In view of both political and economic benefits, Russia is rebuilding Soviet-era contact networks and rekindling bilateral relations that have cooled in recent decades. Since 2016, Russia has been steadily expanding cooperation formats with African countries and has signed a significant number of cooperation agreements. On 23-24 October 2019, the first Russia-Africa Summit was held in Sochi, where Russia promised to double its trade with African countries within five years. However, with a \$20 billion annual trade volume, Russia still lags well behind its competitors.

Russia's efforts are hampered by fierce competition for Africa and the fact that several major powers already have a significant lead there. The United States, the United Kingdom, France and China have made long-term investments and developed sustained forms of cooperation, therefore establishing a wide-reaching influence on the continent. Restricted by its limited resources and faced with strong competition, Russia looks for opportunities missed by the great powers active in Africa and, on the other hand, seeks to intervene wherever possible to achieve its political and economic goals.

RUSSIA MUST ADAPT TO A STRONGER CHINA

Russia markedly stepped up its foreign policy towards Asia in 2014, as its annexation of Crimea and military intervention in Eastern Ukraine created a deep rift in Russia's relations with the West.

Russia's so-called pivot to the East was to provide a geopolitical counterbalance to lost opportunities in the West and an economic lifeline to compensate for the damage caused by sanctions and counter-sanctions.

Central to its pivot to the East are Russia's bilateral relations with China, but Moscow's larger aim is to cover the whole of the Asia-Pacific region. At the same time, the country lacks the economic and political leverage necessary to meet this ambitious goal. Although trade relations have gained momentum and arms sales play an important role – China, India and Vietnam are among the largest buyers of Russian weapons – the trade levels remain below Russia's trade with Europe, regardless of the sanctions. Europe continues to be the main market for Russian oil and gas, and an important destination where the Russian elite prefer to invest their money and educate their children.

Increased concerns about China's dominant role have provided Russia with additional opportunities to exploit the conflicting interests of the key powers in the region. Moreover, Russia itself is also interested in counterbalancing China's role, as was shown by its strong support for India's accession to the Shanghai Cooperation Organisation in 2017. Now the Indian prime minister is expected to attend the Victory Day parade in Moscow on 9 May 2020.

As a result of stepping up its efforts, we can now speak of a somewhat increased Russian influence in the Asia-Pacific region, though without any great success stories. For example, despite Tokyo's efforts, relations with Japan have not resulted in a peace agreement. While Russia is trying to keep an eye on the North Korean nuclear talks, its role is more like that of an extra, as China and the US take centre stage. Similarly, there is lack of progress on the plans to build a gas pipeline



through North Korea from Russia to South Korea.

RELATIONS BETWEEN RUSSIA AND CHINA

In 2019, Russia-China relations were quite active and a series of events took place that were supposed to demonstrate the partnership having reached a new level.

- » In July, Chinese and Russian air forces conducted their first joint long-range air patrol. It provocatively reached an area over the Sea of Japan disputed by Japan and South Korea; both countries protested. It can be expected that similar joint air patrols will become a recurring event.
- » In September, China participated in Russia's strategic military exercise "Tsentr 2019" with more than a thousand troops and combat equipment. Notably, China had to

transport its armoured equipment several thousand kilometres from China to Russia's Central Military District. The level of Chinese participation in the strategic exercise "Kavkaz 2020" will also be telling.

- » In October, President Putin announced that Russia would help China develop a missile early warning system, complex versions of which currently exist only in Russia and the United States. The Russian leadership evidently expects the US-China rivalry to continue for some time.

Behind the pretty facade of the relations between the two authoritarian states, the situation is not so rosy for Russia. It has few real levers to influence China. China's economy is almost nine times larger than Russia's, and it is closing the already rather small gap in arms production with every year. Russia's traditional arsenal of influence activities, which it uses in the West, is ineffective against China. At the

← *Russia-China railway border crossing in Manzhouli. The Russian gate was supposed to be impressive, China accepted the challenge ...*

SOURCE: B.PANUPONG / SHUTTERSTOCK



same time, Russian security authorities regard China as a significant intelligence threat.

The Western sanctions imposed in 2014 increased Russia's motivation to show that it has alternatives to the West, while simultaneously weakening the Kremlin's negotiating position with China. The upshot is that Russia has to dance to China's tune in order to maintain good relations. An example of this is the Power of Siberia (Sila Sibiri) gas pipeline from Siberia to China, launched in December 2019, but on terms more favourable for the Chinese. In addition Gazprom has to compete with producers from Central Asia.

China does not call any country an ally, nor is it interested in establishing a true military alliance with Russia. On the other hand, China's white paper on national defence published in July 2019 ranks Russia first in the international cooperation chapter, and Russia is

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the only country for which China uses the term *xiezuo* or "complementary cooperation", rather than just *hezuo* or "collaboration".

China's goal in joint exercises is practical – to learn from Russia's combat experience in military conflicts. In these exercises, Chinese and Russian units operate side by side, but not in an integrated manner.

Tensions between China and the United States are favourable to Russia, as it increases China's interest in having visibly good relations with Russia. Therefore, Russia's pragmatic and demonstrative cooperation with China is likely to continue in the coming years. Russia's hope is to create an alarming effect on Europe, but China's growing influence is most directly affecting Russia itself, and therefore the Kremlin will inevitably start seeking for additional ways to counterbalance China's influence.



A Russian soldier at the Kotelny island military base.

SOURCE: MAXIME POPOV / AFP

RUSSIA'S GROWING INTEREST IN THE ARCTIC

The Kremlin has become more active in the Arctic, with the aim of securing favourable economic conditions in the region and strengthening its military position vis-à-vis the West.

Russia's economic interests in the Arctic are primarily related to mineral resources and the Northern Sea Route. About 80% of the natural gas and 20% of the oil produced in Russia comes from the Arctic land. The Arctic provides about 20% of Russia's GDP. Even more important, however, are the

expected economic benefits of the Arctic: it is estimated that 95% of Russian as yet unexploited natural gas reserves and 70% of oil reserves lie in the Arctic Shelf. Russia is mainly interested in the North Sea Route because of its potential for the transportation of natural resources. In 2018, the cargo volume of

the North Sea Route was ca 18 million tonnes, of which 491,000 tonnes were transit trade.

Russia's access to Arctic natural resources largely depends on its capability to exploit deposits on the continental shelf of the Arctic Ocean. Sanctions against Russia and low oil prices on the world market are affecting the availability of the technology and investment needed for this. The construction of military infrastructure is difficult due to challenging logistics and the shortage of suitable construction time in this climate zone.

Although the Northern Sea Route would significantly shorten the travel time from Europe to Asia, it is unlikely to start competing with the Suez Canal in freight transport between Europe and Asia over the next decade. This is due to Russian-imposed administrative restrictions on the use of the North Sea Route, the unsuitability of many cargo ships for Arctic navigation and the lack of supporting infrastructure.

The Russian threat in the Arctic stems from Moscow's desire to control, through military presence, an area where the economic interests of several nations intertwine.

RUSSIA'S ACCESS TO ARCTIC NATURAL RESOURCES IS HAMPERED BY SANCTIONS AND LOW OIL PRICES.

From a military-strategic point of view, the Arctic is an important region for Russia – primarily in three ways.

- » The Russian Northern Fleet's nuclear submarines equipped with ballistic missiles represent most of the country's vital second-strike capability.
- » The Arctic is the starting point for access to the North Atlantic (the so-called GIUK gap), which allows Russia to disrupt links between Europe and North America in the event of a conflict with NATO.
- » Control over the Northern Sea Route will allow Russia to deploy its Northern Fleet vessels to support the Pacific Fleet and vice versa.

Russia has developed the military capability and has a growing willingness to expand its strategic positions in the Arctic.

CHINA'S MORE ACTIVE ROLE IN THE WORLD

The world has not seen China as active in foreign policy as it is now for decades.

The concept of “peaceful development” (heping fazhan) advocated by the previous Chinese president Hu Jintao is used less and less by current Chinese leaders, and instead, they are stressing more and more across the globe the message of China as a power that has come to stay, with others simply forced to adjust to this “new world order”.

China even has a term for countries that are willing to adapt – a community of “common destiny” (mingyun gongtongti), which the Communist Party of China (CPC) has been increasingly active in building. President Xi Jinping has used this concept in all his major speeches. The importance of building a community of countries with a “common destiny” was given the highest priority in a document outlining China’s position submitted to the 74th Session

of the UN General Assembly in 2019. It is a parallel world opposed to the current world order, with China assuming a leading role. Orchestrated from Beijing, lobbying efforts are ongoing across the globe to feel out the situation and identify the countries most susceptible to China’s agenda. China is increasingly aware that the doors are closed in the United States, but Europe offers much more fertile soil for Chinese rhetoric. Following the NATO summit in London, a Chinese foreign ministry spokesman said China had noticed many voices inside NATO saying they did not want to view China as a threat. Lobbyists working for China are actively circling Europe and preaching the shared views of China and Europe, this way purposefully undermining Western unity. Particular importance is attached to people’s personal relationships, which are used in an effort to bring the Chinese agenda to the decision-makers. However, it is

**CHINA'S BROADER GOAL IS TO IMPOSE ITS OWN
WORLDVIEW AND STANDARDS, AND THROUGH THAT
BUILD A BEIJING-LED INTERNATIONAL ENVIRONMENT.**



important to understand that, in the eyes of the CPC, decision-makers in other countries are only useful pawns to help implement CPC strategies. China employs the same strategy domestically, and since Xi Jinping came to power in 2012, more than 100,000 such pawns, once useful to the party, have been removed from power in China.

In recent years, China has begun to introduce the strategy of a community of shared destiny more actively in the UN, where it seeks to be a voice for developing countries in particular. The need to give developing countries more say and to reform global governance was also addressed by Yang Jiechi, head of the

Office of Foreign Affairs of the CPC, in his speech at the 2019 Munich Security Conference. China is increasingly trying to instil its goals and narrative in the UN at every opportunity. It is providing more and more education and training opportunities and has begun mediating international conflicts, seeking to cultivate an image of a responsible superpower. The underlying goal is to impose its own worldview and standards, building a Beijing-led international environment that appeals to China. For example, China is attempting to reformulate the Western concept of human rights, which it reduces solely to the right to economic prosperity and a safe living environment. Freedom of speech,

religion and choice is of no importance unless it serves the interests of the community. This message appeals to many regimes across the world, but to few individuals. Indeed, the Chinese world order is paternalistic, with a top-down view.

MORE ACTIVE INVOLVEMENT OF CHINESE FOREIGN MISSIONS

China has recently begun to export its vision more vigorously, harnessing its

foreign missions. Since spring 2018, many Western countries have witnessed unprecedented levels of activity by Chinese missions, and this trend continued in 2019. Chinese ambassadors and other diplomatic representatives speak out more frequently on sensitive issues in the host country's media and even publicly make recommendations on what these countries' relations with China should be like. They often use very colourful language, and if the local media outlets refuse to publish an opinion article, they buy newspaper advertising space for content marketing. In August 2019, the Chinese embassy demanded that Swedish Television stop spreading anti-Chinese propaganda. Chinese pressure on the Swedish media has been so great that in June 2019 the Swedish Institute of International Affairs published a report entitled "China's propaganda campaign in Sweden, 2018–2019", which states that "[s]ince early 2018, China [has] been conducting an intense campaign of public criticism of Swedish media outlets, journalists, scholars, human rights activists, political parties and authorities. This criticism has sometimes contained implicit threats and personal accusations ..." Another vivid example



 *A rally in support of Hong Kong at Vilnius Cathedral Square on 23 August 2019*

SOURCE: E. BLAŽEVIĆ / LRT

Chinese foreign missions endorsed violence. In July and August 2019, protests were held on university campuses in Australia and New Zealand to support Hong Kong. The local Chinese organised counter-protests, and on several occasions scuffles broke out. The Chinese consulate in Auckland condoned this physical violence, saying in a public statement that it praised the patriotic behaviour shown by Chinese foreign students on their own initiative. An identical conflict occurred between Hong Kong and Chinese foreign students in Australia, where the Chinese consulate in Brisbane also praised the violence.

of China's active involvement is the incident at a rally in support of Hong Kong at Vilnius Cathedral Square in Lithuania. Some local Chinese nationals went to interrupt this protest and a scuffle ensued. It was later revealed that the counter-protesters included staff from the Chinese embassy. This is a new phenomenon in China's foreign policy.

In Estonia, propaganda articles published by the Chinese embassy in the local press in summer 2019 and exhorting the media to be impartial seemed extraordinary in the Estonian context, but analysing the global picture shows that it was part of conscious, coordinated efforts by China. It is important to understand that China has not singled Estonia out specifically, but is implementing a broad-based and well-considered tactic aimed at changing countries' mindsets and attitudes towards

China. Chinese foreign missions are more active in countries where the perception of China diverges the most from China's self-image. For example, the Chinese ambassador to Sweden, Gui Congyou, said in November 2019 that when he first arrived in Sweden he wanted a friendly relationship with journalists and the media, but was faced with constant criticism, condemnation, malicious attacks and defamation from some media people.

AIMS OF CHINESE INVESTMENT

In recent years, China has caught attention with active foreign investment. As part of the Belt and Road Initiative, China has bought and built several major infrastructure projects around the world. The initiative, also known as the

CHINESE STATE CAPITALISM

- » President Xi Jinping sees big state-owned enterprises as the cornerstone of China's economy.
- » Among the goals of the Belt and Road initiative, launched in 2013, is finding international projects to keep state-owned enterprises afloat.
- » In these enterprises, the highest authority lies with the party secretary, who is responsible for monitoring the compliance of company activities with CPC policy.
- » With many apparently private companies, the chain of command runs back to state-owned enterprises and the central government.
- » Private companies are required to participate in the Social Credit System. This imposes an obligation on the company to fall in line with the strategy set by the party.
- » The Chinese National Intelligence Law requires Chinese citizens and businesses to cooperate with national security agencies.



New Silk Road, envisages strengthening China's power by establishing trade infrastructure in Asia and Africa, but also in Europe and South America. It is part of China's strategy to become a global superpower that controls strategic trade channels and logistic nodes.

In 2015, the Australian Northern Territory Government leased the port of Darwin to a Chinese company for 99 years; the reversal of that move is currently under discussion. The operating rights for Hambantota port in Sri Lanka have been granted to a Chinese company, China Merchants Group, for 99 years and in 2019 the same company applied for 99 years' operating rights for Bagamoyo port, Tanzania. In Cambodia, a Chinese company with a military background was given a 99-year lease on the land under the seafront Dara Sakor development project to build an airstrip and a seaport. In 2018, people in Vietnam took to the streets with slogans reading "not one day", as it was revealed that the Chinese might lease land for 99 years in a Special Economic Zone to be created by the Vietnamese government. These are examples of China's long-term strategic thinking. Chinese money has also proved attractive in several Balkan countries;

CHINA'S GLOBAL ECONOMIC STRATEGY

- » Control over transport channels and logistic nodes.
- » Control over the entire chain of supply, from production in China to, say, the Cainiao courier in Belgium. This is exactly what Alibaba is doing at Liège airport.
- » Exporting Chinese standards and technology. The aim is to make other countries dependent on Chinese production.
- » Subsidised financial channels allow Chinese companies almost always to submit the cheapest bid.

for example, Serbia's largest exporter is a Chinese steel conglomerate, Hesteel Group.

As well as controlling trade channels, Chinese investments aim to gain a lever for steering other countries' policies in a suitable direction. Foreign investment is used to create dependency. It is a distinct possibility that China will use its close trade ties as a weapon when international relations deteriorate – for example, citing the need for additional inspection as a reason for refusing to release another country's food shipments from its customs until the food perishes. This has already happened with products from Australia, Canada, Norway, the United States and the Philippines. Such methods are designed as a reminder to other countries of the

benefits of engaging with 1.4 billion consumers and the necessity to avoid conflict with China in order to continue enjoying these benefits.

In 2020, the confrontation between China and the West will predictably deepen, as all signs point to increasingly complicated relations and China's unwillingness to adapt to the Western world. China is seeking out European decision-makers who share Beijing's thinking, and the undermining of Western unity will remain among its main goals in the near future.

Slowing economic growth in China may cause dissatisfaction, which in turn may lead the central government to draw attention away from the domestic situation by looking for enemies abroad. More and more people in China are

unhappy with the direction chosen by Xi Jinping, and calls for genuine economic reform are growing louder. Xi Jinping regards state-owned enterprises as the cornerstone of the Chinese economy, and while the US wants China to cut subsidies to these enterprises, there is no indication that the Chinese president will oblige.

THE BACKGROUND OF THE TALLINN-HELSINKI TUNNEL INVESTOR

In summer 2019, the UK authorities were threatening to remove from the UK business register Touchstone Capital Group Holdings Limited, a British-registered member of Touchstone Capital Partners, which is a possible investor in the Tallinn-Helsinki tunnel project. According to a report dated 31 October 2019, the company's assets

were £1. The same Kenny (Fuzai) Song-owned company promised to invest €15 billion in the Tallinn-Helsinki tunnel in 2019. Recently, however, there have been rumours about the possibility that the tunnel will be funded by China Investment & Construction Group Holding Limited (CICG), another company established by Kenny Song, in January 2019, which intends to finance the tunnel by going public. With China, raising capital on a stock exchange often points to the involvement of a state-owned enterprise. Not all of Kenny Song's business partners are doing well either. For example, a big Chinese company Shandong Xiwang Group defaulted in autumn last year. Kenny Song has registered Touchstone-Xiwang Investment Group Holdings in UK together with one of the key persons of Shandong Xiwang Group.

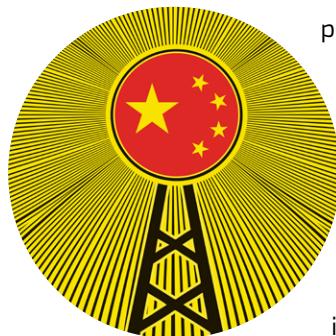
SLOWING ECONOMIC GROWTH MAY CAUSE
DISSATISFACTION IN CHINA AND LEAD THE CENTRAL
GOVERNMENT TO LOOK FOR ENEMIES ABROAD.

HIDDEN DANGERS OF CHINESE TECHNOLOGY

Do short-term savings outweigh long-term dependencies?

More and more everyday devices are connected to the internet. While designed to make our life more comfortable, they also collect enormous amounts of information that, when put together, forms a complete picture of our interests, strengths and weaknesses. Technology created with a noble goal becomes a tool that threatens our security in malicious hands. Therefore, we need to think about what information, if any, we want to share and whether the risks are mitigated. This is especially so with increasingly widespread technologies like smart cities, 5G and artificial intelligence applications.

The threat of Chinese technology is strategic and will be revealed in the long term. China has a different culture and values than the West and a repressive communist regime in power. As one aspect of building its global influence, China creates dependencies in other countries step by step, over the long term.



First, a suitable environment is prepared – by investing in local information infrastructure, buying shares in companies, offering more affordable solutions, and so on. All the while, China maintains a low profile and does not directly intervene in the decision-making process. Only when the Chinese leadership sees a direct need to pursue its political goals, or immediate gains in doing so, will China involve itself more aggressively in the decision-making process of another country. For example, at the end of 2019, China issued an ultimatum to the Faroe Islands: to get a free trade agreement with China, the government would have to sign an agreement with the technology giant Huawei for developing the Faroese 5G network.

For a digital nation like Estonia, communications networks are a vital piece of infrastructure, and all the risks associated with the technology used need to be considered. Small countries are an easier target for China to build dependency and exert pressure later.

RISKS ARISING FROM CHINESE SPECIAL SERVICES' ACTIVITIES WITHIN CHINA

The threats posed by the activities of the Chinese special services are similar to those created by the Russian security and intelligence services.

The Chinese also follow the principle of gathering “intelligence from the territory” – aiming to draw the target to China to get to know the person, influence and recruit them.

- » To this end, Chinese special services may use various methods and pretexts, such as establishing first contact or job offers over the internet.
- » At home, Chinese special services can operate almost risk-free.
- » The victim will find no protection from the Chinese special services there as it is an undemocratic society.

If for any reason recruitment fails, the special services will at least try to break into the target's computer and other devices to place malware and steal information.

Key targets:

- » politicians and public servants, who may hold political, economic or defence-related information that is relevant to the security of Estonia, the European Union and NATO;
- » businesspeople and scholars, who can be used, either immediately or in the future, to gain access to business projects or scientific achievements that Chinese companies, most of which are under the direct or indirect control of the CPC, could use in their business and development activities.

Among other methods, business and research conferences in China and third countries, joint ventures established in China, innovation centres at Chinese universities, and research grants for scientists to work in China are used to build ties with targets who fit the above profiles.



↑ *Emblem of China's
Ministry of State Security*

SOURCE: 12339.GOV.CN

When travelling to China, either on official business or as a tourist, we recommend that you avoid situations where the special services could corrupt you and then force you to co-operate by threatening to expose you. You should also avoid bringing computers or communications devices that contain sensitive political, economic or scientific information or could subsequently be used by the Chinese special services to gain access to such information. Visitors should always be aware of the possibility that their telephone communications and internet use may be monitored by Chinese special services.

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