WEEKLY DIGEST

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R.Politik's Weekly Digest is the definitive weekly guide to Russian politics. Each week, we examine the major developments, shifts and trends unfolding across the country to keep you abreast of the ever-changing situation.

Foreign Policy and Geopolitics

War in the Middle East and Russia

On 7 October, the Palestinian militant organisation Hamas initiated an unprecedented multi-front attack on Israel. The operation, which completely took Israeli forces by surprise, was marked by its scale and audacity. Armed groups broke through the border and infiltrated Israeli towns by air, land and sea, overrunning Israeli Defence Forces positions, massacring hundreds of civilians and taking hostages back to Gaza. Thousands of rockets were also fired into southern and central Israel. In response, Israeli Prime Minister Benjamin Netanyahu declared a state of "war" against Hamas and pledged to deliver a powerful reprisal. Already, the Israeli army is sweeping the areas that Hamas infiltrated, redeploying in force to the region and has begun air strikes, killing hundreds of Palestinians. In the wake of these developments, Malta has appealed to the United Nations Security Council for a private session, as per sources cited by *Reuters*. Fyodor Lukyanov, an expert on foreign affairs with close ties to the Russian establishment, has said (Rus) that what happens next depends on Iran, Hamas's main backer. He warned that Hamas's surprise attack may instigate a direct confrontation between Iran and Israel. Any such conflict would decisively and permanently alter the geopolitical landscape of Western Asia.

🔍 **Dive Deeper:**
Bulletin No. 9 (95) 2022:
Israel: Lavrov's Statement And Putin's Apology

Russia's stance on the conflict is complex. On the one hand, Moscow might draw on its history of intra-Palestinian mediation and its ties with Hamas to gain a foothold in any peace process. It also sees the importance of its growing relationships with Iran and Arab states. On the other hand, despite recent tensions, Russia's relationship with Israel remains strong and pragmatic, hallmarked by open lines of communication, a degree of practical coordination in Syria and shared views on the historical significance of the Second World War. The fact that Israel has not imposed Western anti-Russian sanctions is also notable. As such, Moscow is likely to stay neutral. A severe escalation, potentially even leading to open conflict between Iran and Israel, could jeopardise Russia's established presence in the Middle East and its long, ongoing campaign in Syria. Russia's military bases in the latter country are an important hub, projecting Moscow's influence in Africa as well as the Middle East. While some believe this war might push Russia closer to Iran, Moscow is more likely to keep its position as a mediator, aiming to counter Western influence and interact as a constructive peace broker.

In the information sphere, though, the narratives that are promoted are much less impartial. The authorities and the media frequently attribute the situation to the failure of the West, notably the consistent disregard for UN resolutions and the decisions of the Security Council. Media outlets close to the Kremlin have also primarily focused on the Western fault of the massacre. The MFA alleged that the West had obstructed the Middle East 'quartet' of international negotiators (Russia, the US, the EU and the UN). From Moscow's vantage point, the situation presents multiple tactical opportunities: it helps to fan anti-Western narratives by attributing general global instability and the reopening of historic disputes to the West; speculation is rising among some in Moscow that the unrest may dampen the Democratic Party's prospects in the 2024 U.S. presidential elections, helping their favoured Republican candidates (CNN explains why Israel-Gaza conflict is so complicated for Biden); the turmoil could hamper any Israeli plans to help Ukraine; and finally, the crisis may divert the West's attention away from Ukraine. However, as mentioned earlier, for pragmatic reasons apart from anything else, Moscow does not want a large-scale escalation.

Russia revokes its ratification of the CTBT

🔍 **Dive Deeper:**

Bulletin No. 17 (125) 2023*:

The Valdai Forum

*Available later today on our website.

The Russian State Duma is poised to revoke Russia's ratification of the Comprehensive Nuclear Test Ban Treaty (CTBT). The move followed President Putin’s speech at the Valdai Forum on 5 October, where the president declared his intention to de-ratify the treaty: “as a matter of principle, we can offer a tit-for-tat response in our relations with the United States… In theory, we can withdraw the ratification, and if we do, this would be enough”. He clarified that withdrawing from the treaty will not necessarily mean the immediate resumption of nuclear tests. Although Putin has expressed some skepticism towards those who advocate for new tests, he has left the matter open. Simultaneously, he opposed modifying Russia's nuclear doctrine to lower the nuclear threshold. LDPR leader Leonid Slutsky, head of the State Duma Committee on Foreign Affairs (the committee manages the process of de-ratification), explained to *Kommersant* that after the appropriate legislative procedures are carried out, Russia will notify UN Secretary General António Guterres of the decision. In this case, he said, it would require the adoption of a separate federal law that would invalidate the 2000 law on CTBT ratification. However, he emphasised, “We are not withdrawing our signature under the treaty, we are not withdrawing from the voluntary moratorium on nuclear testing - for now the United States is adhering to similar obligations. We are withdrawing the ratification, thus restoring legislative parity with the US Congress.” Important to note, that even if Slutsky is playing an important role in the technical process of de-ratification, he is not informed about Putin’s plans on whether to proceed with nuclear tests.

Academician Alexei Arbatov, head of the Centre for International Security at the IMEMO, said (Rus) that globally (primarily in the West), Russia's de-ratification of the CTBT would be interpreted as a step towards a complete withdrawal from the treaty. He said, "given that the Americans are really doing nothing to ratify the treaty, such a measure may be justified. But it is a serious demonstrative political gesture. And in the current tense situation related to everything that is happening in and around Ukraine, the actions of the Russian authorities will be perceived by many as a step towards the start of nuclear tests and possibly the use of nuclear weapons."

Wagner And Moldova

🔍 **Dive Deeper:**

Bulletin No. 17 (125) 2023*:

Moldova Heats Up

* *Available later today on our website.

In an interview with the *Financial Times*, Moldovan President Maia Sandu alleged that Russia's Wagner paramilitary group tried to launch a coup against her and destabilise the country. She attributed the plot to deceased Wagner leader Yevgeny Prigozhin, saying that "it was a plan prepared by [Prigozhin's] team." Sandu stated that they planned to incite anti-government protests and escalate them into violent confrontations. Additionally, she cautioned that Moscow is employing underhand tactics, including cash couriers and bank cards from Dubai, to covertly funnel money into Moldova, looking to influence voters in upcoming elections.

In February, the Russian Ministry of Defence issued (Rus) an unusual statement claiming that there was a notable buildup of Ukrainian troops and equipment near Transnistria, the unrecognised breakaway region of Moldova. They suggested Ukraine was preparing for a potential incursion. A day later, the MFA cautioned the US, NATO and Ukraine against any aggressive moves in the Transnistria direction. While there were no subsequent developments, these indications show that a considerable degree of attention is being devoted to the region. Furthermore, at around the same time, Wagner leader Prigozhin was giving voice to his concerns over ammunition shortages, raising suspicions that Russia was eyeing up an ammunition depot in Cobasna, Transnistria. The renewed attention by Russian military entities suggested that Wagner was considering specific operations in Moldova to pitch to the Kremlin. The precarious military landscape in Ukraine has made Moscow nervous about the situation in Transnistria. Given Russia's extremely limited capacity to intervene, Transnistria is a real concern for the authorities in Moscow. This sense of vulnerability might have driven some players to take "preemptive" measures to protect Russian interests. The Wagner Group's initiative in Moldova may have been a manifestation of this.

The Domestic agenda

Putin is set to start the Presidential Race

Kommersant's sources told (Rus) the outlet that the launch of the informal presidential campaign is scheduled for November, coinciding with the opening of the Rossiya international exhibition and forum. According to one possible scenario, Vladimir Putin may publicly announce his candidacy for a new presidential term at this very venue as part of an event where all Russian regions will be represented. So far, according to *Kommersant*'s sources, the “ideological framework” of the campaign will look like this: Russia is a separate civilisation, a "family of families” for which traditional values are important, and it is under attack by enemies, but thanks to the unity of society, they will achieve nothing. Another article appeared (Rus) in *RBC,* implying that mainstream journalists were briefed about upcoming events by a Kremlin official involved in the preparations. *Kommersant*'s source also noted that the presidential campaign will have to include mention of the "special military operation" (SMO), but it will not be the dominant theme. September's elections showed that candidates who focused too much on the war agenda lost support, rather than gained it.

There is no doubt that Putin will run in the March presidential election. The main issue to be settled was his choice of a prevailing idea, the vision of the future that he will present to Russians. The emphasis on traditional values as the direction chosen may have a significant influence on domestic affairs, fuelling the drive towards ideologisation, amplifying intolerance towards dissent and pushing Russia towards deeper isolation. The election will be organised as a plebiscite, where the benchmark is not the percentage that Putin will take, but how many Russians in absolute numbers will vote for him (on the official count). The largest number so far was in 2018, where he got 56 million votes. In 2020, 58 million Russians backed Putin’s new Constitution. A source close to the Kremlin said that they wish to beat these numbers.

The Arctic in Focus

On 3 October, Vladimir Putin convened a regular meeting with the permanent members of the Security Council focusing on Arctic development, including topics such as the Northern Sea Route (NSR) and the exploitation of the continental shelf. The Minister of Natural Resources, Alexander Kozlov, presented his report. The Arctic embodies a blend of economic and strategic imperatives for Russia and is a topic of significance for Putin. Additionally, the Arctic remains is a theatre in the geopolitical confrontation between Russia and the West. Russian media outlets (Rus) and specific Telegram channels (Rus) closely monitored the recent journey of American icebreaker *Healy*, discussing the nature of the American threat (Rus) in the region. This geopolitical focus explains why Arctic economic projects are being worked out within such high-security circles.

Throughout the summer, oil tankers from Rosneft and Gazprom Neft have been navigating the NSR. Sanctions on Russian oil exports to Europe have changed the primary market focus towards India and China. Normally, oil deliveries to these nations go via the Suez Canal or, if using VLCC tankers, around Africa. However, during the summer, the Arctic route is passable (Rus) as a shorter alternative for shipments to China (although not always). On 17 June, Rosneft CEO Igor Sechin remarked that research published in the journal "Nature Communications" predicts that by the mid-21st century, the Arctic will be basically ice-free until September. Similarly, on 25 September, Sovcomflot boss Igor Tonkovidov announced (Rus) that this year, twenty oil tankers are expected to transit the NSR, sixteen of which have already made the journey.

On 22 September, Gazprom Neft head Alexander Dyukov celebrated a successful trial where oil was transported from the Baltic through the NSR and pledged to continue these shipments in 2024. He highlighted the current bottleneck holding back these ambitious plans: a scarcity of ice-class vessels. However, Dyukov remained optimistic, noting that not only are more ships under construction, but international partners are also contributing. For instance, China's NewNew Shipping Line has plans to send five ice-class vessels to the NSR this year alone. At present, the fleet comprises just 45 (Rus) high Arctic-class cargo ships, with an additional 33 on order and at various phases of construction. However, Rosatom's calculations indicate that by next year, a fleet of 57 ice-class ships will be required to accommodate the projected 80 million tonnes of cargo on the NSR. Rosatom has lobbied hard to send Russian oil through Arctic routes. In May, its chief, Aleksey Likhachyov, tried to persuade Putin that the NSR was safe for oil transportation than other routes. The current geopolitical situation is prompting the Russian government to boost their Arctic initiatives, perhaps inadvertently escalating tensions with Western entities in the region.

Digital Rouble

On 4 October, Vladimir Putin addressed a plenary session titled "Conversation Head-to-Head" during the 3rd International Olympiad on Financial Security. In his address, Putin praised a collaborative project (it appears that he was referring to the Multiple CBDC Bridge initiated by by China, Thailand, Hong Kong and the United Arab Emirates) with central banks from Asia and the Middle East focused on the issuance and exchange of digital currencies "a promising example”. He highlighted the security of this initiative, saying that “no other country has the ability to misuse or interfere with payment transactions, such as blocking a transaction, freezing accounts, or confiscating assets”. By saying this, Putin was indirectly referencing financial sanctions.

In August, the Russian Central Bank began trials for the digital rouble. Thirteen banks, including big players VTB, Gazprombank, Alfa Bank and Sberbank, were allowed to experiment with the new currency format. By September, Anatoly Aksakov, the head of the State Duma's Financial Market Committee, projected that the digital rouble would make its global debut by 2025 and would be ready for international transactions, even with enterprises located in Latin American countries. The initiative is particularly significant for Putin personally as a means of counteracting anti-Russian sanctions and ending US financial hegemony. However, the initiative is met with apprehension by some Russian banks. Sberbank, for instance, has voiced (Rus) concerns about the potential financial risks associated with the digital rouble, particularly the anticipated liquidity (Rus) crisis it might trigger. The Central Bank, however, does not share (Rus) these views. Putin's recent remarks clearly show his alignment with the pro-digital rouble faction. His support for the digital currency was a major factor prompting the Central Bank to reconsider its earlier resistance to the legalisation of cryptocurrencies. Now, they are focusing on how to harness this potential.

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