



## RUSSIA REFORM MONITOR

The American Foreign Policy Council's Review of  
Russian Government Actions and U.S. Policy

# Russia Reform Monitor No. 2314

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**Related Categories:** Democracy and Governance; Human Rights and Humanitarian Issues; Corruption; Russia

### MASSIVE CORRUPTION PLAGUES RUSSIAN INDUSTRIES

Russian prosecutors have uncovered evidence of embezzlement by top officials at the country's government-run space and defense corporations. Both ROSCOSMOS and ROSTEC are under scrutiny, with a cumulative \$24.6 million believed to have been stolen in 2018 and at least \$1 billion over the past five years. Many of the suspected perpetrators have already fled the country with their families and their ill-gotten wealth. The investigation is still ongoing, but Investigative Committee chief Alexander Bastyrkin lamented that "there's no end in sight, billions are stolen." (*The Moscow Times*, May 17, 2019)

### DIRTY OIL CONTAMINATES RUSSIA'S IMAGE

Dirty oil making its way through Russian pipelines may taint Moscow's image as a global energy supplier, but for now the financial impact appears relatively muted. In April, the discovery of oil contaminated by high levels of organic chloride in the Europe-bound *Druzhba* pipeline forced the Russian government to cut back its crude exports by six percent. The government has yet to release its own full cost estimate of the damage, but independent estimates have calculated a \$1 billion export shortfall for the last month and the potential for up to \$5 billion by year's end (out of Russia's total \$100 billion current account surplus) as clean-up operations continue. (Reuters, May 21, 2019)

### KOMMERSANT REELING IN FREE SPEECH CRISIS

The sudden resignations of two journalists at *Kommersant*, a leading Russian newspaper, have sparked a surge in fears about the state of free speech in the country. Online outlet *Meduza* has investigated the conflicting stories behind the firings of special correspondent Ivan Safronov and editor Maxim Ivanov, two of five authors of a political article in April about Federation Council Speaker Valentina Matviyenko and her plans to step down from her position to run the country's Pension Fund. *Kommersant's* board, led by editor-in-chief Vladimir Zhelonkin, originally gave no explanation for the terminations; when pressed, Zhelonkin claimed that the reporters were fired for insubordinate violation of editorial standards when he requested the names of their sources for the Matviyenko article and they refused to provide them.

However, darker forces appear to be at play. Contrary to Zhelonkin's claims, the paper's staff has now asserted that the crisis was precipitated by editorial interference by Alisher Usmanov, the newspaper's owner and one of Russia's richest billionaires. In an audio recording from Safronov's goodbye party, Safronov is heard lamenting that the editorial board originally had no issue with the Matviyenko article (and in fact awarded him a bonus for his work), and that it was Usmanov's decision to get rid of him.

Usmanov has denied interfering in the paper's editorial policies, yet other sources assert that the two firings in fact represented a compromise on Usmanov's original demands: the termination of all five authors as well as Zhelonkin. He also pressed for the names of the article's sources, despite the fact that Russian law and the labor code for *Kommersant* journalists protects them from such demands unless faced with a court order. Reportedly, Usmanov was motivated by a direct complaint from Matviyenko, whose planned move to the Pension Fund had been directly affected by the article's publication. Usmanov's machinations have caused an uproar at the paper: all employees of the politics desk resigned *en masse*, and remaining staff members released a joint statement decrying the "open attempt to repress free speech" and the fact that the paper's shareholders are "right now destroying one of the best media outlets in Russia." (*Meduza*, May 21, 2019)

### THE DUMA CONDONES OFFICIAL INSULTS

While Russian officials have been legally insulated from public insults, Russian voters will not enjoy the same protections any time soon. In late May, a bill that - if passed - would have instituted a policy of fines or suspension for public servants who insult Russian citizens was formally rejected by the Russian parliament. Lawmakers cited existing anti-insult laws as being sufficient, despite several recent incidents of government officials using "humiliating" language on the record to insult their fellow citizens. The bill's failure comes just after the adoption of a new law that makes "blatant disrespect" of Russian authorities a criminal act. (*The Moscow Times*, May 22, 2019)