



## RUSSIA REFORM MONITOR

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

# Russia Reform Monitor No. 2348

November 20, 2019 **Margot van Loon**

**Related Categories:** Cybersecurity and Cyberwarfare; Democracy and Governance; Human Rights and Humanitarian Issues; International Economics and Trade; Missile Defense; Africa; Russia

### RUSSIAN HACKERS MASQUERADE AS TEHRAN

Russia's state-sponsored hackers are taking their game to a new level of complexity, penetrating another group of hackers and stealing their identity to conduct attacks elsewhere. A Russian cyber unit known as the Turla Group (alternatively Waterbug or Venomous Bear) reportedly gained access to the command-and-control infrastructure of an Iranian group known as Oilrig, which has close ties to the government in Tehran. Turla then exploited Oilrig's cyber infrastructure to perpetrate attacks in more than 35 countries, selecting victims likely to be targeted by the Iranian hackers and carefully mimicking its tools and methods to ensure the attacks would be misattributed to Iran. A top British official at GCHQ, Britain's digital intelligence agency that helped lead the joint investigation into Turla's activities, called the findings "a real change in the modus operandi of cyber actors... we've never seen this done to the level of sophistication that we're seeing here." (*Financial Times*, October 20, 2019)

### BOTCHED MISSILE LAUNCH TRIGGERS INVESTIGATION

During Russia's large-scale military exercise last month in the Barents Sea, at least one submarine failed to perform as intended. The vessel, a nuclear-powered *Ryazan Delta III* class submarine, was scheduled to launch two R-29 ballistic missiles as part of the massive "Grom-2019" exercise, several days of which were personally overseen by President Vladimir Putin. However, one of the missiles reportedly misfired, forcing the vessel to return to base with the unexploded projectile still in its silo. The Russian military has announced it will form a special commission to investigate the causes of the misfiring. (*The Moscow Times*, October 21, 2019)

### AMERICAN MONEY FLOWS INTO RUSSIA

The Russian stock market continues to attract foreign capital at an astonishing rate, defying expectations that sanctions would deter such investment. The Moscow Exchange reported recently that North American (and predominantly U.S.) investors currently account for more than 50 percent of all foreign capital in the Russian stock market, or roughly \$79.3 billion – a 58 percent increase since 2015. Compared to other emerging markets or its European neighbors, investors describe Russian assets as attractive because of the country's relatively low debt-to-GDP ratio, higher bond and dividend yields, and strong foreign currency reserves. However, the same investors and analysts note that several domestic factors, including unfavorable demographic trends and sluggish productivity growth, may well tarnish the appeal of Russian assets in the coming years. (*Forbes*, October 22, 2019)

### RUSSIA TOPS INEQUALITY LIST

A new financial report has ranked the Russian Federation as the country with the highest level of wealth inequality in the world. According to the Credit Suisse Research Institute's most recent annual review, 83 percent of Russia's wealth is owned by only 10 percent of its population – compared to the concentration of 76 percent of wealth for the same demographic in the United States – and the country's ranks of billionaires and millionaires increased substantially over the last year. In stark contrast, the review also notes that the average Russian holds barely \$30,000 in financial and non-financial assets combined. (*The Moscow Times*, October 22, 2019)

### RUSSIA COURTS AFRICA

Russia's efforts to build its influence on the African continent received a major boost at the end of October. On October 23rd and 24th, Vladimir Putin hosted more than 40 African leaders and 3,000 additional delegates for the inaugural "Russia-Africa Summit," held in the Black Sea resort town of Sochi. Described by many as a "charm offensive" and a "geopolitical coup" for Putin, the summit covered a wide range of mutual interests – including nuclear energy, arms deals, military cooperation, and natural resources – and the Russian president gave a toast promising to build relationships and to double trade volume within the next few years.

After the summit's conclusion, the Kremlin reported that Russia had secured over \$12.5 billion worth of deals during the two-day event. However, that figure remains dwarfed by China, who last year alone made \$60 billion in financing available to African leaders and maintains a trade balance with the continent that is ten times the size of Russia's. (*The Moscow Times*, October 23, 2019; *Financial Times*, October 24, 2019)