



## RUSSIA REFORM MONITOR

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Russian Government Actions and U.S. Policy

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### GAZPROM SCORES "CONTRACT OF THE CENTURY"

At the beginning of December, the new dynamism of the Sino-Russian strategic partnership was underscored when Vladimir Putin and Xi Jinping appeared in a video announcing a new deal for Russia to supply gas to China. The \$55 billion contract between Russia's GAZPROM and Chinese-owned CNPC provides for the transit of 38 billion cubic meters of gas per year via the newly-commissioned "Power of Siberia" pipeline, which links Siberia to the Chinese border. Both countries stand to benefit from the arrangement: the Russian gas industry will be able to cushion the blow of declining demand from its traditional customers in Western Europe and Turkey, while the pipeline's volume provides a major boon for Chinese energy security and efforts to reduce air pollution from coal-fired power plants. In the video, Xi hailed the deal as "the start of a new stage of our cooperation" in the "all-encompassing partnership" between Moscow and Beijing, and Putin noted that the pipeline will help bring Chinese-Russian trade volume to the mutual goal of \$200 billion by 2024.

The "Power of Siberia" arrangement, moreover, likely portends more energy deals to come. At the time of the project's launch, GAZPROM was already engaged in supplemental conversations with the Chinese government over gas supplies to be provided via two additional potential pipelines. (*Financial Times*, December 2, 2019)

### PUTIN'S NEW START PROPOSAL

With the last remaining strategic arms control treaty hanging in the balance, Russia's president is blaming American intransigence for any uncertainty about the treaty's future. At a meeting with military officials in Moscow, Vladimir Putin suggested that "Russia is ready to extend the New START treaty immediately, before the year's end and without any preconditions... our proposals have been on the table, but we have got no response from our [U.S.] partners." The treaty, which was signed in 2012, commits both the United States and Russia to a cap of 1,550 deployed nuclear warheads and 700 deployed missiles and bombers.

In the debate over its extension, senior officials in Washington have countered Putin's narrative, saying that there is no rush to extend the treaty before its February 2021 expiration date, and that the Trump administration is more interested in seeking a broader deal to replace New START - one that would also include China as a signatory - than extending the agreement on the same terms that are currently in place. (Associated Press, December 5, 2019)

### THE PRIVATE JET OF RUSSIA'S ELITE

One of Russia's biggest banks is reportedly using an offshore entity to hide the use of a private jet made available to the country's wealthiest and most powerful officials, according to a new investigation by *The Bell*. The business outlet's reporters found that one of the most frequent passengers on a mysterious and expensive Gulfstream G450 (worth \$43 million) is Patriarch Kirill, the head of the Russian Orthodox Church. The jet is not recorded or registered to provide official air transport, but has been linked via an offshore entity to state-owned bank VTB. The discovery builds on previous allegations by opposition activist Alexei Navalny's Anti-Corruption Foundation that VTB has permitted the bank's officials and family members to fly on the Gulfstream G450. (*The Moscow Times*, December 6, 2019)

### WADA HANDS DOWN UNPRECEDENTED BAN

The world's international sports watchdog has banned Russian athletes from participating in global athletic competitions for the next four years. The decision by the World Anti-Doping Agency (WADA) represents the culmination of a scandal that first broke in 2014, when news emerged of widespread government-enabled cheating by Russian athletes on their drug tests, and metastasized with Moscow's multiple attempts to manipulate evidence and obstruct WADA's ongoing investigation. The decision - which Russian Prime Minister Dmitri Medvedev has blasted as "a continuation of anti-Russian hysteria" - means that Moscow's athletes will be unable to participate as a team in both the Tokyo 2020 Summer Olympics and the 2022 Beijing Winter games, as well as any other international competitions during the time of the ban.

Under the terms of the WADA prohibition, any Russian athlete who has not been implicated in the doping scandal may compete, but must do so under a neutral flag. Russia's government and sporting officials are also prohibited from attending these events, and cannot register bids to host international championships until the ban is lifted. While the ban represents the most severe punishment ever meted out by WADA, its loopholes and compromises have prompted critics to deride it as "largely superficial" and a "devastating blow to clean athletes, the integrity of sport, and the rule of law." (*New York Times*, December 9, 2019)