



RUSSIA REFORM MONITOR

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

Russia Reform Monitor No. 2490

October 6, 2021 **Ilan I. Berman, Kate Flaherty**

Related Categories: Arms Control and Proliferation; Democracy and Governance; Human Rights and Humanitarian Issues; Corruption; Russia

FOR THE KREMLIN, EVERYONE IS A "FOREIGN AGENT"

The Russian government is dramatically expanding the application of its controversial "foreign agent law" in order to suppress reporting on defense and state policy. A new list published by Russia's main security service, the FSB, lays out some sixty topics about which the dissemination of information, including via social media, could lead to designation as a "foreign agent." That list includes, among other topics, "collecting information on military procurements, reporting on financial troubles at the Russian space agency Roscosmos, revealing information about soldiers' morale and past military experience, and the results of investigations into abuses in the military and security and intelligence services," London's *Guardian* newspaper reports.

The practical effect of the expansion is likely to be far-reaching. "Russians who study and report on the problems faced by the country's military, space agency and security services, as well as the millions of people who serve in those agencies, can now be named foreign agents," the paper notes, something that would "send a chilling message to Russian journalists and thinktankers who focus on the military and regularly publish reports about planning, procurements, weapons development, and other aspects of Russia's defence policy." (*Guardian*, October 1, 2021)

PUTIN TIGHTENS THE FISCAL BELT

Last week, Russian President Vladimir Putin ordered his government to examine ways to curtail spending from the state rainy-day fund. The request followed an announcement from the country's Finance Ministry that the global shift away from oil and gas has the potential to severely strain Russian state finances. Russia currently has about \$190 billion in its National Wealth Fund, and under current law is permitted to spend liquid assets that accumulate above 7% of GDP. In anticipation of the coming energy transition (which could see oil prices fall to \$25 per barrel by 2025), Putin has ordered his cabinet to investigate raising that threshold to 10% of GDP - a move that would dramatically rein in governmental spending. (Reuters, October 1, 2021)

PANDORA PAPERS IMPLICATE PUTIN'S INNER CIRCLE

Over the weekend, the International Consortium of Investigative Journalists (ICIJ) released the Pandora Papers, an investigation involving more than 600 journalists across 117 countries. Millions of documents from the investigation offer a window into the shady and unaccountable world of offshore industry finance - and Russia figures prominently in them. The Pandora Papers implicate a number of people close to President Putin, including: Svetlana Krivonogikh, the Russian leader's alleged mistress; *Channel One* CEO Konstantin Ernst; Rostec CEO Sergey Chemezov and his family; Anton Vaino, the Russian president's chief of staff; and Alexander Vinokurov, the son-in-law of Russian Foreign Minister Sergei Lavrov.

The revelations have been greeted by heated denials from the Kremlin, with spokesman Dmitry Peskov dismissing them as a "set of groundless claims." Russian officials are also eager to head off further inquiries into the allegations. "Honestly, we have not seen any 'hidden riches of Putin's inner circle.' It seems that [more documents] will continue to be published but so far we have not seen anything special," Peskov has told reporters, and therefore there "cannot be and should not be grounds for any inspection." (*Meduza*, October 4, 2021)

BACK TO ARMS CONTROL WITH MOSCOW

The United States is headed into another round of arms control negotiations with Russia. Last week, diplomats from the two countries met in Geneva and agreed to set up two new working groups - one dealing with "principles and objectives for future arms control" and another on "strategic effects" - as part of an effort to restart a bilateral strategic stability dialogue. Significant differences between the two sides remain, however, on topics such as Russian political interference in the U.S. and Europe, Russian aggression in Ukraine, and cyberattacks, and it remains unclear whether the new process will succeed in yielding anything of substance, despite being headed by Deputy Secretary of State Wendy Sherman and Russian Deputy Foreign Minister Sergey Ryabkov. (Associated Press, September 30, 2021)