



RUSSIA REFORM MONITOR

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

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Related Categories: Democracy and Governance; Energy Security; Human Rights and Humanitarian Issues; East Asia; Russia; South Asia; Southeast Asia; Ukraine

THE WEST TARGETS RUSSIAN OIL...

On December 3rd, the G7 nations took the long-awaited step of formally imposing a cap on the price of Russian oil. The measure, which had been in the works for weeks, caps the price per barrel of crude, petroleum, and mineral oils sold by Russia at \$60 – far below the current market price (close to \$80). The goal of the price cap is "to maintain the supply of Russian oil to the global market while reducing the revenues the Russian Federation earns from its oil sales, particularly in light of elevated prices caused by Russia's war of choice," the U.S. Treasury Department laid out in a fact sheet detailing the measure.

The move is intended, in part, to create hard choices for Moscow. "Russia has multiple options to respond to the price cap," the Treasury fact sheet details. "Russia can sell at or below the price cap and keep its oil flowing onto global markets, at lower prices for importers and with the benefit of best-in-class G7 services. Alternatively, Russia can rely on non-G7 service providers, which are limited in scale, more expensive, and less reliable. Given these constraints, reducing the volume of sales would not be in Russia's economic interest, especially because doing so would mean reducing sales to key emerging markets, including Russian allies." (U.S. Department of the Treasury, December 2, 2022)

...AS MOSCOW MULLS A WORKAROUND

For its part, Russia is working to dilute the effectiveness of the restriction. In recent weeks, the Kremlin has reportedly put together a "shadow fleet" of more than 100 tankers to transship Russian oil in violation of the price cap. Moscow has said that it will not do business with any country enforcing the cap, and is expected to use the new fleet for commerce with countries like China, India and Turkey – which have stepped up their purchases of Russian energy against the backdrop of the Ukraine war. However, experts say that the workaround will have only limited effectiveness. Russia "will still have difficulty insuring their ships and they cannot manage to purchase enough of them to transport all of the crude oil that they will need to sell to keep their economy afloat," says Aby Schrader of Franklin & Marshall College. "This is especially true since they will be transporting their oil further to places like India and China, rather than selling it to Europe." (*Newsweek*, December 3, 2022)

PUTIN HEALTH RUMORS SWIRL

Speculation is continuing to mount regarding the state of Vladimir Putin's health, as the Russian president cancels previously scheduled public events, including the Kremlin's annual press conference and New Year's Eve party. Rumors about Putin's health issues have abounded since the outbreak of the war in Ukraine, but the recent spate of cancellations is adding fuel to the conjecture. Documents previously obtained by Britain's *The Sun* newspaper disclosed fears among Russia's intelligence services for their leader's health, following a series of public appearances in which Putin appeared sickly and frail.

Politics are doubtless playing a role as well, however, with some analysts postulating that "the 70-year-old's future is believed to be tied to his invasion's success or failure." As such, whether Russia's president is hiding an ailment or avoiding having to field questions regarding his government's faltering war effort remains to be seen. (*The Sun*, December 12, 2022)

KNOWLEDGE DECLINES IN RUSSIA

Under Vladimir Putin, available knowledge within the Russian Federation has declined precipitously. "When Putin became president, the Russian Federation had approximately 51,000 libraries," writes Russia expert Paul Goble in his *Window on Eurasia* blog. "Today, as a result of the closure of smaller libraries in rural areas and the selling off of large one in cities to private entrepreneurs, their number has fallen to 30,000, a decline of approximately 1,000 libraries a year, official statistics show."

The grim statistics don't stop there. Goble notes that "while it is true that the Internet and electronic books have somewhat reduced the importance of books for many Russians as well as others," official statistics indicate that "roughly a third of Russia's population still uses libraries, even in their reduced state, almost exactly the same as two decades ago." What this means for the country is potentially profound; while these closures, consolidations and sell-offs are happening in the name of "efficiency, optimization and profit," they are rendering the Russian people less and less able to question the "strangulation of intellectual life" in Russia. (*Window on Eurasia*, December 12, 2022)