



RUSSIA REFORM MONITOR

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

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RUSSIA LOOKS TO THE LEVANT FOR REINFORCEMENTS

Over the past year, the Kremlin has looked throughout Central Asia and even in Africa for forces to bolster its troubled war effort in Ukraine. Now, Moscow seems to be seeking support and manpower from a new source. According to one Lebanese security official, Russia has begun paying Palestinians living in Lebanon to join the fight against Ukraine. The families of those volunteers reportedly receive a monthly stipend as compensation, and the Iranian-backed Hezbollah militia is said to be actively recruiting young supporters, including those with skills in guerrilla warfare and drone operations, to assist Russia as well. Additionally, the Kremlin is known to have recruited Syrians for the Ukraine fight, both through the Wagner paramilitary group and via the Syrian military, within which Russia continues to supervise a number of units. (Jerusalem Post, February 28, 2023)

DEMOGRAPHIC DECLINE AND THE UKRAINE WAR

The war in Ukraine is making Russia's already-troubled demographics much, much worse. Russia has suffered from population decline for decades, despite a raft of remedial measures that have been attempted by the Kremlin. While demographic concerns are common across virtually all of the post-Soviet states, they have been particularly severe in Russia – and the domestic situation was made worse by the impact of the COVID19 pandemic, which hit the Russian Federation hard. But the Kremlin's foreign policy choices have proven even more injurious to the health of the country's population; over the past three years, notes *The Economist*, Russia has lost approximately two million more people than it would normally have. The vast majority of that decline is attributable to the losses suffered by the Russian military in Ukraine, as well as by the out-migration of hundreds of thousands of Russians in protest over the war or to avoid conscription into the country's armed forces. (The Economist, March 4, 2023)

CHINESE PURCHASES OF RUSSIAN OIL SURGE

Beijing may still be mulling whether to send lethal aid to Russia, but the PRC is already assisting Moscow in other ways. According to Reuters, China will purchase approximately 43 million barrels of crude from Russia in March, an increase of half a million barrels from the previous recorded high. State-owned firms PetroChina and Sinopec had briefly paused purchases of Russian oil in response to the imposition of the G-7 price cap in December, but in February they resumed buying. Moscow has been offering large discounts to India and China on its crude, which has incentivized both countries to significantly increase their demand for Russian energy. (The Foreign Desk, March 3, 2023)

DEBATING THE STATE OF WESTERN BUSINESS IN RUSSIA

Over the past year, Western governments have imposed a widening raft of sanctions and economic pressure on the Russian economy with the objective of imposing costs on the Kremlin for its war of aggression – in part by prompting Western businesses to decouple from Russia. But are they in fact doing so? The assessments differ, and a public debate has broken out following a recent study by Swiss researchers which argued that less than 10 percent of EU and G7 firms had actually pulled out of Russia. The study has drawn fire from Yale University's School of Management, which itself has been tracking the outflow of foreign businesses from Russia. According to Yale's assessment, the departure of firms has been significant and ongoing, amounting to an "exodus" which will have long-term deleterious consequences for Russia. Yale's scholars have charged that the Swiss assessment is based upon flawed methodology – and accused its authors of feeding into Russian propaganda. (Wall Street Journal, March 3, 2023)

[EDITORS' NOTE: The dispute may be an academic one, but the implications are practical – and potentially profound. At stake is the efficacy of Western sanctions against Russia so far. If the Swiss study is correct, those coercive measures are having only a negligible effect on business practices vis-à-vis Russia. If, however, the Yale assessment is accurate, Western sanctions have been effective, and are significantly impacting the country's long-term economic health.]

SANCTIONS ERODE RUSSIA'S SURVEILLANCE CAPABILITIES

For many types of advanced technology, Russia is highly dependent on Western state, and that dependency has crippled Russia's defense industry since the start of the war and the imposition of Western sanctions. It's a situation that Ukraine's Defense Ministry is watching closely, and it has reported that Russia is no longer capable of producing the A-50, a vital and highly-capable radar and surveillance aircraft. Although Russia is currently estimated to still have six or seven A-50 aircraft, sanctions have sufficiently degraded the country's defense industry to the point they can no longer be replaced. The production difficulties are said to be due to the reluctance of foreign suppliers to cooperate with Russian defense companies and provide critical components for production.

The development is potentially significant, in terms of Russia's battlefield capabilities in Ukraine. The UK Ministry of Defense categorizes the A-50 as "a Russian airborne early warning and control platform. Its role is to build a recognized air picture and to provide coordination to adjoining fighter aircraft." (Jerusalem Post, March 5, 2023)