



RUSSIA REFORM MONITOR

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

Russia Reform Monitor No. 2581

May 4, 2023 **Ilan I. Berman, Sydney Duckor, Ian Cameron**

Related Categories: Cybersecurity and Cyberwarfare; Economic Sanctions; Intelligence and Counterintelligence; International Economics and Trade; Public Diplomacy and Information Operations; Warfare; Corruption; Europe; Russia; Ukraine

GAMERS, THE KREMLIN'S NEXT TARGET

Russian agents are attempting to infiltrate online communities of gamers, tech giant Microsoft has warned. According to the computer conglomerate, Russian agents have made efforts to infiltrate the thriving online gaming ecosystem by disguising themselves as gamers or developers as a means of spreading disinformation and manipulating public opinion. According to Microsoft President Brad Smith, Russia's efforts in this arena are primarily intended to introduce disinformation and propaganda into public discourse over Ukraine. The attempts appear to be driven by Russian intelligence services and the infamous Wagner private military company. Due to its large and diverse user base and the ubiquitous sharing of personal information, the gaming industry is particularly vulnerable to these kinds of attacks. (Yahoo! News, April 12, 2023)

ASSESSING RUSSIA'S FUTURE WARFIGHTING POTENTIAL

To what extent are Western sanctions able to impact Russia's warfighting capabilities over the medium to long term? The answer to that question is of utmost importance to the future trajectory of the war in Ukraine. It's also the subject of an important new policy paper by the Center for Strategic & International Studies, a leading Washington, DC think tank. The report, entitled *Out of Stock? Assessing the Impact of Sanctions on Russia's Defense Industry*, underscores a growing divergence of capabilities between Moscow and Kyiv.

According to the CSIS study, "sanctions create shortages of higher-end foreign components and force Moscow to substitute them with lower-quality alternatives. For now, Moscow's efforts at state-backed import substitution remain largely unsuccessful. This ultimately impacts Russia's ability to manufacture, sustain, and deliver advanced weapons and technology to the battlefield in Ukraine. Therefore, while the quality of the military equipment used by the Ukrainian army continues to improve thanks to the Western aid, the quality of Russia's weapons continues to degrade." However, it notes, "the Kremlin still possesses a significant degree of adaptability to Western sanctions, taking advantage of its prewar stockpiles of older equipment, as well as countries willing to supply Moscow with restricted dual-use items and technology via a web of illicit supply chains." Thus, "the Kremlin still has the capacity to fight this war in the longer term." (CSIS, April 2023)

MOSCOW SEEKS TO MANIPULATE GERMAN POLITICS

That Moscow has succeeded in forging ties to a range of European political groups has been known for years. But, since the invasion of Ukraine, the Kremlin has ramped up its efforts to exert influence over the domestic politics of EU countries. For instance, Moscow has reportedly sought for months to forge a new political coalition in Germany between the far-left Die Linke and the far-right Alternative für Deutschland (AfD), both of which are pro-Russian. According to an unnamed European intelligence service, Moscow began working toward this goal in September in the hope that the resulting political alliance would be able to increase (and exploit) antiwar sentiment in Germany. Russian political strategists and Kremlin officials worked extensively on these plans, but the extent to which Moscow was coordinating with German politicians in pursuit of its goal is unclear. However, the AfD has long-standing contacts with Russian government officials, and multiple members of the party have traveled to Russia since the war in Ukraine began. (Washington Post, April 21, 2023)

RUSSIA'S RICH GET RICHER

The impact of Western sanctions on Russia's economy has been hotly debated, and new data appears to show that the pressure hasn't had much of an impact on the country's ultra-rich. According to the 2023 Forbes "World's Billionaires" list, Russia's elites became even richer in 2022, and the number of Russians on the list increased by 22 individuals to stand at 110. This is likely due in large part to spikes in commodity prices that occurred last year. For example, Russia's wealthiest man, Andrei Melnichenko, saw his fortune grow significantly due to the rapid rise in the global price of fertilizer stemming from food disruptions related to Russia's Ukraine war.

Yet, while some of Russia's richest citizens have become wealthier, the overall economic forecast for the country is decidedly gloomy. Russia's overall economy shrank by 2.1% in 2022 against the backdrop of widening sanctions. And over time, these restrictions can be expected to impact Russia's ultra-rich as well; of the 110 Russian billionaires included on the Forbes list, 46 are currently under sanctions by the United States, the United Kingdom, and the European Union. (The Moscow Times, April 20, 2023)