

INTERNATIONAL SECURITY AND ESTONIA 2024



Estonian Foreign
Intelligence Service

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Intelligence Service**

FOREWORD



DEAR READER,

To begin our ninth annual report with a positive message: there is no doubt that Ukraine’s continued steadfastness and resilience in the face of Russian aggression are truly remarkable. However, Russia will likely continue its war of attrition against Ukraine in 2024. While the likelihood of a direct military attack against Estonia remains low in the coming year, the security situation in Europe and along Estonia’s borders in the near future depends on whether Ukraine, with the support of its allies, can shatter Russia’s imperialist ambitions.

Even though Russia’s blitzkrieg plans have failed, Vladimir Putin still believes that by continuing the conflict, he can force the opposing parties to come to the negotiating table. I refer to the opposing parties in plural because, in the Kremlin’s mindset, they are not only fighting Ukrainians, but their chosen path involves a long-term confrontation with the entire “collective West”.

This is exemplified by Russia’s military reform, which is presented as a response to NATO’s expansion. The success of this reform largely depends on the course of the ongoing war, but we can expect that within the next decade, NATO will face a Soviet-style mass army that, while technologically inferior to the allies, poses a significant threat due to its size, firepower and reserves. Although Russia’s massive

human resources – reduced to cannon fodder – have not been able to conduct large-scale offensive operations in Ukraine, the Kremlin’s war machine still has enough fuel.

With the military industry working at full throttle, Russian society is militarising at all levels, and the Putin regime is revealing its increasingly totalitarian face. The prolonged, intense military conflict is causing growing tensions in domestic politics, and a sense of war weariness is spreading in Russian cities and regions. Nevertheless, the Kremlin’s repressive apparatus controls societal morale so tightly that even the pleas of tens of thousands of mothers of soldiers left on the battlefield have not yet created a resonance that would seriously threaten the regime’s stability.

In addition to domestic propaganda efforts, the Kremlin continues to use nuclear rhetoric to intimidate the Western public and disseminate poisonous false narratives, even though its opportunities to do so have become quite limited. Russia, relegated to pariah status in the eyes of the Western world, seeks to compensate for its loss of influence by keeping former Soviet countries, the global South and Arab states in its orbit. However, potential partners are more interested in pragmatic negotiating than developing strategic relationships.

In this annual report, we also focus on China and Russia’s relationship and their common opposition to the West, even though China’s plans are much more global and longer term than those of Russia, which is preoccupied with its war. China’s ambitions to reshape the rule-based world order are exemplified by its efforts to build a technological ecosystem on Chinese terms, aiming to create deliberate dependencies.

The foundation of any viable security and defence policy is an informed society. I believe that this annual report will help provide clarity amid the turbulent times and reiterate that our security and safety can only be ensured by Ukraine’s victory, Russia’s defeat and the end of Putin’s regime.

Let’s keep pushing forward! *Slava Ukraini!*

Kaupo Rosin
Director General, Estonian Foreign Intelligence Service
Tallinn, 31 January 2024

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SUMMARY

1. Russia's biggest lesson in the war in Ukraine in 2023 was force generation. While Russia was able to recruit a large mass of people, it failed to achieve military success due to inadequate training. Russia is likely to persist with its attrition-based warfare against Ukraine in 2024. *Read more in Chapter 1.1*
2. The objectives of Russia's military reform reflect the leadership's vision of the resources required for the conflict with Ukraine and a confrontation with the West. The Kremlin is probably anticipating a possible conflict with NATO within the next decade. For Estonia, Russia's military reform entails a significant increase in Russian forces near the Estonian border in the coming years. *Read more in Chapter 1.2*
3. The Russian military industry has significantly increased its production in response to the prolonged war against Ukraine and can supply the armed forces with the necessary artillery ammunition and armoured vehicles to continue its aggression. Russia's advantage over Ukraine in terms of available artillery ammunition will likely continue to grow in 2024 unless Western countries can quickly step up the production and delivery of artillery ammunition to Ukraine. *Read more in Chapter 1.3*
4. Lukashenka intervened in Prigozhin's uprising in the summer of 2023 primarily to stabilise Putin's regime, which is directly linked to his own hold on power. The deployment of Prigozhin's most loyal fighters to Belarus allowed Putin to rid himself of a contingent that was disloyal to him, shifting the responsibility for them onto Lukashenka's shoulders. Wagner's presence likely does not pose a threat to internal stability in Belarus or to neighbouring countries. *Read more in Chapter 1.4*
5. The militarisation of Russian society is ongoing at all levels, and the regime is progressively adopting a totalitarian character. The protracted war of attrition in Ukraine is the key driver of Russia's internal political dynamics. This conflict, enduring in intensity, increasingly aggravates domestic political and societal strains, adding to the burden on Putin's regime. *Read more in Chapter 2.1*
6. Russia's economy shows a heavy reliance on "war-dependence". The economic growth seen in 2023 was largely fuelled by significant state budget allocations to the military industry. The more entrenched the Russian economy becomes in military orders, the more challenging the eventual transition away from it will be. *Read more in Chapter 2.2*
7. Putin aims to secure victory in Ukraine to demonstrate geopolitical superiority over the West and reshape the European security landscape. While Putin may believe that time is on his side, counting on Western and Ukrainian fatigue, the West should not overestimate Russia's strategic planning. As an intermediate goal, Russia would likely prefer to freeze the conflict on its own terms. To achieve this, Russia employs nuclear intimidation and covert communication. *Read more in Chapter 3.1*

- 8.** Russia has largely managed to maintain its position in most former Soviet territories outside the European Union despite the ongoing war in Ukraine. Moldova, however, stands out as it continues to pursue a pro-Western course at the national level. Russia is attempting to tilt Moldova back into its orbit by influencing the country's electoral process in 2024-2025. *Read more in Chapter 3.2*
- 9.** As a result of international isolation and loss of influence in the West, Russia seeks allies in the global South and the Arab world. However, these efforts have not met with the desired level of success due to hesitations on the part of potential partners and diverging interests. *Read more in Chapter 3*
- 10.** Due to the sanctions on Russian media outlets as the Kremlin's main levers of influence, Russia desperately seeks ways to continue spreading its narratives in the Western information space. Western journalists have been targeted for press tours to occupied Ukrainian territories to influence their reporting in favour of the Kremlin's version of the war. *Read more in Chapter 4*
- 11.** Russian special services closely monitor Western diplomatic personnel in Russia and their contacts with the Russian expert community, aiming to recruit individuals for cooperation. Information about Western diplomatic personnel's interactions with Russian academics and think tank experts is likely to reach the FSB. *Read more in Chapter 5*
- 12.** Russia and China both share opposition to the United States and its allies, but unlike Russia, who is preoccupied with its war in Ukraine, China focuses more broadly on realising its global ambitions, seeing and cultivating its partnership with Russia within a larger framework, seeking to establish a global network that operates on China's terms. Chinese and Russian media and ideological cooperation are likely to align the foreign policies of both countries further. *Read more in Chapter 6.1*
- 13.** China's increasingly ideologised foreign policy may cloud its perception of the global landscape. Over the past year, China has notably escalated its influence activities towards Europe. The Belt and Road Initiative continues to hold a central place in China's global strategy. *Read more in Chapter 6.2*
- 14.** China is building an integrated political and technological ecosystem based on its own standards and an amalgamation of solutions from various Chinese technology companies. The spread of Chinese technology into critical infrastructure poses a threat to Estonia's security. *Read more in Chapter 6.3*
- 15.** The threat of terrorism in Europe remains high in the near future. The Koran-burning demonstrations in Europe in 2023 set the stage for retaliatory attacks. *Read more in Chapter 7*



АРМ
РОССИИ

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CHAPTER 1

RUSSIAN ARMED FORCES AND THE WAR IN UKRAINE

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RUSSIA'S LESSONS FROM THE WAR IN UKRAINE: FORCE GENERATION AND REINFORCEMENT ON THE UKRAINIAN FRONT

Force generation has yielded some of the most significant lessons for Russia in war against Ukraine, which is likely to influence its conduct in this and any future conflict.

Russia has demonstrated its ability to mobilise and recruit a large number of personnel, but it has struggled to provide them with proper training, impeding its prospects of making substantial military advances.

The Russian Armed Forces will likely be able to continue making tactical advancements in 2024, but they are unlikely to be able to carry out well-led and coordinated major joint and combined arms offensive operations.

Russia is likely to persist with its extensive attrition-based warfare against Ukraine in 2024.

Following the withdrawal from the outskirts of Kyiv in the spring of 2022 and the consolidation of its forces in eastern and southern Ukraine, Russia's military realised it needed to rapidly replenish its depleted manpower. By late spring 2022, officers on the ground were pressuring the Ministry of Defence and the Presidential Administration to urgently announce a mobilisation. On 21 September 2022, Putin declared a partial mobilisation aimed at enlisting around 300,000 soldiers. While the mobilisation was relatively limited given Russia's population size, Putin's decision was highly unpopular among the people. According to various sources, up to a million individuals fled the country as a result.

Additionally, the military commissariats were unprepared for the simultaneous mobilisation of 300,000 troops, primarily due to incomplete lists and databases of reservists. For example, there was no accurate record of reservists' recent addresses, making it challenging to deliver mobilisation notices and causing additional work for officials. Despite being time and resource-consuming, the mobilisation process eventually achieved its objective. Based on the lessons learned from the 2022 mobilisation, Russia probably managed to improve its mobilisation system in 2023 through legal amendments, digitisation of databases (including the delivery of mobilisation notices) and enhancing strategic communication, among other measures. If the Russian president decides to announce a large-scale mobilisation in 2024, the responsible authorities will likely perform better than in 2022.

In January 2023, the Russians launched a major offensive in eastern Ukraine. They had high expectations that newly mobilised units would significantly change the protracted conflict and capture large territories in Ukraine or at least secure the east bank of the Dnipro River. However, despite numerical superiority in troops and equipment, Russia only managed to capture the city of Bakhmut and some of its suburbs, such as Soledar, in five months. The Wagner private military company played a crucial role in the capture of Bakhmut. Wagner introduced a new and unprecedented method: recruiting prisoners. Using them as cannon fodder brought tactical success on the battlefield, leading to the capture of Bakhmut and the surrounding area. Furthermore, using prisoners as cannon fodder was relatively safe for Russian society, as it did not lead to dissatisfaction despite significant losses. According to various sources, more than 20,000 people were killed in the Battle of Bakhmut.



Recruitment campaign blunders: the fast track to a "meat grinder".

Source: Telegram

On 1 March 2023, the Russians launched a large-scale recruitment campaign with the goal of recruiting over 400,000 troops by the end of the year. Regional, city and district governments, and various government agencies were involved in the recruitment process alongside military commissariats. Each Russian region, city and district had precise recruitment goals, tasks and strict reporting obligations. Central coordination and control of recruitment occurred in Moscow, where bonuses were paid for good results (exceeding 75% of the monthly recruitment target), and penalties were imposed for poor performance. Recruitment tasks were also assigned to major enterprises and military units, where conscripts were enlisted. Additionally, legislative amendments were introduced to allow for recruitment from prisons. The recruitment effort evolved into a national project with substantial financial resources allocated to it.

The largest contingent of recruits were reservists, accounting for more than 50% (varies by region), followed by debtors and detainees, making up approximately 30% of recruits (varies by region). To a lesser extent, contracts were signed with conscripts completing their military service, foreign citizens (with Russian residency permits, dual citizenship, or those applying for Russian citizenship) and unemployed individuals. The recruitment rates vary by region. The main obstacle to recruitment is fear of war, which often outweighs the substantial financial incentives offered to recruits.

FINANCIAL INCENTIVES FOR RECRUITS:

1. From March to June 2023, recruits received a signing bonus of 195,000 roubles (approximately 2,000 euros).
2. Starting from June 2023, the signing bonus and various other bonuses have gradually increased to around 300,000 to 1,000,000 roubles (approximately 3,000 to 10,000 euros), depending on the region and its financial resources.
3. Depending on the position, recruits' salaries start from 200,000 roubles (approximately 2,000 euros) per month, occasionally exceeding five times the average salary in certain Russian regions.
4. Additional bonuses are paid to soldiers for their engagement in combat, destruction of Ukrainian military equipment, and for those who have been wounded. Families receive compensation when a soldier is killed on the battlefield.

In some Russian regions, recruiters receive a bonus of 100,000 roubles (approximately 1,000 euros) for each recruit they enlist. Once again, the amount depends on the region and its financial resources.

In summary, recruitment faced difficulties in the spring of 2023, but the number of recruits increased significantly in the year's second half. The main reasons for the increase were higher financial incentives, improved cooperation between various government agencies and enhanced control over the recruitment process at all levels. As a result of these efforts, Russia has managed to recruit at least as many contract soldiers as needed to compensate for losses on the battlefield and create some new units, such as the 40th Army Corps and the 25th Combined Arms Army, both of which, however, are reported to be understaffed.

Given the mass of people mobilised or recruited in 2023, the question inevitably arises: Why did Russia manage to achieve only tactical victories, like the capture of Bakhmut, throughout the year?

Although the Russian Armed Forces have sought to provide some military training to create combat-ready units after mobilisation and recruitment, military training requires time and competent instructors. The length of training provided primarily depends on the situation in frontline units and the urgency of restoring combat strength. Since frontline units have suffered significant daily losses in personnel (sometimes up to 1,000 soldiers per day), many mobilised and recruited individuals have been sent to the front with only basic training. However, some units have received several months of training before being deployed. Another major issue in conducting training has been the shortage of qualified instructors (officers). Many instructors were either on the frontlines or had been injured or killed, resulting in poor-quality training.

Consequently, the Russian Armed Forces have been unable to build combat-ready units during the conflict. Those mobilised or recruited have been sent to the front to conduct offensive operations, which are essentially joint and combined arms operations, and they

have failed due to their poor preparation. Inadequate training has led to significant losses in personnel and equipment. In 2023, the Russian Armed Forces achieved only tactical victories but fell short of strategically significant territorial gains. Nonetheless, they were relatively successful in repelling Ukrainian counterattacks from statically prepared defensive positions, which did not require highly trained units.

In summary, Russia probably managed to recruit approximately 300,000 contract soldiers in 2023. This massive recruitment effort did not create significant tensions in Russian society, unlike the partial mobilisation in 2022. Rebuilding the military forces through mobilisation and recruitment has been one of the most crucial strategic lessons for Russia from the war in Ukraine. The outcomes of this effort are expected to inform its conduct in future conflicts, both in Ukraine and elsewhere.

Russia demonstrated its ability to enlist large numbers of individuals through mobilisation or by recruiting them with the help of substantial financial incentives compared with the average income. However, fortunately for Ukraine, Russia has struggled to adequately train this mass of people to function as cohesive units.

Replenishing the Russian Armed Forces personnel and maintaining the morale of frontline units primarily hinges on the Kremlin's ability to sustain generous salaries and allowances from the state budget.

As long as the contract soldier recruitment system functions effectively, Russian leadership can postpone the risk of resorting to another wave of forced mobilisation, which could be politically precarious. However, the Kremlin must be aware that financing the ongoing war in Ukraine increasingly diverts resources from other societal needs, potentially testing society's tolerance.

In 2024, Russia will likely continue making tactical advancements, but it is unlikely to carry out well-led and coordinated offensive operations with major units formations. Russia is likely to persist with its extensive attrition-based warfare against Ukraine throughout the year, and Ukraine's resilience largely depends on financial and military assistance from the West. If Western aid diminishes significantly in the coming years, Russia will be more likely to gradually occupy large Ukrainian territories with a massive, unskilled force, imposing unfavourable peace terms on Ukraine.

Recruitment posters pledge to turn contract soldiers into millionaires, but the more probable outcome is that a healthy individual is reduced to a cripple.

Source: Vkontakte

ADAPTING RUSSIA'S ARMED FORCES FOR PROLONGED CONFRONTATION

The objectives of Russia's military reform reflect the leadership's vision of the resources required for the conflict with Ukraine and prolonged confrontation with the West.

Russia presents its military reform as a response to NATO's expansion, probably anticipating a possible conflict with the alliance within the next decade.

Russia's goal is to achieve military dominance in the Baltic Sea region. For Estonia, Russia's military reform entails a significant increase in Russian forces near the Estonian border in the coming years.

At the end of 2022, Russian Defence Minister Sergei Shoigu announced plans to overhaul the organisational structure of the Russian Armed Forces, reform the military command, establish additional units and formations in almost all branches, and increase the personnel strength to 1.5 million service members. These ambitious reforms are planned to be implemented over three to four years and are being presented as a response to NATO's expansion.

Minister Shoigu's military restructuring efforts cover two main directions:

1. restructuring the military command and control chain;
2. expanding personnel size and adding new units to the armed forces.

FOCUS ON RESTRUCTURING THE MILITARY COMMAND AND CONTROL CHAIN

The reform will dissolve joint strategic commands and revert to a structure based on military branches and services. The Pacific, Black Sea and Baltic Fleets, which were previously part of joint strategic commands, have been brought back under the direct command of the Russian Navy. The joint strategic command formed around the Northern Fleet during past reforms has been dissolved, returning it to a regular structure. The air and air defence forces have been reorganised, no longer subordinated to the military districts. Instead, they now operate under the command of the Russian Aerospace Forces. The military districts will retain only a limited role as territorial commands. The planning and execution of Russian joint operations will likely occur at the level of the General Staff or dedicated joint task force staffs.

Another major change is the establishment of the Leningrad and Moscow Military Districts in early 2024, replacing the Western Joint Strategic Command. This shift likely aims to bolster Russia's military posture towards Finland after its accession to NATO.

The Russian leadership sees the need to return to a mass army concept to continue the conflict in Ukraine and prepare for a possible conflict with NATO.

A third significant change is the addition of corps-level command to the structure of land forces involving a transition to a four-level command scheme: military district – army – corps – division. Army corps already existed in the Russian military organisation before Shoigu's reforms, but they were established solely for operations in geographically isolated regions (such as the 11th Army Corps of the Baltic Fleet in Kaliningrad enclave, the 68th Army Corps of the Eastern Military District in Sakhalin and the Kuril Islands, and the 14th Army Corps of the Northern Fleet in the Kola Peninsula). With Shoigu's military reform, army corps are formed within the regular army structure, indicating that the Russian leadership sees the need to return to a mass army concept to continue the conflict in Ukraine and prepare for a possible conflict with NATO.

INCREASING PERSONNEL SIZE AND ADDING NEW UNITS

Increasing the personnel and adding new units to the armed forces is the primary focus of Shoigu's military reform. Russia aims to increase its military personnel from 1.15 million to 1.5 million soldiers by 2026, restructure 12 land and naval infantry brigades into divisions, and create dozens of new units larger than regiments in the land, air and naval forces, as well as in the airborne troops. The formation of many of these units has already begun, but the main challenge is the shortage of contracted service members and officers, which delays the unit formation process.

The highest priority for force generation lies in the Western strategic direction and Ukraine.

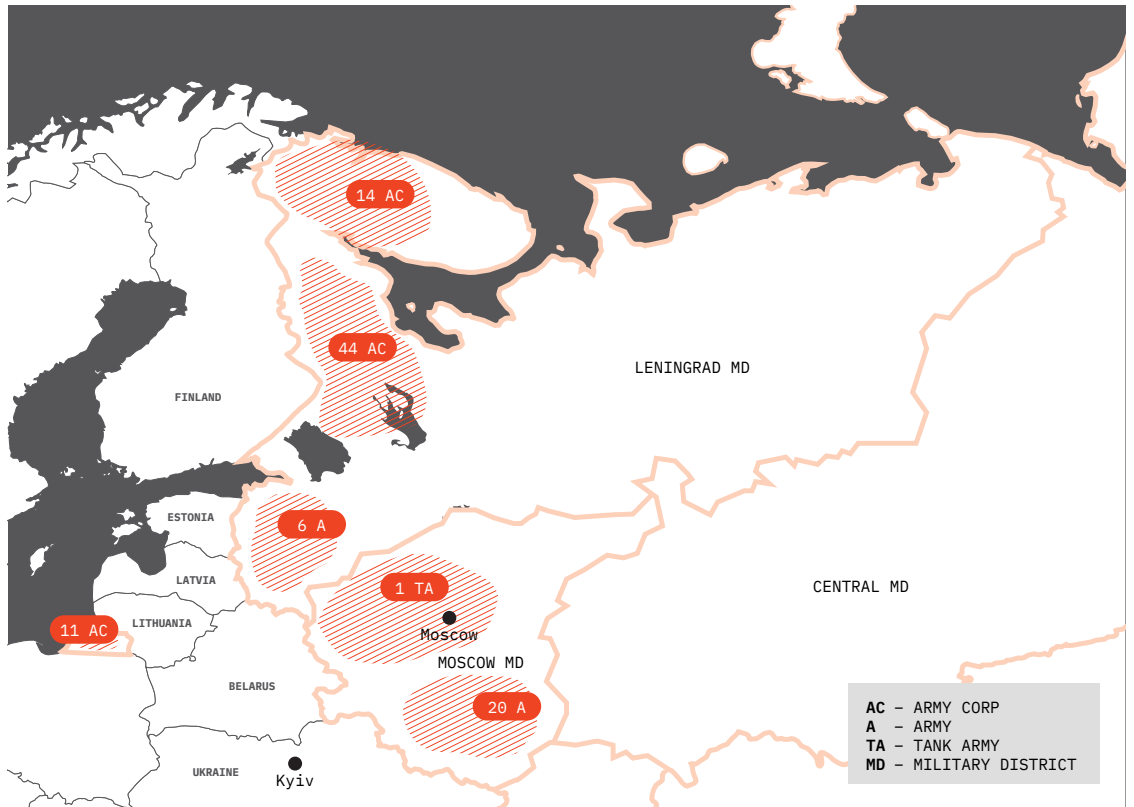
Although Russia plans to strengthen all strategic directions, including organising naval infantry brigades into divisions and establishing five regional artillery divisions, the highest priority for force generation lies in the Western strategic direction and Ukraine. The Kremlin is preparing for a prolonged conflict with Ukraine, necessitating additional armies and army corps (3rd and 40th Army Corps, 18th Army and 25th Army), for which dozens of new manoeuvre, combat support and combat service support units are being formed.

The second priority region is the Finnish direction, where Russia's military posture was minimal until Finland's recent accession to NATO. Russia plans to create the 44th Army Corps, likely based in Petrozavodsk, to address this. This formation will probably be built around at least two or three manoeuvre units with around a dozen fire support and combat support units.

The growth of Russian military capabilities in Estonia's vicinity in the Leningrad and Pskov Oblasts primarily results from the potential transformation of existing units into divisions. According to one possible scenario, the personnel strength of Russian land forces and airborne troops in the Estonian direction may nearly double from approximately 19,000 before 24 February 2022. The extent to which these units will achieve combat readiness depends on Russia's ability to recruit, train and retain contracted service members.

The success and timeline of Russia's military reform will be largely determined by the course of the war in Ukraine. If Russia manages to implement the reform, NATO could face a Soviet-style mass army in the next decade. This army is likely to be technologically inferior to NATO allies' defence forces in most areas, except for electronic warfare and long-range strike capabilities. However, its military potential would be significant, owing to its size, firepower (including artillery and numerous inexpensive combat drones), combat experience and reserves. Defending against a possible conventional attack from such an army would require allied defence forces and defence industries to be significantly more prepared, capable and better-stocked with ammunition and materiel than they currently are.

In summary, Russia's plan to increase its military forces is ambitious, especially considering the short timeline and Russia's economic and demographic situation. However, it is also a source of threat for Estonia and NATO, contributing to Russia's aggressive posture, military potential and growing militarisation reinforcing Russia's apparent path of a long-term confrontation with the West.



Positioning of Russian forces in the vicinity of Estonia after the military reform.

RUSSIAN MILITARY INDUSTRY

The Russian military-industrial complex has significantly increased its production in response to the prolonged war against Ukraine and can likely supply the armed forces with the necessary artillery ammunition and armoured vehicles to continue its aggression.

Russia's advantage over Ukraine in terms of available artillery ammunition will likely continue to grow in 2024 unless Western countries can quickly step up the production and delivery of artillery ammunition to Ukraine.

While the Russian Armed Forces will increasingly depend on an ageing and less capable fleet-of-armour due to losses in Ukraine, restoring armoured vehicles from long-term storage can offset the losses for several more years.

The Russian Armed Forces' inability to realise the Kremlin's imperialist ambitions in Ukraine within the initially planned timeframe in early 2022, coupled with the resilient Ukrainian resistance to the invasion, has led to significant losses for Russia not only in terms of personnel but also in military equipment. The need to compensate for equipment losses and to produce the required artillery ammunition¹ to sustain the conflict in Ukraine has posed a serious challenge to the Russian military-industrial complex (MIC).

ARTILLERY AMMUNITION

The main factors influencing Russia's decisions regarding the need to ensure the availability of ammunition for continuing aggression in Ukraine are as follows:

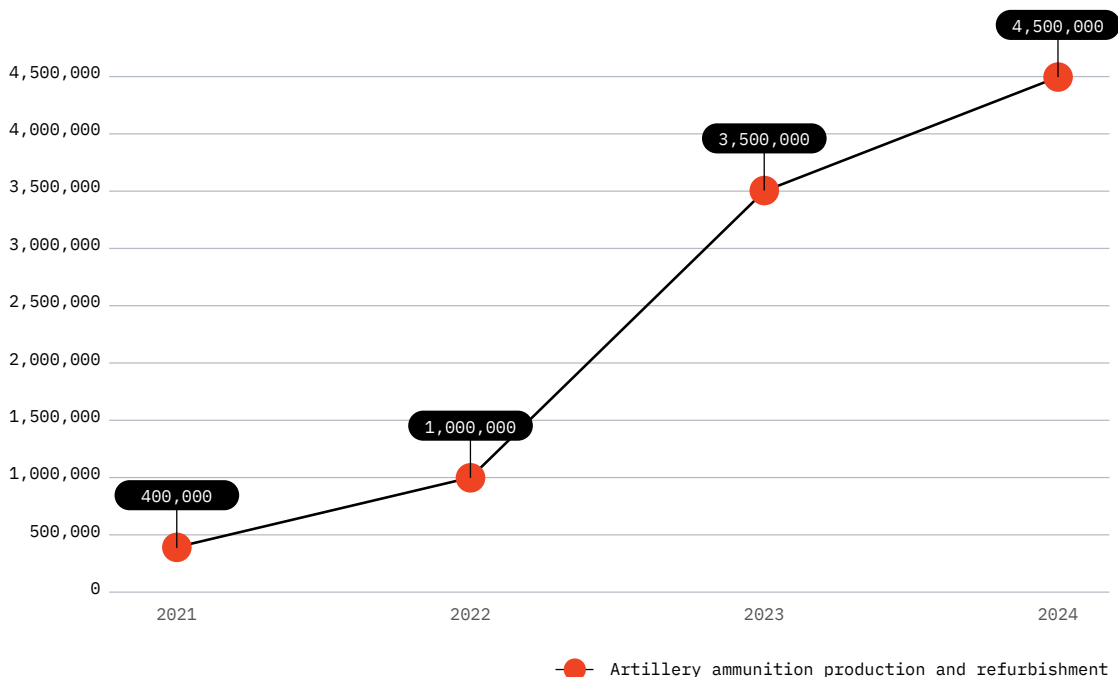
- Ammunition stockpiles. Before the invasion, Russia had a massive stockpile of artillery ammunition in its depots and warehouses, primarily inherited from the overinflated armed forces of the Soviet Union. It is estimated that this reserve amounted to approximately 20 million shells and rockets, much of which has expired. Depending on the condition of the expired ammunition, a portion of it can be restored for use through industrial inspection, refurbishment and repair processes.
- Ammunition consumption. The consumption of artillery ammunition by the Russian Armed Forces has significantly changed over the course of the war. While during the spring 2022 offensive, daily consumption reached up to 60,000 units, by the second half of 2023, it mostly remained within the range of 10,000 to 15,000 units. Nevertheless, the Russian Armed Forces have at their disposal three to four times more ammunition per day than the Ukrainian forces. Since the beginning of the invasion, Russian troops have used an estimated 12 to 17 million units of artillery ammunition in Ukraine.

¹ We are using the OSCE definition of artillery ammunition, which includes ammunition for tanks, howitzers, mortars, and multiple launch rocket systems (MLRS) with a calibre of 100 mm and above.

- **Ammunition production.** Before the invasion, in 2021, Russia produced new artillery ammunition and refurbished obsolete stockpiles, amounting to nearly 400,000 units per year. In 2022, Russia's production of new artillery ammunition alone reached approximately 600,000 units, roughly equivalent to the combined output of the United States and European Union member states.

Since the summer of 2022, Russia has made serious efforts to increase artillery ammunition production. In collaboration with the defence ministry, Russia's MIC has mapped production capacities, identified production bottlenecks and implemented measures to reduce their impact. As a result, the defence ministry approved and backed financing for MIC investment plans to increase production volumes significantly in 2023. Despite the restrictive impact of Western sanctions on the acquisition of factory equipment and machinery, as well as the chronic shortage of qualified labour in Russia's MIC, it managed to multiply its production of artillery ammunition in 2023. The production and refurbishment of artillery ammunition reached 3 to 4 million units in 2023, far exceeding the quantity available to Ukraine.

In 2024, Russia will likely deplete the stocks of suitable artillery ammunition for refurbishment in its depots and warehouses. Consequently, the main burden of supplying artillery ammunition to the armed forces will rest on producing new ammunition. The MIC's efforts to increase production will continue, including attempts to acquire Western industrial equipment through various sanctions-avoidance schemes involving intermediaries from third countries. Meanwhile, Ukraine relies on ammunition imported from Western countries, where the growth in production capacity compared to Russia's MIC is significantly slower. Therefore, it is almost certain that Western ammunition deliveries to Ukraine in 2024 will not be able to keep pace with the supplies available for the Russian Armed Forces. The gap in available artillery ammunition between Ukraine and Russia is expected to widen even more in 2024.



ARMoured VEHICLES

The Russian Armed Forces have lost exceedingly high numbers of armoured vehicles (tanks, infantry fighting vehicles, personnel carriers and self-propelled artillery) since the beginning of the invasion. As of January 2024, the losses included over 2,600 tanks, 5,100 armoured personnel carriers and 600 self-propelled artillery units. To compensate for the losses, Russia has turned to its inventory of armoured vehicles in long-term storage, primarily the thousands of units inherited from the Soviet military. Some of these have been modernised in recent decades and reintroduced into the Russian Armed Forces. However, most of this inventory is both decaying and technically outdated, with the oldest units having degraded over the decades to a point where restoring their combat capability may not be possible or practical.

Due to the rapid accumulation of losses in Ukraine, the focus of the Russian MIC has shifted towards repairing battle-damaged armoured vehicles, and the production of new equipment is largely giving way to refurbishing equipment from long-term storage.

Due to the rapid accumulation of losses in Ukraine, the focus of the Russian MIC has shifted towards repairing battle-damaged armoured vehicles, and the production of new equipment is largely giving way to refurbishing equipment from the long-term storage. The MIC repurposes components from preserved vehicles for the repair of battle-damaged ones or for the restoration of stored equipment. This approach will likely enable every third or fourth preserved weapon system to be restored to combat readiness. Therefore, President Putin's publicly announced plan to restore 2,000 old tanks by 2026 may well be feasible. While refurbishing preserved armoured vehicles can be seen as a stopgap measure to ensure the Russian Armed Forces' armoured capability during periods when the MIC may be unable to replace lost weapon systems with new ones, this practice is likely to remain relevant in the medium term of 5 to 10 years.

The primary challenges in tank production and refurbishment include a shortage of components and their fluctuating quality, as well as a shortage of qualified labour in the Russian defence industry. Significantly improving production quality under international sanctions is likely unrealistic even in the medium term. While sanctions have limited the Russian MIC's access to high-quality components, especially machine tools, production lines and factory equipment, Russia continually seeks ways to circumvent sanctions through third countries, particularly China and Hong Kong. In the short term, the MIC is likely incapable of significantly expanding the production of new armoured vehicles. Nevertheless, refurbishing preserved armoured vehicles from storage can compensate for losses in Ukraine for several more years. As losses continue to mount in Ukraine, the Russian Armed Forces will increasingly depend on an ageing and less capable armoured fleet but, in terms of sheer numbers, will maintain their armoured capability.

WAGNER GROUP'S RELOCATION TO BELARUS

Lukashenka intervened in Prigozhin's uprising primarily to stabilise Putin's regime, which is directly linked to his own hold on power.

The deployment of Prigozhin's most loyal fighters to Belarus allowed Putin to rid himself of a contingent that was disloyal to him, shifting the responsibility for them onto Lukashenka's shoulders.

Wagner's presence likely does not pose a threat to internal stability in Belarus or to neighbouring countries.

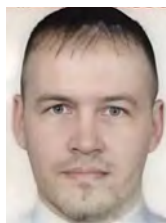
After Prigozhin's uprising, Lukashenka was prepared to accept some of the Wagner fighters in Belarus. He realised the need for swift action as Prigozhin's activity could have jeopardised internal political stability in Russia, which, in turn, could have affected the foundations of his own regime. Between July and August 2023, approximately 5,000 Wagner fighters arrived in Belarus from Russia. This large influx of experienced and well-trained fighters came as an unpleasant surprise to Minsk, as Lukashenka had anticipated a smaller number.

The move allowed Moscow to achieve two significant victories. First, it enabled Moscow to eliminate an unwanted element since the Wagner fighters who went to Belarus were the most loyal to Prigozhin, refusing to enter into agreements with the Russian defence ministry and thus remaining outside state control. This made them even more unreliable from Moscow's perspective, and they needed to be disposed of as quickly as possible. Second, the Wagner fighters became an internal matter for Belarus and a burden on Lukashenka's shoulders as soon as they relocated to the country, while Putin distanced himself from the problem. With this move, Moscow likely sent a clear message to Minsk, especially given Putin's irritation with Lukashenka's media statements about how Belarus had saved Putin's regime and Russia during Prigozhin's uprising.

Lukashenko realised he lacked a good solution for the present or future situation of 5,000 Wagner fighters in Belarus. A makeshift tent camp was set up on the territory of an old missile brigade base in the Tsel area, where the Wagner fighters were accommodated. The Belarusian Armed Forces provided the camp residents with free food, drink and bathing facilities, but the Belarusian regime had no intention of paying salaries to the Wagner fighters. Moscow was even less interested in financing them.

A small group of Wagner fighters trained the Belarusian army and law enforcement agencies (KGB, internal troops and prison special forces) for a modest fee, sharing

their experiences from the war in Ukraine. Another group of Wagner fighters sought to join the Belarusian private military company Gardservis, founded by Lukashenka's aide and confidant Viktor Sheiman, who represents the president's business interests primarily in Zimbabwe and aims to secure security service contracts in Africa for Gardservis. By the time the Wagner fighters arrived in Belarus, most of Gardservis' personnel were already composed of Belarusian citizens, and the execution of foreign missions hinged on the possibility of securing service contracts in Africa. The majority of Wagner fighters received no compensation.



**Sergei Vladimirovič Tšubko,
known as Pioneer**

(born on 27 October 1976 in Ukraine)

Wagner commander in Belarus.

Chubko joined Wagner in 2017. From 2019 to 2021, he operated in Libya and later led Wagner operations in the Central African Republic.

Before his death, Prigozhin re-registered Wagner's legal entity from the Russian Federation to Belarus, handing the Wagner flag over to Chubko in Belarus in July.

Prigozhin's death on 23 August 2023 shocked Lukashenka. On the same evening, the Belarusian Security Council convened, the KGB special unit Alfa was put on alert, and there were disruptions in mobile internet service in the Tsel camp area. The service outage was likely a preemptive step to limit the spread of information about the circumstances of Prigozhin's death and to avoid potential problems. Although the men in Belarus were Prigozhin's most loyal fighters, his death is not known to have caused unrest in the Wagner camp in Tsel.

Wagner's presence in Belarus likely does not threaten Lukashenka's regime.

Wagner's presence in Belarus likely does not threaten Lukashenka's regime, as the state's repressive apparatus is strong enough to maintain order and implement forceful security measures if necessary. Wagner fighters arrived in Belarus without heavy weapons and other heavy equipment. They were prohibited from freely leaving the Tsel camp or having any contact with local residents. Belarusian Special Operations Forces Command fighters guarded the camp, and the KGB's Main Office of Military Counterintelligence was tasked with monitoring the situation at the base and its surroundings.

For similar reasons, Wagner's presence in Belarus likely does not pose a threat to the security of neighbouring countries. In late July and early August, Wagner fighters were in the Brest and Gozha training areas near the borders of Poland and Lithuania. On the one hand, they trained Belarusian armed forces, but on the other hand, Lukashenka deliberately sought to disrupt and provoke his neighbours. This all happened in the context of an aggressive information and propaganda war, with Lukashenka claiming that Wagner fighters wanted to go on an "excursion" to the West and visit Warsaw. A swift and assertive response from Poland, Lithuania and Latvia (strengthening the borders with armed forces and closing border crossing points) surprised and alarmed

Lukashenka. He ordered Wagner to withdraw from the country's western borders to avoid further escalation. In the autumn of 2023, Wagner fighters were stationed in their camp in Tsel and provided training to Belarusian personnel at the Osipovitch training ground in the country's central region.



**Aleksei Vladimirovič Bergovin,
known as Brest**

(born on 15 November 1980 in Belarus)

Bergovin served in Belarusian internal troops' 3rd Separate Special-Purpose Brigade from 2008 to 2010, then left the service for unknown reasons. After facing problems in work and private life in 2010, he was deeply in debt by 2016. In 2015, he volunteered to fight in Donbas with local units backed by Russia. He joined Wagner in Russia in 2017. Bergovin participated in African operations and then trained new members of the private military company. Today, he is most likely a Wagner instructor in Belarus.

As of the end of 2023, between 2,500 and 4,000 Wagner fighters were based in Belarus, and their fate and future remain unclear. Wagner fighters may pin their hopes on Lukashenka, but due to limited opportunities, only a small portion will likely find a role within the Belarusian state system, such as trainers or potential deployments to Africa. Allegedly, former Wagner commander Alexei Bergovin, also based in Belarus, is attempting to establish a new private military company in Belarus, primarily composed of Wagner fighters located in the country, and intends to lead it personally. Whether this plan will materialise is uncertain. Bergovin must consider that his plan depends entirely on Lukashenka's willingness and readiness to fund a new private military company. If Bergovin assumes that Gardservis will find opportunities in Africa and that doesn't happen, then Gardservis could become his biggest domestic competitor. In such a situation, Viktor Sheiman will likely leverage his close ties with Lukashenka to thwart Bergovin's initiative. Conversely, considering the wave of protests following the 2020 presidential election, Bergovin could see an opportunity with the upcoming February 2024 Belarusian parliamentary election, and Lukashenka could use the new private military company as a tool of intimidation and control over the population. Bergovin has said: "In Belarus today, the world's most formidable military force stands ready to bolster the army ahead of the 2024 elections ... my sympathies to those who supported the 'colour revolution' in Belarus."

For many Wagner fighters, entering into a contract with the Russian defence ministry is unacceptable; given their previous combat experience, entering into such an agreement would likely result in being sent back to the Bakhmut front line. Still, they do wish to earn a respectable salary and survive, so they are likely to seek opportunities in Africa outside of Gardservis and with financing from Russia. Whether and in what form this might materialise remains uncertain. On 19 July 2023, Prigozhin confirmed during a meeting in Belarus with Wagner fighters that African missions would continue and that they could participate. A month later, Prigozhin was dead, and with him, the guarantee of those promises disappeared.



CHAPTER 2

RUSSIAN DOMESTIC POLITICS AND ECONOMY

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RUSSIAN DOMESTIC POLITICS

The protracted war of attrition in Ukraine is the key driver of Russia's internal political dynamics. This conflict, enduring in intensity, increasingly aggravates domestic political strains, adding to the burden on Putin's regime. The regime continues to rely primarily on its repressive machinery to manage the situation.

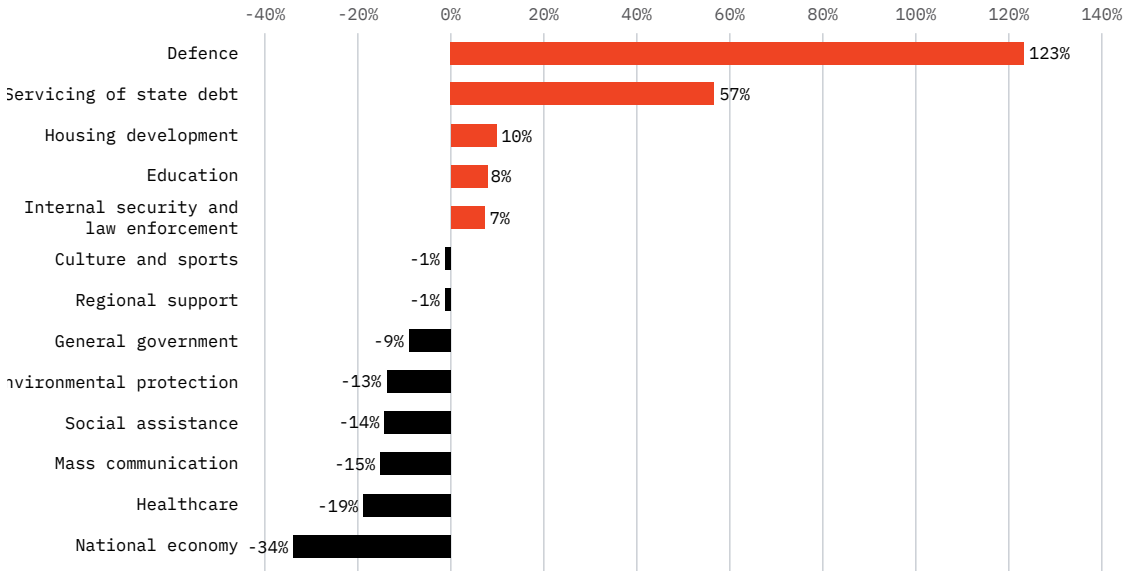
There is an ongoing militarisation of Russian society across all levels, with Putin's regime progressively revealing a more totalitarian character. On the one hand, this will lead to a consolidation of power under the tight control of a select group; on the other hand, societal tensions will heighten.

Looking ahead to 2024, the most likely scenario is the continuation of the current regime, albeit in a climate of escalating internal tensions.

As February 2024 marks the second anniversary of Russia's invasion of Ukraine, Russia finds itself grappling not with a rapid conquest but with a protracted and draining conflict. This enduring military engagement presents an additional burden for the regime, not only militarily but also in terms of domestic politics.

The ongoing conflict leads to substantially higher defence expenditures, inevitably impacting national budget priorities. Despite Putin's assurances in his 2023 programmatic address to the Federal Assembly, claiming that the military needs would not be met at the expense of public welfare, the reality proves otherwise. The 2024 budget envisages defence spending to exceed 10 trillion roubles, roughly 6% of Russia's GDP.

This increase propels military expenses to the forefront as the largest budget item for the first time in Putin's tenure, pushing previously dominant social expenditures to a secondary role. Meanwhile, allocations for education and healthcare remain stagnant compared to the previous year, effectively decreasing in real terms due to inflation. Furthermore, the revenue projections for the 2024 budget are highly optimistic, forecasting 35 trillion roubles, almost 10 trillion more than in the last pre-war year, 2021. Such forecasts are unlikely to materialise, leading to budget cuts, mostly in areas other than military spending. Inflation, expected to persist in 2024, will increasingly impact the average Russian citizen in particular.



Change in real (inflation-adjusted*) budget expenditures for 2024 compared with 2021.

*The expected inflation rate during the period is 35%.

At the same time, the escalating war costs have become an increasing burden for Russia’s regions, obliged to divert funds from their budgets for equipping new military units, paying recruitment bonuses, organising territorial defence, and supporting families of those killed in Ukraine. As regional budget planning typically does not cover expenditure on such measures, this necessitates budget cuts in other areas, leading to a general decline in living standards. By mid-2023, regional debt had grown by 9% to 3.027 trillion roubles, according to the Russian finance ministry. To address the increasing regional discontent, the central government must find additional federal funds to cover their deficits, a challenge that is becoming more difficult.

War fatigue is deepening, and this trend is likely to continue.

Beyond the drain on material resources, the prolonged military conflict, without any significant achievements that could be leveraged for propaganda purposes, is also inflicting moral fatigue on society. War fatigue is deepening, and this trend is likely to continue. Most Russians don’t feel a patriotic fervour towards the war; the prevalent sentiment is weariness, coupled with a desire to minimise the war’s direct impact on themselves personally and those close to them. Meanwhile, the growing number of Russian casualties and those suffering permanent health damage makes concealing the war’s human cost from the public gradually more challenging.

The longer the conflict continues at its current intensity, the more the resulting internal political tensions will deepen. However, as 2024 unfolds, the regime will likely retain sufficient means to maintain control throughout the year. The repressive apparatus remains its primary management tool, with an expected increase in the use of repressive measures and a growing role for security agencies. This situation inhibits the emergence of political forces opposing the Kremlin, and in the short term, it’s unlikely that anyone from the current Russian elite will directly challenge President Putin.

Looking ahead to 2024, the most likely scenario is the continuation of the current regime, albeit in a climate of escalating internal tensions.

Looking ahead to 2024, the most likely scenario is the continuation of the current regime, albeit in a climate of escalating internal tensions. The ongoing militarisation of Russian society at all levels and the regime's increasingly totalitarian nature cause both consolidation of power under the tight control of a select group and exacerbation of societal tensions. Internal pressures may escalate to a point that threatens the regime's stability in the coming year, primarily if certain conditions materialise. The first of these conditions is a more rapid and drastic deterioration of the economic situation than anticipated, which would significantly impact a broader segment of the population or a particularly responsive subset of society. Another potential trigger for serious internal tensions with broader societal resonance could be a significant military failure. The likelihood of either of these potential internal crises occurring is low at present, but the regime lacks the resources to withstand mounting tensions indefinitely.

RUSSIAN ECONOMY

Russia's economy now shows a heavy reliance on "war-dependence". The economic growth seen in the previous year was largely fuelled by significant state budget allocations to the military industry. The more entrenched the Russian economy becomes in military orders, the more challenging the eventual transition away from it will be.

Western sanctions are inflicting economic damage on Russia, contrary to the Kremlin's official propaganda. However, to further weaken Russia's capabilities, we require additional sanctions and more effective enforcement of existing ones.

Russia's Rosatom consortium is reportedly engaged in constructing more than 20 new nuclear power plants abroad, including in two NATO member states. But, handling multiple projects simultaneously has stretched its capacities, causing embarrassing issues during the construction of nuclear power plants in Turkey and Belarus.

THE RUSSIAN ECONOMY HAS BECOME DEPENDENT ON WAR

The Russian Federation's economy is expected to show significant growth in 2023, potentially reaching up to 4%. While this outpaces the growth rates of most Western countries, it is essential to examine the reasons behind the growth. It is crucial to note that this economic expansion is not driven by private investments or foreign trade. Private investments have stagnated since the beginning of the conflict, and the trade surplus has dwindled due to decreased exports and recovering imports.

The economy's growth can be attributed to substantial injections of funds into the defence industry from the state budget at the end of 2022 and the beginning of 2023. These injections amounted to 5-7 trillion roubles, equivalent to 4-5% of Russia's GDP. This boost is reflected in the growth statistics of the manufacturing sector, including companies directly tied to the defence industry and indirectly associated sectors, such as the textile industry, which has seen increased orders for military uniforms. The cash flow from the industry found its way into workers' pockets through wages and corruption costs, subsequently growing retail sales and the consumption of various services. Since spring, the property market in major cities has also seen a remarkable surge. Consumers have chosen to invest their depreciating roubles in stable assets, further driving this trend.

However, the economic boom driven by military orders also has its downsides. Due to sanctions and a general lack of trust, Russian companies are hesitant to invest. The surging demand quickly exhausted available production capacities. Furthermore, there is a severe shortage of skilled labour, aggravated by the fact that cities like Serov, Bysk and Komsomolsk-on-Amur, where a significant portion of defence industry production is located, are not popular among job seekers. Increasing production volumes have led to a substantial wage increase of more than 40% since the beginning of the year. However, due to the low starting point, the defence industry remains relatively unattractive as an employer, and recruitment challenges persist. Another specific concern for Russian munitions producers is the intense competition from their primary customers, the Russian Armed Forces, who offer their personnel wages three to four times higher than the defence industry can provide.

Another drawback of the economic boom is Russia's limited capacity to produce consumer goods. Since the imposition of sanctions, even car production has significantly decreased, and essential consumer goods like electronics, clothing and others have not been significantly manufactured in Russia for decades. Consequently, the surplus money from increased spending on food and real estate automatically translates into higher imports since most desirable consumer goods are imported. The sanctions have had little impact on this trend, occasionally only shifting the origin of imported goods, such as a preference for Chinese brands over Apple phones.

Russia's exclusion from international financial markets significantly limits its ability to finance its budget expenditures.

The sanctions imposed on Russia in connection with the war in Ukraine are inflicting significant damage on the Russian economy. Perhaps the most effective is Russia's exclusion from international financial markets, which significantly limits its ability to finance its budget expenditures. Without these sanctions, Russia could allocate much more money to the war, as its still-low debt burden would allow it to borrow the necessary funds from financial markets. Russia must

instead use its reserves, borrow from its limited domestic market, or increase taxes to cover its expenses. In addition, sanctions significantly restrict the availability of essential components and raw materials for the defence industry, complicate international payments, and increase transaction costs, reducing profits for both Russian exports and imports. However, sanctions could be even more extensive, and their enforcement could be more robust.

Growing imports and falling exports are the main factors why the rouble has depreciated by half against the dollar over the past year. This, in turn, fuels inflation and reduces the population's "excess" purchasing power resulting from wage increases. Since 2010, the Russian government has effectively employed this strategy to maintain some form of competitiveness. For example, between 2012 and 2020, real wages in the Russian industrial sector increased by approximately 4,000 roubles, or 40 euros – an average of only 5 euros per year.

Inflation has been rapidly increasing in Russia since the summer of 2023, and to combat it, the Russian central bank already raised the base interest rate by 5.5% between July and September, with likely further increases in the future. However, the hope for a quick victory over inflation is minimal because the stimulus from government spending outweighs the effects of a tighter monetary policy. Nevertheless, the rise in interest rates may eventually hamper consumers' ability to borrow. It may deflate the overheated real

estate market, not to mention the reduced borrowing capacity for companies, further limiting non-defence industry investments that are essential for future development.

To sustain the economy, the Russian government needs to plan for another injection of funds into the defence industry, in addition to compensating for the physical losses on the Ukrainian front and covering the significantly increased costs of its military-industrial complex due to inflation. However, the more entrenched the Russian economy becomes in military orders, the more challenging the eventual transition away from it will be in the future. Russia's civilian economy was not in great shape even before the war and suffered from a lack of investment. After several years primarily focused on war, its peacetime competitiveness has significantly deteriorated.


Основные направления бюджетной, налоговой и таможенно-тарифной политики на 2024 год и плановый период 2025 и 2026 годов 

Таблица 4.1.3. Расходы федерального бюджета в 2019-2026 гг.

Показатель	млрд рублей						
	2019	2020	2021	2023*	2024	2025	2026
Всего	18 214,5	22 821,6	24 762,1	30 265,8	36 660,7	34 382,8	35 587,4
Общегосударственные вопросы	1 363,5	1 507,7	1 759,5	2 324,4	2 171,0	2 286,9	2 410,8
Национальная оборона	2 997,4	3 168,8	3 573,6	6 406,7	10 775,4	8 534,1	7 409,0
Нацбезопасность и правоохрана	2 083,2	2 226,6	2 335,9	3 225,6	3 388,6	3 275,2	3 406,4
Национальная экономика	2 827,1	3 483,9	4 356,6	4 125,6	3 890,0	3 248,1	3 665,6
ЖКХ	282,2	371,5	593,7	856,9	881,3	506,7	381,2
Охрана окружающей среды	197,6	260,6	405,1	347,3	477,5	470,3	522,7
Образование	826,5	956,9	1 064,4	1 464,4	1 546,6	1 311,7	1 411,7
Культура, кинематография	122,4	144,5	146,7	209,0	224,0	176,8	227,3
Здравоохранение	713,0	1 334,4	1 473,9	1 570,0	1 620,3	1 634,5	1 615,3

SELECTIVE FACTS: BUDGET STATISTICS THE RUSSIAN WAY

The Russian finance ministry has not disclosed the actual allocation of federal budget expenses for 2022. Even in the comprehensive document outlining the budget policy for 2024-2026, the overview of one year seems to have mysteriously disappeared. In our assessment, the Russian finance ministry is reluctant to share this data publicly because of the stark contrast between the initial budget structure projected for 2022 and the reality. This also vividly demonstrates Russian government authorities' attitude towards their citizens; there seems to be no perceived obligation to provide even this basic level of information about the use of taxpayer contributions.

RUSSIA'S ROLE AND POSITION IN THE GLOBAL ENERGY MARKET

In 2024, Russia's natural gas production and export are set to decline, leading to reduced revenue from gas exports, only partially offset by LNG exports due to relatively high prices in European and Asian markets. As the expansion of LNG production capabilities in Russia is contingent on importing significant equipment and components from the West, the completion of planned liquefaction plants will likely be delayed.

Efforts to compensate for the decrease in gas exports through domestic market expansion (such as regional gasification programmes or using natural gas as motor fuel) and exploring new export markets are insufficient to restore Gazprom's revenues to pre-war levels. The Russian government cannot replicate its extraordinary draw from Gazprom's profits in 2022 for budgetary needs.

Russian oil production and export are more influenced by the OPEC+ agreement than by Western-imposed restrictions. Redirecting exports mainly to India and China maintains tax revenue from the oil sector in the Russian state budget at levels comparable to those before the war in Ukraine.

In maritime oil exports from Russia, the increased involvement of insurers registered outside Western countries brings additional environmental risks. The capability of insurers covering Russian oil shipments to manage pollution damages and the compliance of Russian oil tankers with environmental regulations for European waters require further scrutiny.

In 2024, Russian petroleum product exports will continue to be influenced by subsidised domestic motor fuel prices and compensating oil companies for the price differential in exports. The Russian government may again halt diesel exports if domestic prices rise uncomfortably high.



Rosatom's ZiO-Podolsk machine-building plant is buzzing with activity, producing new nuclear reactors and other equipment for both domestic and international projects.

Source: Alexander Nemenov / AFP

CHALLENGES IN ROSATOM'S NEW PROJECTS IMPLEMENTATION

The Russian nuclear energy consortium Rosatom is managing more than 20 new nuclear power plant projects abroad. Despite a broader understanding of the risks associated with dependence on Russian energy carriers in the West, Rosatom continues to build nuclear plants even in two NATO member countries.

Engaged in multiple projects simultaneously, Rosatom has overestimated its capabilities. Issues in Turkey and Belarus cast doubts on its ability to build new nuclear plants.

The commissioning of Turkey's Akkuyu nuclear plant's first unit, initially scheduled for spring 2024, could face a one-year delay due to the late completion of critical equipment and systems. The delays have been caused by the excessive workload placed on Rosatom's subsidiaries and subcontractors.

The second unit at Belarus's Astravets nuclear plant was already a year behind schedule when it became operational. Ongoing unresolved issues with both units at Astravets do not impede operation but may lead to additional costs and operational pauses in the long run.

Rosatom faces difficulties in staffing its foreign projects with qualified personnel. According to its current plans, it is failing to find professionals with the necessary skills for all of the required positions.

Rosatom may attempt to resolve issues by disregarding regulations to compensate for these shortcomings. This includes (a) sourcing some components and equipment from uncertified firms, as revealed during inspections of the new Leningrad nuclear plant and the first unit of the Belarusian nuclear plant, and (b) employing unqualified personnel, which can lead to a decline in construction quality and violations, as seen in the construction of the first unit of the new Leningrad plant.



АРМИЯ
РОССИИ

CHAPTER 3:

RUSSIAN FOREIGN POLICY

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THE IMPACT OF THE WAR IN UKRAINE ON EUROPEAN SECURITY

Putin aims to secure victory in Ukraine to demonstrate geopolitical superiority over the West and reshape the European security landscape. Submitting to Russia's ambitions threatens Estonian and European security.

Putin believes time is on his side, counting on Western and Ukrainian fatigue. However, Western nations should not overestimate Russia's strategic planning.

As an intermediate goal, Russia would likely prefer to freeze the conflict on its own terms. To achieve this, Russia employs *inter alia* nuclear intimidation and covert communication.

Putin's goal is to win the war with Ukraine, but his definition and parameters of victory are not fixed and may evolve with military developments. Putin can interpret any territorial expansion as a victory, which will essentially provide further incentives for aggression against neighbouring sovereign states and set the stage for future expansion. Additionally, Russia wants to demonstrate to the West its military and political superiority. As the war persists, the urgency of this need grows because the Kremlin must increasingly demonstrate that the war transcends a mere conflict between two nations and represents a clash of two systems: Russia and the West.

Russia likely expects the conflict to end through negotiations, which may lead to a ceasefire or freezing of the conflict. Through a war of attrition, the Kremlin aims to create a negotiation situation where Ukraine is compliant and the West is willing to accommodate Putin's demands. Putin is likely willing to accept an immediate ceasefire if Ukraine is ready to end hostilities and accept territorial losses. In negotiations, Russia is likely to insist on *de facto* control of the occupied territories, Ukraine's exclusion from NATO membership and restrictions on weapon systems perceived as a security threat by the Kremlin. For Putin, a frozen conflict in Ukraine is an interim solution that must serve the ultimate goal of gaining political control over Ukraine.

Even if Putin doesn't get everything he wants through negotiations, Russia will rely on its past experience and conviction that compromise and acceptance of unfavourable conditions are only temporary. With time to accumulate power, Russia can launch another attack on Ukraine.

For Russia, negotiations over Ukraine are multilateral, not bilateral. The West, especially the United States, must be involved in negotiations to determine not only Ukraine's future but also the broader European security situation. Putin has not abandoned his goal of redefining the European security system and will likely test updated demands similar to those presented to NATO at the end of 2021. Russia would see a victory in Ukraine as a green light to reshape the European security environment and as part of a broader challenge to Western rules- and value-based principles and order.

At the same time, it is essential to avoid overestimating Russia's capabilities and strategic planning. The war of attrition is not an end in itself but a consequence of Ukraine's resilience and resistance. Putin has not achieved his declared goals in this war of aggression, including bringing Donbas under his control. Russia believes that time is on its side in the war with Ukraine. But only if the West tires. Therefore, the Kremlin is placing its bets on war fatigue in the West and is working to amplify it. Putin calculates that without sufficient Western support, Ukraine will find it challenging to withstand Russia in the long term and achieve strategic success.

Due to the war, the Kremlin must try to shape a favourable information environment. Russia uses various means to do this, including public communication, political and diplomatic channels, and covert communication. Russia seeks to test and normalise possible parameters for a frozen conflict through unofficial channels. Russia uses both its established network of "useful idiots" and the Western expert community for this purpose.

Russia seeks to influence Western decision-makers and populations by threatening escalation and using nuclear intimidation. As a rule, Russian regime figures convey these messages, but more specifically, targeted methods include using recognised opinion leaders, journalism and conferences. Russia calculates that Western countries will be willing to make concessions in reshaping the European security environment to secure Russia's return to the image of a responsible nuclear power.

The core of nuclear intimidation is rhetoric, accompanied by actual steps to deploy the relevant weaponry. An example of this strategy is the potential deployment of nuclear weapons in Belarus, where Russia could gain an advantage over Western countries with relatively modest resources. This would enable Russia to exploit the situation flexibly to further its own interests.

The war in Ukraine has limited Russia's conventional military capabilities on the Western strategic direction. To compensate, Russia will likely rely even more on nuclear intimidation and the development of military capabilities in the future. One such measure in the Baltic Sea region is reinforcing units in the Kaliningrad Oblast and securing the infrastructure to guarantee their nuclear strike capability.

THE PARAMETERS OF A FROZEN CONFLICT – NARRATIVES PROMOTED BY RUSSIA THAT WOULD NEGATIVELY AFFECT ESTONIAN AND EUROPEAN SECURITY

⊗ Russia is a nuclear power, and nuclear powers do not lose wars.

⊙ Russia uses the threat of nuclear weapons to intimidate the West.

⊗ The war must be stopped to prevent escalation between Russia and NATO.

⊙ A war with NATO can only be initiated by Russia itself, regardless of developments in Ukraine. Russia's posture and actions unmistakably identify it as the aggressor. NATO is a defence alliance.

⊗ Western democracies cannot endure a drawn-out war of attrition and the mutual impact of sanctions.

⊙ The West did not seek either a short or a long war, but due to Russia's actions, the West is reviving its defence industry, with long-term consequences. Additionally, reducing dependency on Russian natural resources strengthens the West.

⊗ The West must accept the (military) reality that Ukraine's territorial losses are inevitable.

⊙ Ukraine's goal is to restore its territorial integrity and protect its sovereignty under Article 51 of the UN Charter.

⊗ Ukraine must remain militarily and politically neutral.

⊙ From Russia's perspective, Ukrainian neutrality means substantive control over Ukrainian sovereignty, effectively creating a puppet government.

⊗ For European security, Ukraine should have a limited size and restricted weapon systems.

⊙ Ukraine is becoming militarily one of the strongest countries in Europe and thus a cornerstone of European security architecture.

⊗ A functional European security order must consider Russian interests.

⊙ Paying heed to Russian interests would jeopardise the security of European countries by reducing the presence of allies on NATO's eastern flank.

RUSSIA'S INFLUENCE FROM THE BLACK SEA TO THE ASIAN STEPPES

Russia has largely managed to maintain its position in most former Soviet territories outside the European Union despite the ongoing war in Ukraine.

Moldova, however, stands out as it continues to pursue a pro-Western course at the national level.

Russia is attempting to tilt Moldova back into its orbit by influencing its electoral process in 2024-2025.

Against the backdrop of the Ukraine conflict, Russia has so far managed to maintain most of its foreign policy and economic positions in the former Soviet territories outside the European Union. Most of the countries that Russia still considers its sphere of influence have adopted a cautious stance. Moscow has publicly recognised some for their “constructive” policies and willingness to cooperate.

Among the cautious camp is Kazakhstan, a key Central Asian country that has provided symbolic support to Ukraine and has cautiously resisted some elements of Russian soft power. However, Kazakhstan only partially enforces sanctions against Russia to avoid secondary sanctions on itself.

Kyrgyzstan, broadly aligning itself with Russian foreign policy, falls into the category of “constructive” countries in Central Asia. In the South Caucasus, Georgia and Azerbaijan are members of this “club”, while Armenia remains aligned out of necessity. Russia’s influence in the South Caucasus may even grow if, first, the West as a whole fails to increase its focus on the region and, second, Russia manages to emerge from the conflict in Ukraine as a perceived winner, even if only in appearance.

Georgia has allowed virtually unlimited numbers of Russian citizens and capital to enter the country. Additionally, Georgia has approved the resumption of air travel with Moscow, enabling Russians to use Georgia as a convenient layover when travelling to Europe. Russia sees Azerbaijan as a valuable partner in developing strategic transit corridors and ensuring the sustainability of its economy. Meanwhile, Armenia is preoccupied with its own security concerns to such an extent that Ukraine often goes unnoticed as Armenia grapples with the pressure and influence of Russia.

Moldova is one of the few among these countries to choose a pro-Western course. It has banned major Russian propaganda channels, shut down numerous local internet portals disseminating Moscow's war propaganda, and decisively resisted political parties directly controlled and funded by Russia. In the summer of 2023, Moldovan authorities expelled most Russian embassy diplomats after identifying some of them as intelligence operatives. The country also successfully resisted the notorious Russian energy weapon – the reduction of Russian gas supplies – and thwarted Russia's plans to essentially stage an armed coup in Moldova.

Russia's modus operandi towards Moldova has returned to a more typical yet potentially perilous pattern. Moscow is attempting to gain control of Moldova by taking advantage of democratic elections – the 2024 presidential election and the 2025 parliamentary election. Russian-controlled political forces and criminals posing as politicians are participating in the elections, with Ilan Shor, a Moldovan-born pro-Russian businessman who fled to Israel, being the most prominent figure. Russia supports their activities with advisors, political technologists and, most crucially, financial assistance – often in the tens of millions of dollars. This money is used for ongoing expenses, such as salaries, advertising or rent, and very often for direct bribery of key figures.



The Moldovan government counters Moscow's imperialism as Russia seeks to exploit the upcoming democratic elections in Moldova.

Source: Dumitru Doru / EPA

Moldova's institutions and society still have room for improvement in terms of resilience, making the country vulnerable to manipulations from Moscow. Hence, to keep Moldova on a Western course, it is crucial to provide continued active, robust and well-directed Western support and present an alternative path to counter the endeavours of Kremlin-aligned forces.

THE GRAIN DEAL AS A RUSSIAN FOREIGN POLICY INSTRUMENT

Russia's primary objective with the Black Sea Grain Initiative (BSGI) was to achieve international recognition, including from the United Nations, for its control over Ukraine's grain exports. Russia aimed to free itself from the direct and indirect impact of sanctions while gaining an effective tool for leveraging hunger as a threat and exerting influence over the global South.

By spring 2023, it became clear that, in Russia's view, the agreement no longer served its purpose, and it was only a matter of time before Russia would withdraw from it.

On 17 July 2023, Russia refused to extend the Black Sea Grain Initiative (BSGI), which had allowed Ukraine to export 33 million tons of agricultural products and fertilisers to the world market from its ports within a year.

Russia's full-scale invasion of Ukraine understandably caused deep uncertainty and price fluctuations in the global food market. Less developed and emerging economies are the most vulnerable to such fluctuations. Russia cynically and unhesitatingly exploited the resulting threat to global food security. On 22 July 2022, an agreement to continue exports from Ukrainian ports was reached, mediated by the United Nations and Turkey. The UN also committed to facilitating the access of Russian goods to target markets.

Russia achieved two goals with this agreement. First, it gained international recognition for its authority to control how Ukraine could sell its agricultural products to the world market or whether it could do so at all; this increased Russia's role as a major wheat supplier. Second, Russia presented itself as a caring party to countries suffering from food shortages, urging that international organisations should support its positions in the given circumstances.

Immediately after reaching the agreement, Russia ruthlessly exploited the leverage it had gained. It pressured UN institutions and member states to persuade Western countries to ease sanctions against Russia. Russia also uses its false image as the saviour of the world food market to blame Western countries and Ukraine for Russia's war of aggression and its consequences.

For Russia, the UN continues to be a platform to advance its false narratives, influence and objectives, particularly towards the global South

For Russia, the UN continues to be a platform to advance its false narratives, influence and objectives, particularly towards the global South, in which Russia seeks to engage in its anti-Western and anti-Ukrainian foreign policy. In addition, Russia's rhetoric and actions are designed to deliberately mislead the UN as an organisation that promotes global sustainable development goals, including food security and hunger eradication. UN high officials have made efforts to satisfy at least some of Russia's demands in a realistic manner. They have repeatedly offered technical and logistical solutions to address Russia's alleged concerns. However, most of the proposed solutions have failed to meet Russia's approval, and Russia attempts to portray the UN as not actively seeking resolutions.

On three occasions, Russia agreed to extend the grain deal but expanded its demands before the extension deadlines. These demands included reintegrating the Russian Agricultural Bank into the SWIFT system, resuming ammonia exports through the Togliatti-Odessa pipeline, restoring agricultural machinery and spare parts supplies to Russia, reducing insurance costs for Russian grain exports, and easing restrictions in the logistics sector. Some of these demands, such as the resumption of ammonia pumping through the Togliatti-Odessa pipeline, are deliberately unrealistic because such activities in a war zone pose a significant environmental risk. Russia aims to normalise the continuation of its aggression by making it appear that it is "business as usual".

By spring 2023, it was clear that, in Russia's view, the agreement no longer served its intended purpose. Russia had not managed to mitigate the direct and indirect impacts and scope of sanctions, partially due to a general attitude of avoiding or limiting business relations with Russia, even in areas not directly subject to sanctions. In contrast, Ukraine had successfully avoided an economic collapse and found alternative export routes.

Starting in early 2023, Russia, as part of the BSGI Joint Coordination Centre, increasingly obstructed the arrival of vessels at Ukrainian ports. Ukraine's grain and fertiliser export infrastructure became one of the primary targets of Russia's ruthless attacks. Since the discontinuation of the grain deal, the Russian Armed Forces have relentlessly bombarded Ukrainian ports, harbours and infrastructure in Odesa, Chornomorsk, Reni, Izmail and Mykolayiv with drones and rockets. By the end of August 2023, hundreds of thousands of tons of grain had been destroyed as a result. This alone demonstrates Russia's lack of concern for food security and its use of hunger as a weapon.

In the latter half of 2023, Ukraine established an alternative maritime route between its ports and the Bosphorus Strait. Despite ongoing Russian attacks, this route, which runs through the territorial waters of Ukraine, Romania and Bulgaria, has been used to transport an increasing amount of Ukrainian export products. In 2024, Ukraine may transport 50% of its agricultural exports via this maritime route.



A grain depot at a river port on the Danube, Odesa Oblast, was destroyed on 16 August 2023.

Source: Armed Forces of Ukraine.

SECOND RUSSIA-AFRICA SUMMIT

The 2023 Russia-Africa Summit, envisioned as a festival of anti-Western rhetoric, ended up attracting fewer participants than Russia had hoped.

The event faced challenges from its inception, as the Russians were battling scepticism from African partners and financial problems.

The summit did not signify the beginning of a new era or a great leap in Russia-Africa relations.

In July 2023, St Petersburg hosted the second Russia-Africa Summit. This crucial event, pivotal for Russia's efforts to solidify ties of friendship and cooperation with African countries, fell short of expectations. Only 17 African leaders attended – in stark contrast to the 43 heads of state present in 2019. Russia blamed this decline on intense and adversarial Western pressure and strived to depict the event as a success regardless. A deeper examination, however, uncovers the challenges Russia faced from the early stages of organising the event, rendering it less than a triumph.

Preparation began in the Russian Ministry of Foreign Affairs in late 2022 with a distinctly anti-Western tone. Publicised as an economic and humanitarian forum, the summit's actual intent was politically driven: to sway African countries to embrace Russian narratives and demonise the West. The primary theme revolved around fighting alleged Western neocolonialism, and the issue of food security was highlighted. Recognising the geopolitical landscape, Russia knew it couldn't afford a failure. Ensuring maximum participation from numerous African nations was crucial, and Russian agencies worked tirelessly to this end.

Yet, the endeavour was fraught with difficulties. Russian officials continuously confronted scepticism from African representatives. The lack of African voices in setting the agenda and dissatisfaction with Russian official communication were major points of contention. Doubts over Russia's reliability emerged, especially regarding promises of private meetings to all attending heads of state with President Putin, which had already gone unfulfilled in 2019. Accusations that Russia viewed Africa as a monolith, ignoring regional nuances, were also voiced.

Russia could not wholly ignore these African concerns. The Foreign Ministry organised regular briefings on the summit's progress to help with communication. Formal written assurances for private meetings with Putin were dispatched. The draft summit declarations included more Africa-centric topics than 2019 and were sent to African nations for early feedback. Russia also pledged to cover the travel and accommodation costs for the heads of state and five delegation members from each country, and a charter flight to Russia was arranged from Addis Ababa.

Despite the facade of consideration, promises and generous offers, Russia's approach remained fundamentally the same. While African feedback was solicited on the draft declarations, Russia largely ignored their suggestions, focusing instead on the illusion of inclusion. The generous promises to cover accommodation and transportation costs also proved somewhat unreliable. In the early summer of 2023, the officials organising the event were instructed to reduce expenses, leading to cuts in the hospitality package. This financial shortfall impacted the event itself, where there were not enough vehicles for the delegations, causing some attendees from Africa to remain confined to their hotels, and even basic supplies like stationery were subject to strict limits.



Putin mostly stood alone during this day of anti-Western agitation. The Russia-Africa Summit did not mark a new chapter or a major advancement in bilateral relations.

Source: Sergei Bobyl'ov / AFP Photo

Amidst organisational uncertainties, many African countries delayed confirming their delegations, leaving Russian organisers in limbo about attendance until just weeks before the summit.

Amid these challenges, many African countries delayed confirming their delegations and participation, leaving Russian organisers in limbo about attendance until just weeks before the summit. Ultimately, the event saw limited participation from heads of state. President Putin mainly had the chance to greet leaders from countries already distanced from the West and under Russia's sphere of influence, such as Eritrea, the Central African Republic and Mali, along with Soviet-era allies like Zimbabwe, and nations maintaining diverse foreign policies, like South Africa and Egypt, which balance their relations with both Russia and the West, without their attendance

necessarily indicating a choice of sides. The outcome was less than satisfactory for Russia, aiming to assert its position against the West and validate its role as a credible partner and friend to Africa. The summit did not mark a new era or a significant leap in Russia-Africa relations. Russia has set its sights on a renewed attempt in 2026.

THE ELEPHANT IN THE ROOM

The Russia-Africa Summit symbolises the apex of their collaborative efforts, yet numerous undertakings occur more subtly, away from the public eye. A case in point is Russia's intent to acquire elephants from Chad for its state circus, Rosgostsirk. Given the amicable bilateral ties, Chad has shown interest in this animal trade. Seems straightforward enough: Russia wants elephants, Chad has them. A deal is struck, and everyone is happy.

However, the situation is more nuanced. Chad's elephants are confined to Zakouma National Park, a highly protected area where considerable efforts have been invested over the past decade to replenish the elephant population. What's more, both nations are signatories to the 1973 Washington Convention, commonly known as CITES – the United Nations agreement regulating international trade in endangered species. CITES explicitly prohibits the commercial trade of wild-caught African elephants. Despite these constraints, both countries are determined to reach a favourable resolution. The proposed workaround is to transfer the elephants to Russia under the pretext of scientific research.

Russia's indifference to elephant conservation and wildlife preservation more broadly is, perhaps, not surprising, yet it persistently advocates that all nations should adhere to United Nations regulations. The elephant deal starkly illustrates this as mere rhetoric. Russia's adherence to international regulations, including those set by the UN, is selective and self-serving. When such conventions hinder Russian interests, they offer no sanctuary. This disregard seems to hold true as much in human affairs as it does in the realm of wildlife conservation.

DEEPENING TIES BETWEEN RUSSIA AND IRAN

The war in Ukraine has presented Iran with a historic opportunity to readjust its relations with Russia, which had previously favoured Moscow.

The multifaceted cooperation between Russia and Iran is likely to become even closer. The extent of this potential deepening of ties depends primarily on Russia's battlefield needs and Iran's willingness to meet those needs in exchange for appropriate compensation.

However, it is unlikely that Russia and Iran will develop strategic ties in the near future.

Since the full-scale invasion of Ukraine on 24 February 2022, Moscow has been searching for new partners among the countries of the global South. This shift mainly aims to reduce its military shortfalls on the battlefield but also to mitigate the impact of sanctions, alleviate international isolation, and establish an anti-Western axis in the long run. Iran, with whom Russia had previously maintained growing but somewhat opportunistic diplomatic and economic relations, as well as military cooperation primarily relating to Syria, has now become one of Moscow's most important partners, and their relations have significantly deepened across several areas.

MILITARY COOPERATION

A new level in Russian-Iranian relations became evident in September 2022 when the Russian Armed Forces were observed using Iranian-made drones, specifically the Shahed-136, in the Ukraine conflict. Iranian drones provide a relatively cost-effective tool to complement Russia's deficient unmanned aerial vehicle (UAV) capabilities. Iran has now supplied the Russian Armed Forces with hundreds of Shahed and other drone types, which have been used in attacks on Ukrainian infrastructure. Furthermore, a joint facility for assembling and producing Shahed-136 drones is under construction in the Alabuga Special Economic Zone in Tatarstan. The factory is at least partially operational, and drones already produced there are likely being used by Russia in Ukraine. Although Russia aims to produce 6,000 drones by 2025, achieving this objective is doubtful due to the shortage of Western electronic components and other obstacles. This substantial addition of drones would impose an extra burden on Ukraine's air defence.

In autumn 2022, Russia and Iran signed an agreement to deliver Iranian surface-to-surface short-range ballistic missiles, Fateh-110 and Zolfaghar, to Russia. Iran has refrained from supplying Russia with missiles mainly due to UN Security Council resolution 2231, which prohibited such transactions, and subsequent Western sanctions and other

measures related to Iranian ballistic missiles after the resolution expired in October 2023. As Russia is not a viable economic alternative to the West, Iran seeks to maintain relations with the West that occasionally allow for the easing of sanctions imposed on Iran, thus bolstering its economy. It is also important for Iran to maintain its image as a responsible, rule-abiding international actor. This is why Iran has consistently denied any form of military support to Russia in the war against Ukraine. Other crucial factors include Russia's capability and willingness to offer an equivalent in return. In exchange

Delivering Iranian ballistic missiles to Russia would probably not provide Russia with a significant breakthrough in the war in Ukraine, as Iran's capabilities are likely insufficient to supply Russia with large quantities of missiles over an extended period.

for Iran's previous support, the Kremlin has promised to supply Iran with 24 Su-35 fighter jets, the most advanced fighter aircraft in Russia's arsenal. To some extent, the two countries have also cooperated in space technology, such as the joint launch of the Iranian satellite Khayyam from the Baikonur Cosmodrome in August 2022. However, Russia's capabilities in this area are limited due to sanctions and other effects of the war. Russia is not currently willing to share the expertise needed for Iran to develop nuclear weapons. While delivering Iranian ballistic missiles to Russia would mark an advancement in Russian-Iranian relations, it would probably not provide Russia with a significant breakthrough in the war in Ukraine, as Iran's capabilities are likely insufficient to supply Russia with large quantities of missiles over an extended period.

ECONOMIC RELATIONS

Formerly rivals in the international energy market, Russia and Iran have turned towards each other as a result of sanctions. Their cooperation is exemplified by several bilateral agreements, the most significant being a \$40 billion memorandum of understanding signed in the summer of 2022 between Gazprom and the National Iranian Oil Company (NIOC) for joint projects in the energy sector. The agreement is intended to enable oil, natural gas and oil-to-gas swaps between Russia and Iran. In the case of natural gas swaps, Russia would supply gas to Iran, which in turn would export its gas to countries such as Oman and Pakistan. To facilitate this, Gazprom has agreed to participate in gas field development in southern Iran and the construction of pipelines and natural gas liquefaction plants in Iran. Gazprom's goal is to gain as much control as possible over Iran's energy sector to make it serve primarily Russia's interests. While Iran is keen on developing its energy sector, it is equally committed to safeguarding its economic sovereignty. This makes Iran a challenging partner in energy cooperation, resulting in complex and demanding negotiations.

Since the outbreak of the war in Ukraine, Russia has sought access to Middle Eastern and South Asian markets through routes that bypass the Baltic Sea and Turkish straits, which Russia no longer considers safe for its trade. Therefore, Russia has set out to create a network of transport corridors in the Caspian Sea region. It has worked closely with Iran, especially on the North-South corridor, with branches crossing the Caspian Sea and running along its coasts. For example, in May 2023, Russia and Iran signed an agreement to build a missing 164-kilometre railway link from Astara to Rasht inside Iran for the western branch of the corridor, which runs from Russia to Iran through Azerbaijan. The project is set for completion by 2028 and, due to difficult terrain, is estimated to cost around \$1.6 billion, which Russia plans to finance through a state loan. Given the project's cost, complexity, and significant differences between the parties, meeting the planned deadline will likely be challenging. At the same time, Russia is

working to facilitate the use of the eastern branch of the corridor, which runs from Russia to Iran through Kazakhstan and Turkmenistan. It has aligned complex tariffs with the participating countries while seeking to expedite customs procedures. Other corridors are also being considered, some of which would bypass Iran as much as possible in case of instability, leading to Turkish ports instead. The efficiency of these corridors is questionable, considering the time required for various countries' customs procedures, capacity issues and potential tensions in the region. However, they hold importance for Russia in terms of image-building.

Cooperation in the banking sector has also seen some progress. In January 2023, Russia and Iran successfully integrated their financial messaging systems, SPSF and SEPAM. Additionally, they have reached an agreement to link their MIR and Shetab payment systems, facilitating transactions in their respective national currencies. However, the integration of payment systems faces ongoing technical issues, creating uncertainty about the timeline for implementation. Future plans include extending this banking cooperation to include Belarus.

While bilateral economic relations are expected to grow in the near term, the sanctions imposed on both countries limit the extent of this growth. Moreover, the alleviation of sanctions on either side would provide significantly better opportunities in Western markets, reducing the motivation to expand bilateral economic relations.

COOPERATION IN INTERNATIONAL ORGANISATIONS

Iran's joining international organisations such as the Eurasian Economic Union, the Shanghai Cooperation Organisation and BRICS² has largely relied on Moscow's support, which Iran sees as reciprocation for what it has offered to Russia. At the same time, Russia values Iran's involvement in these organisations as it enhances their international stature in the Kremlin's eyes, promotes trade among member states and reduces dependence on the United States while offering avenues to bypass sanctions.

FUTURE PROSPECTS

Russian–Iranian cooperation will likely continue to deepen, although the extent of this potential deepening will depend primarily on Russia's battlefield needs and Iran's willingness to meet those needs in exchange for appropriate compensation.

The war in Ukraine has presented Iran with a historic opportunity to readjust its relations with Russia, which had previously favoured Moscow, as Russia now needs Iran more than ever. Russian–Iranian cooperation will likely continue to deepen, although the extent of this potential deepening will depend primarily on Russia's battlefield needs and Iran's willingness to meet those needs in exchange for appropriate compensation.

However, Russian–Iranian relations will necessarily remain limited due to sanctions on both countries and their divergent interests, enduring mutual distrust and cultural differences. Notably, Russia's continued condescension toward Iranians is evident, something Russian officials struggle to conceal in bilateral meetings. For example, during the visit of Iranian foreign minister Hossein Amir-Abdollahian to Moscow in the spring of 2023, Russian foreign minister Sergei Lavrov refused to meet the Iranian minister at

² Iran became a member of the Shanghai Cooperation Organisation in July 2023, signed a free trade agreement with the Eurasian Economic Union in December 2023 and joined BRICS in January 2024.



Russian foreign minister Sergei Lavrov and Iranian foreign minister Hossein Amir-Abdollahian during a bilateral meeting in Moscow in the spring of 2023. Despite Russia's growing need to cultivate ties with Iran, its officials show little sympathy for the Iranians.

Source: Yury Kochetkov/AP

his car to personally accompany him into the Foreign Ministry building, a gesture that was expected by the Iranian side. In private conversations, Russian officials have also alluded to Iranians lacking a sense of reality and compared them to various parasites.

Russia's efforts to maintain relations with the Arab states of the Persian Gulf are another aspect that shouldn't be overlooked. For example, in the summer of 2023, Russia decided to recognise three disputed islands in the Hormuz Strait – Abu Musa, Greater Tunb and Lesser Tunb – as belonging to the United Arab Emirates. This angered Iran significantly, a sentiment Tehran expressed to Moscow.

Regarding the Israel-Hamas conflict, Russia has called on Arab countries to be more active in supporting the Palestinians to limit Iran's role and prominence in the conflict. In communications with Arab countries on other regional security matters, Moscow subtly downplays its relations with Iran to enhance and deepen cooperation with Arab nations.

Iran, in turn, also harbours doubts about developing relations with Russia. Not all Iranian politicians and officials are interested in cooperation with Russia, as they understand perfectly well that improving relations with the West would be more economically advantageous. This is in addition to the opportunity to avoid new sanctions and international condemnation that Iran would inevitably face for supporting Russia as an aggressor.

For these reasons, Russian-Iranian relations will likely remain pragmatic in the near future, based on mutual needs rather than becoming genuinely strategic.

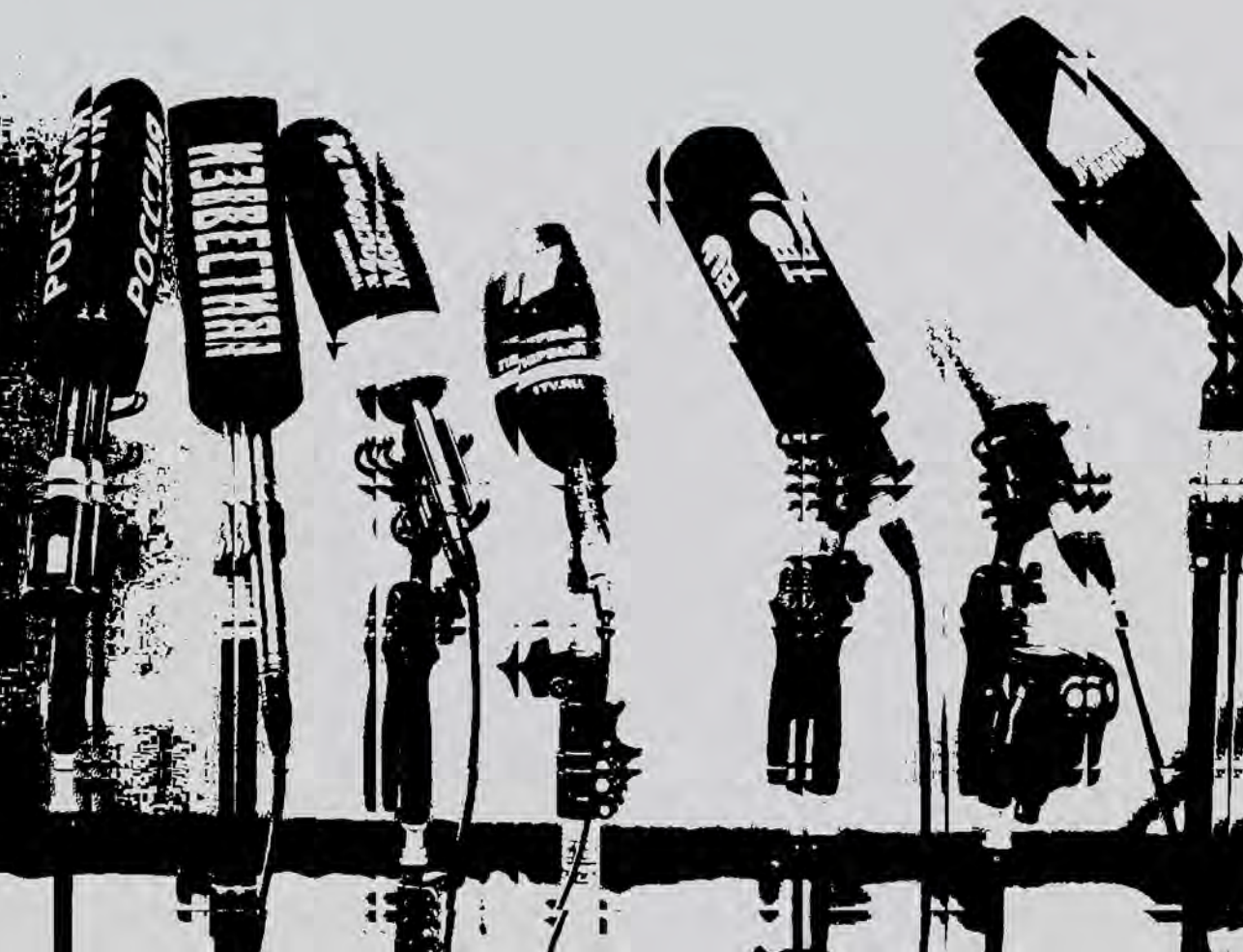
RUSSIA AND THE PALESTINE QUESTION

The Estonian Foreign Intelligence Service first noticed a shift in Russia's policy towards Israel in early 2023 when Moscow, in contrast to its previously neutral stance, began taking markedly anti-Israel positions regarding the Palestine question. This policy continued and became more visible to the global public in the spring of 2023 when Russia held the presidency of the United Nations Security Council.

The heightened prominence of the Palestinian question in world politics in October 2023 provided Russia with an opportunity to exploit the situation. It aimed to enhance its diplomatic visibility and strengthen its image as a staunch advocate of Arab states, leveraging its position as a permanent member of the UN Security Council. This move was particularly important as Russia grappled with the shifting perception of its great power status, brought about by the losses suffered in Ukraine and the absence of decisive military victories. The objective was to undermine Western countries on a global scale by contrasting Ukraine with Palestine, simultaneously expanding the influence of Russian narratives not only among Arab nations but also among countries in the global South more broadly. Russia's consistent message, including behind closed doors, was that in the context of Moscow's pursuit of peace solutions in the Middle East, the West imposed restrictions on Russia's efforts that diverged from Western interests and attempted to thwart them.

Moscow may hope that by adopting an approach favourable to Arab states regarding Palestine, it can contribute to its long-term economic interests in the Middle East. This, in turn, could help reduce the impact of Western sanctions and strengthen cooperation with countries in the region.

Russia's interest lies in international conflicts that demand the attention and resources of the United States, other Western countries and international organisations. Russia anticipates that diverting the attention and resources of Western nations to other areas will further its long-term goal of reducing Western support for Ukraine.



CHAPTER 4

RUSSIAN INFLUENCE ACTIVITIES

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'PRESS TOURS' TO OCCUPIED UKRAINIAN TERRITORIES

Russia recruits foreign journalists for 'press tours' conducted in the occupied territories of Ukraine.

The Kremlin's key objective is to reshape the Western public's anti-Russian attitudes and undermine support for Ukraine.

A significant setback for the Kremlin, resulting from its full-scale aggression against Ukraine that began on 24 February 2022, is Russia's isolation on the international stage. This has significantly limited its ability to propagate its views in the international arena, particularly in the Western information space. The almost overnight negative shift in Western public opinion towards Russia and the sanctions imposed on Russia's state media apparatus remains one of the Kremlin's greatest losses, which it is desperately trying to reverse. Especially since, in the Kremlin's view, reshaping the Western public's anti-Russian attitudes is a key factor in breaking support for Ukraine. One tool that Moscow has consistently used throughout the war to influence Western perceptions of the situation in Ukraine is the recruitment of foreign journalists for so-called "press tours" conducted in the occupied territories of Ukraine.

JOURNALISM OR PROPAGANDA?

The primary role of these tours is to disseminate Kremlin narratives to the Western media through foreign journalists. These tours are presented to the participants as an independent and balanced opportunity to report on events in Ukraine. However, they have nothing to do with (free) journalism. The tours are conducted under the strict control of Russian authorities, and the resulting media materials are propaganda products based on Kremlin-fed talking points rather than an alternative journalistic perspective on events in Ukraine. Also worth noting is that the Russian state usually covers the expenses of these field trips in one way or another. In most cases, the travel and accommodation costs of journalists participating in the tours are reimbursed, but in many cases, the Kremlin also compensates participants financially for their "journalistic" contributions. While the media tours for foreign observers are sometimes organised through official Russian channels, such as the press services of the Ministry

of Defence and the Ministry of Foreign Affairs, more often than not, various seemingly non-governmental aid funds and other organisations with ties to Russia take on the role of organiser. There are several reasons for this. On the one hand, it creates an additional illusion of the participants' freedom and independence. On the other hand, it provides a cover for the activities of Russian special services.

The core of participants in these tours consists of representatives of various Western fringe media outlets, often with a penchant for conspiracy theories, as well as various pseudo-journalist bloggers and social media activists. This is mainly because, due to its established aggressor image, it is very difficult for the Kremlin to sell its vision of the war in Ukraine to prominent Western media outlets. However, Moscow has developed a network of influence agents in the West over the decades, an essential part of which are various modern-day content creators.



Participants on a press tour with organiser Andrei Gromov (on the left).

Source: www.oddr.info

A prime example is the Centre for Geopolitical Expertise (Центр Геополитических Экспертиз), which operates under the guise of an international non-profit organisation. From the early days of the war, it actively brought together individuals hired in the West to communicate with the public. They delivered messages based on preset talking points regarding alleged crimes by Ukrainian authorities in Luhansk and Donbas. According to our information, the Centre has close ties to Russian special services, and Russian intelligence agencies have repeatedly used the Centre as a cover to get involved in organising press tours – to establish contact with potential participants, profile them and recruit them.

WHAT IS THE IMPACT OF THE PRESS TOURS?

While the tours have a marginal immediate impact on changing pro-Ukraine sentiments in Western public opinion, the Kremlin primarily uses this tool to disseminate false and distorted information in the Western and broader international information space. This helps blur the common understanding of the war in Ukraine and its causes.

Moscow authorities create ‘independent’ witnesses out of Western media activists who have toured occupied Ukrainian territories. These witnesses can be effectively used to justify Russia’s activities in discussions on Ukraine within international organisations.

Furthermore, the Moscow authorities create “independent” witnesses out of Western media activists who have toured occupied Ukrainian territories. These witnesses can be effectively used to justify Russia’s activities in discussions on Ukraine within international organisations. For example, using UN platforms, Russian authorities have repeatedly sought to convince the international community of Ukrainian war crimes and Russia’s role as a liberator, relying on statements from the very same Western journalists. This tactic is mainly targeted at countries in the “global South”, for whom Kremlin-aligned Western media activists are expected to illustrate conflicts in the Western community’s attitudes towards Ukraine. The aim is to influence these countries to adopt a more neutral stance on Ukraine and potentially even gain their direct support for Russia.

It is also important to consider Russia’s domestic propaganda, where any foreigner who nods in agreement with Kremlin talking points is a valuable tool for convincing the domestic audience of the authorities’ actions and maintaining the “fighting spirit” of Russians. Therefore, for many participants in the press tours, making appearances on Russian state propaganda television and radio shows, as well as various conference formats, is often a mandatory part of the package.

Probably believing that time is working in Russia’s favour as the conflict in Ukraine drags on, and that the West will sooner or later succumb to war fatigue, the Kremlin persists in laying the groundwork for this shift through press tours and other subversive activities.

A SELECTION OF PARTICIPANTS IN THE PRESS TOURS

Giannantonio Micalessin (Italy)	Il Giornale, La7 TV
Daniele Dell'Orco (Italy)	Il Giornale, La7 TV
Sonja van den Ende (Netherlands)	MR Online, Freesuriyah.eu
Miriam Mahmud (Netherlands)	Freesuriyah.eu
Thomas Röper (Germany)	Anti-Spiegel
Luciano Mastropietro (Italy)	Casa del Sole TV
Eleonora Fani (Italy)	Casa del Sole TV
Giorgio Bianchi (Italy)	La7 TV
John Mark Dougan (United States)	Badwolf.com
Robert Bridge (United States)	Strategic Culture Foundation, Geopol.pt
Claudio Beccalossi (Italy)	Il Giornale dei Veronesi
Luca Steinmann (Italy)	La7 TV
Dimitris Liatsos (Greece)	ieidiseis.gr
Slavica Milacic (Montenegro)	Modern Diplomacy
Igor Damianovic (Montenegro)	INS4
Darko Todorovski (North Macedonia)	Pogled, Antibellicat.com
Arnaud Develay (France)	Strategica.fr, 21st Century Wire
Eva Bartlett (Canada)	GlobalResearch, MR Online
Christoph Hörstel (Germany)	ParsToday, Kla.tv



CHAPTER 5

RUSSIAN SPECIAL SERVICES

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FSB COUNTERINTELLIGENCE AND COLLABORATION WITH RUSSIAN RESEARCH INSTITUTIONS

In addition to monitoring and harassing the employees of Western embassies in Russia, the FSB also attempts to recruit Russian academics and think tank experts who interact with foreign embassies.

Foreign embassies in Russia and research institutions in the West that engage with the Russian expert community must be aware that information about their interactions with Russian citizens is likely to reach the FSB.

FSB DEPARTMENT FOR COUNTERINTELLIGENCE OPERATIONS

In our 2017 annual report, we described the harassment of Western diplomats in Russia: covert and overt surveillance, provocations, public harassment with media involvement, and break-ins into residences. These activities are orchestrated by the Federal Security Service of the Russian Federation (FSB) through its Department for Counterintelligence Operations (DKRO). The DKRO is divided into subunits based on geographical regions; the subunits are responsible for counterintelligence against the embassies of specific major countries, such as the United States, or groups of countries, in Moscow. Like other FSB structural units, the DKRO uses a cover designation, “Military Unit No 97740”, where appropriate, including in public correspondence, posing as a Russian Armed Forces unit subordinate to the Ministry of Defence.

In 2022, Russia celebrated the 100th anniversary of its counterintelligence establishment. Russian counterintelligence traces its origins to May 1922, when the State Political Directorate of the People’s Commissariat for Internal Affairs of the Soviet Union (NKVD GPU) made the decision to create a central counterintelligence unit – the Counterintelligence Department – within the Soviet security apparatus. Over the years, the Soviet Union and its successor, Russia, have repeatedly reorganised the counterintelligence apparatus, changing its name and altering its chain of command. Counterintelligence remains an area of pride for Russia, even though many leaders of Soviet security agencies were unjustly convicted in the 1930s and later for alleged collaboration with foreign security services (these convictions were orchestrated by colleagues, many of whom were subsequently punished for similar fabricated crimes). Counterintelligence, involving the fight against foreign spies and subversion undermining the existing political order, has remained the most important field of work for Soviet and Russian security agencies throughout the decades.



Hunters of foreign spies are highly regarded in Russia. The national postal operator released a series of stamps on 6 May 2022 to commemorate the 100th anniversary of counterintelligence apparatus.

Source: www.pochta.ru

The primary mission of FSB counterintelligence units is to counteract the activities of foreign intelligence services in Russia. The DKRO is responsible for monitoring the activities of foreign embassies located in Moscow. Similar units in Russian regions, under the umbrella of FSB regional directorates (UFSBs), are responsible for overseeing the activities of foreign consulates in specific areas such as oblasts, krais and other “subjects” of the Russian Federation. Counterintelligence tracks and harasses all diplomats from countries considered hostile, regardless of whether they are believed to be employees of foreign intelligence services or not. It also targets Russian citizens employed in foreign diplomatic missions and attempts to recruit them as clandestine collaborators for DKRO and UFSB counterintelligence units. In addition to the employees of foreign diplomatic missions, the DKRO also monitors other foreign citizens in Russia suspected of espionage or other activities detrimental to Russian interests, as well as Russians suspected of working for foreign intelligence services or serving foreign interests.

The FSB actively recruits experts who visit foreign embassies.

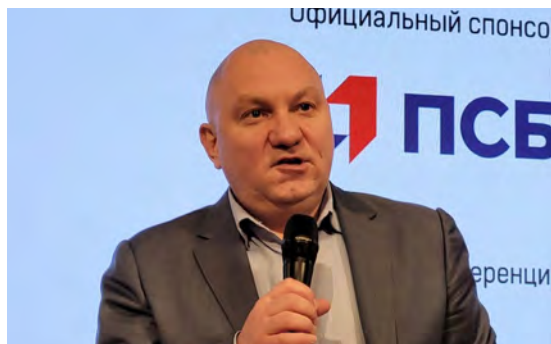
The DKRO and its counterparts in Russian regions are interested in everything that happens within foreign embassies and consulates on Russian territory, not only the activities of suspected foreign spies.

Russian citizens employed in foreign embassies, whom the DKRO seeks to recruit for intelligence gathering, mostly occupy lower-ranking positions, lack access to important documents and are excluded from discussions related to foreign policy decisions regarding Russia. Therefore, the DKRO also attempts to enlist Russian citizens invited to foreign embassies as visitors. This group includes academics and analysts from Russian universities, institutes and think tanks engaged by embassies as experts on Russian affairs. Western institutions and foreign nationals who interact with Russian academics and think tank experts holding more moderate or “acceptable” views by Western standards should still be aware that their interactions are highly likely to be reported to FSB counterintelligence.

RUSSIAN MILITARY EXPERT RUSLAN PUKHOV

The “protagonist” of this analysis is Ruslan Pukhov. Pukhov was born on 16 April 1973. He graduated from the Moscow State Institute of International Relations (MGIMO) and is well-known both in Russia and abroad as an expert on Russia’s armed forces and military industry. Since 1997, Pukhov has been heading the Centre for Analysis of Strategies and Technologies (CAST),³ an organisation he founded himself. He has extensive connections within Russia’s political leadership. Pukhov is a member of the Public Council under the Russian Ministry of Defence and an expert council operating within the government. He writes articles on military topics and gives interviews to prominent Russian and Western media outlets. Some of these outlets have continued to publish his viewpoints even after the outbreak of a full-scale war in Ukraine in February 2022.

Pukhov has been awarded a Russian Ministry of Defence medal on at least two occasions. He received one in February 2020 for his participation in military operations in Syria and another in October 2021 for his contributions to strengthening Russia’s national defence. Exactly a year later, on 19 October 2022, Pukhov “inadvertently” revealed on a Russian television channel that the Russian Armed Forces were using Iranian drones during the invasion of Ukraine, a fact previously denied by the Russian leadership. As far as we know, no repercussions ensued, and Pukhov’s position as a military expert in Russia remained unaffected. In September 2022, CAST, Pukhov’s think tank, announced in Russian media that it would offer one million roubles as a reward to any Russian military personnel or government employee who could obtain, in more or less working condition, a THeMIS UGV, an unmanned ground vehicle built by the Estonian defence contractor Milrem Robotics, and deliver it to the Russian Ministry of Defence. A number of these vehicles had previously been delivered to Ukraine for testing.



Ruslan Puhhov

Source: CAST X account

³ www.cast.ru.

FSB DKRO OFFICER ALEXANDER VINNICHENKO

Another “protagonist” in our analysis is the FSB DKRO counterintelligence officer Alexander Vinnichenko. Vinnichenko was born on 7 May 1974 in Donetsk, Ukraine. Ukrainian ties among Russian security officers are not unusual, as many other FSB intelligence and counterintelligence officers, including some unit commanders, have Ukrainian roots or backgrounds.



A copy of Vinnichenko's passport.

Alexander Vinnichenko's wife, Olga, has also been associated with the FSB. She worked at the FSB Academy in the 1990s. Since the 2000s, Olga Vinnichenko has been involved in migration-related matters within the Russian Ministry of Internal Affairs, holding positions allowing her to collect information about foreign citizens arriving in Russia. According to our information, several FSB officers whose wives or other close relatives have access to information about foreigners present on Russian territory have used this opportunity to gather information about potential recruitment targets unofficially.

PUKHOV'S COLLABORATION WITH VINNICHENKO

Ruslan Pukhov has been interacting with employees of Western embassies in Moscow since the 1990s and has an impressive circle of contacts among Western diplomats and military experts. Pukhov's collaboration with Vinnichenko dates back to at least 2010s. However, due to his interactions with Western diplomats, he has likely been of interest to the FSB since the beginning of his career. As an FSB agent, Pukhov regularly informs his handler, Vinnichenko, about his contacts with Western diplomats, events he is invited to and other individuals, including Russian citizens, who are also invited to these events. He requests separate information from organisers about these Russian attendees. As an informant for the FSB DKRO, Pukhov presents himself as a highly security-conscious individual when interacting with Western diplomats. He often suggests security measures to ensure the safety of Russian guests invited to events organised by foreign embassies to prevent them from being scrutinised by Russian security agencies. For example, he recommends against holding events at embassies. At the same time, Pukhov shares information about these events and their attendees with Vinnichenko. While the recommendation to avoid embassy events may seem reasonable to organisers, given that foreign diplomatic missions in Russia are known to be closely monitored by the FSB, holding events in public venues makes it easier for the FSB to record discussions surreptitiously. They often employ this practice and may publicise the recordings if necessary.

Pukhov has reportedly provided Vinnichenko with information about events at embassies in Russia representing Estonia, Japan, Norway, Sweden, Romania and the United States, among others. However, this list is not exhaustive, and many more countries are likely involved.

Ruslan Pukhov has shared information about his contacts with individuals from numerous Western countries with Vinnichenko.

Pukhov also regularly informs Vinnichenko about various events held at prestigious foreign universities and think tanks, where he is invited to speak, including in the US, the UK, Turkey, Pakistan and the United Arab Emirates. Among other things, Pukhov requests information from the organisers about Russian citizens who have also been invited to these events.

Pukhov and Vinnichenko regularly meet in person. When planning his participation in events held abroad or those organised by foreign diplomats residing in Russia, Pukhov coordinates with Vinnichenko, who is primarily interested in his agent’s meetings with foreign individuals. Meetings involving Russians are of less interest to Pukhov’s FSB handler. This further illustrates Vinnichenko and the DKRO’s focus on foreign nationals.



CAST @CentreAST · Mar 4, 2020

CAST Director Ruslan Pukhov giving a lecture on the Russian SOF at the Estonian Military Academy in Tartu.



Pukhov speaking to Estonian Military Academy cadets in 2020.

Source: CAST X account

PUKHOV IS NOT A UNIQUE CASE

Ruslan Pukhov is not the only “informal” informant who provides information to the FSB about his contacts with Western diplomats or other foreign nationals, visits by foreign delegations and his own foreign trips, and then submits reports on meetings, primarily about the views expressed by foreigners. According to our information, many such individuals exist in Russian universities, research institutions and think tanks. Furthermore, many Russian institutions officially submit regular reports to the FSB about their upcoming contacts with foreigners, both on Russian and foreign territories, specifying the date of the meeting, the agenda and the names of the foreign participants. The situation in Russia remains largely unchanged from the Soviet era when the KGB followed a similar practice of monitoring interactions with foreigners and overseas travels. Individuals who interact with Russian academics and think tank experts with moderate or “acceptable” views by Western standards should be aware that their interactions are highly likely to be reported to FSB counterintelligence.

The Estonian Foreign Intelligence Service will continue to expose the activities of Russian intelligence services.

In our forthcoming annual reports, we will persist in exposing the activities of Russian intelligence and security services, along with individuals collaborating with them. For those who prefer not to find their names and images alongside those of FSB or other Russian intelligence officers in our publications, potentially affecting their associations with the West, we extend an invitation to get in touch. We are confident that mutually advantageous arrangements can be negotiated!



CHINA–RUSSIA RELATIONS IN THE SECOND YEAR OF THE WAR IN UKRAINE

The dynamics of China–Russia relations during the war in Ukraine have shown that China primarily pursues strategic interests, while Russia focuses on tactical interests.

Chinese and Russian media and ideological cooperation are likely to align the foreign policies of both countries further.

In a joint statement by the Chinese and Russian heads of state in March 2023, they pledged to deepen cooperation to ensure the security of each other’s citizens, institutions and projects abroad, a theme that inherently carries certain risks.

Although China and Russia both share opposition to the United States and its allies and are aligned in their desire to reshape the existing rules-based world order, their approaches and goals differ significantly. China’s strategy is more broadly focused on realising its global ambitions, whereas Russia’s objectives over the past year have predominantly been tied, in one way or another, to the conflict in Ukraine. For China, its partnership with Russia is viewed within a larger framework, seeking to establish a global network that operates on China’s terms. This has led to a more assertive stance by China on major security issues and some inconsistency in the position of China’s top officials and diplomats on cooperation with Russia.

On the one hand, China has been cautious about openly and fully supporting Russia and seeks to minimise any association with Russia’s aggression in Ukraine. This is because such an association would hinder the resumption of trade relations with Western countries and negatively impact China’s image as a neutral and fair country in the eyes of developing nations. Additionally, China does not recognise the occupied Ukrainian territories as part of Russian territory based on its principle of territorial integrity.

On the other hand, China understands that Russia’s loss could seriously damage its own strategic position. Therefore, China does not join anti-Russian sanctions and supports Russia in continuing the war through means not subject to restrictions. This includes significantly increasing trade volumes and supplying Russia with electronic components, spare parts and dual-use items used in attacks against the Ukrainian military and civilians.

The 12-point document “China’s Position on the Political Settlement of the Ukraine Crisis”, commonly referred to as the Chinese peace plan, and China’s efforts to direct Ukraine to negotiations align with Russian interests but primarily reflect China’s ambition to redefine global security norms through its Global Security Initiative. This initiative is a strategic move by China aimed at weakening the solidarity among Western nations to diminish the United States’ influence in the Asia-Pacific and reduce potential US interference in the event of any future efforts to unify Taiwan with the mainland.

The central aim of media cooperation between the two countries is to protect and promote each other’s interests in both domestic and international information spaces.

Due to shared objectives, media cooperation between China and Russia has significantly intensified during the war in Ukraine. This coordination occurs at the ministerial level, focusing on news production and new media platforms. The central aim of media cooperation between the two countries is to protect and promote each other’s interests in both domestic and international information spaces. An outcome of this cooperation is the alignment of content and terminology. Examples include the description of the war in Ukraine as a “special operation” and the propagation of anti-Western narratives created in Russia throughout Chinese media.



Putin and Xi Jinping’s meeting in Moscow on 21 March 2023. While China and Russia share a common desire to reshape the rule-based world order, their ambitions and the scope of their plans differ significantly.

Source: Sergei Karpukhin / AP

In addition to the media and communication sector, cooperation with China has also increased significantly for academic and research institutions closely associated with Russia’s political elite. For example, in July 2022, the Russian Academy of Sciences renamed its Far East Institute. Its new name, the Institute of China and Contemporary Asia, reflects China’s growing importance to Russia since the beginning of the war. This change reflects a shift in the institute’s research activities and international engagement.

In June 2022, a research centre dedicated to studying the political theories of Xi Jinping, the General Secretary of the Chinese Communist Party and the Chinese President, was established within the Russian Academy of Sciences. This centre serves both China’s desire to export its leader’s ideology abroad and the Russian Academy’s willingness to provide a platform for this endeavour. Moreover, the Academy saw the opportunity, through the Xi Jinping research centre, to sign cooperation agreements with various Chinese state institutions and think tanks involved in

China's intelligence and influence activities abroad, such as the China Institutes of Contemporary International Relations (CICIR) and the Chinese Academy of Social Sciences (CASS). This creates an opportunity for coordinating intelligence and influence activities. However, the Russian Academy's "China turn" does not primarily indicate the growing influence of Xi Jinping's ideology in Russia's academic and political circles. Instead, it reflects the increased ideological convergence between the two countries and both sides' willingness to cooperate in this direction.

The foreword to the sixth 2023 issue of *Polis*, a political studies journal published by the Russian Academy of Sciences' Institute of World Economy and International Relations (IMEMO RAN), which is associated with Russia's ruling elite, explicitly states that the concept of a "multipolar world order" advocated by Russia and the "community with a shared future" introduced by Xi Jinping as a novel framework for international relations are fundamentally identical.

Unlike a previous statement made during the 2022 Beijing Winter Olympics, the joint statement by the Chinese and Russian heads of state during Xi Jinping's visit to Moscow on 21-22 March 2023 made no references to a "boundless friendship". This suggests that China was careful to avoid any speculation that its cooperation with Russia had no boundaries, particularly to dispel any notions that it might include, directly or indirectly, forms of military aggression. China also wants to avoid parallels between the Taiwan question and the war in Ukraine, and it refrains from criticising the West collectively, as this approach would affect not only the United States but also European countries with whom China hopes to improve relations. However, this does not indicate distancing itself from Russia; instead, it reflects China's tactical manoeuvring in relations with Europe and Russia.

A point in the joint statement by Xi and Putin that raises particular concern relates to the commitment of both countries to ensure the security of their citizens, institutions and projects abroad: "The Parties attach great importance to ensuring the security of, and protecting the rights and interests of, persons and institutions of the two countries located abroad. They will continue to promote the establishment of appropriate bilateral and multilateral mechanisms and specialised dialogue and to continuously expand formats and areas of cooperation related to ensuring the security of citizens, projects and institutions abroad."

This point, mentioned for the first time in a joint statement at the highest level, suggests that China and Russia may begin to express support for each other in matters of protecting the interests and rights of their citizens and institutions abroad in the future.

Notably, the text describes the group needing protection as "persons located abroad" (находящиеся за рубежом лица), which could be interpreted to include individuals of Russian ethnicity, regardless of their citizenship. In the Chinese version, the phrase "rights and interests" (权益, *quanyi*) is used, a term the Chinese media has employed to criticise other nations' treatment of ethnic minorities. This language could allow Russia to seek China's support for its policy of protecting "compatriots" abroad. While the statement does not mandate specific actions, it potentially heightens future security risks for countries like Estonia.

THE RISE OF IDEOLOGY IN CHINA'S FOREIGN POLICY

China's increasingly ideologised foreign policy may cloud its perception of the global landscape.

Over the past year, China has notably escalated its influence activities towards Europe.

The Belt and Road Initiative continues to hold a central place in China's global strategy.

Since lifting COVID restrictions in January 2023, China has notably escalated positive engagement efforts aimed at Europe. China's long-term plan to create a divide between Europe and the United States remains unchanged. At the working level, China continues to seek common interests with the EU to ensure its active presence at the negotiating table and influence the EU towards decisions more favourable to China.

China has stepped up its efforts to invite European officials to visit China, often fully covering the expenses associated with these trips. The goal is to use these tourism packages to foster a more positive attitude towards China among EU officials. Additionally, the Chinese Communist Party has set the task of strengthening political relationships with like-minded individuals and political parties abroad as part of its strategy for positive engagement. This trend is expected to continue in 2024. However, it is important to underscore that China continues recruiting foreigners, specifically within its borders.

In the context of the Ukraine conflict, China has begun spreading a narrative of assisting Ukraine. As a public relations spin, China has started to highlight its warnings to Russia against using nuclear weapons, framing these warnings as the Chinese contribution to supporting Ukraine. Another narrative promotes the idea that China has always been concerned about Ukraine's problems and, with that in mind, is proposing a peace plan. However, the peace plan contains a clause about "considering the interests of all parties", which implies respecting Russian interests. This narrative aligns well with China's global security initiative, which aims, like Russia, to disrupt the existing European security architecture and rebuild it in line with its interests.

The Chinese Communist Party is increasingly institutionalising Xi Jinping's ideology. While initially appearing as an internal matter, the widespread institutionalisation of Xi Jinping's ideology is starting to blur the worldview among Chinese diplomats, journalists, and think tank experts. This raises the risk that China may misjudge international situations, and its calculations may not seem rational to the West, which could, in turn, lead to misjudging China's potential moves. The West needs to gain a deeper understanding of China's worldview and rely less on preconceptions rooted in Western rationality and thought patterns when analysing China's foreign policy decisions.

In foreign policy strategy, China continues to pursue its interests by focusing on the Belt and Road Initiative. Following the lifting of pandemic restrictions, China is actively working to revive its Belt and Road projects, some of which were put on hold during the pandemic years while others were suspended as blatantly counterproductive.

THE ADVANCE OF CHINESE TECHNOLOGY

Threats stemming from Chinese technology are now making their way into people's bedrooms and garages through Lidar systems.

China's Global AI Governance Initiative is yet another example of building an anti-Western Chinese ecosystem.

The spread of Chinese technology into critical infrastructure, such as energy grids, poses a threat to Estonia's security.

China is building an integrated political and technological ecosystem based on its own standards and an amalgamation of solutions from various Chinese technology companies. A decade ago, discussions about the “export” of Chinese standards and deliberate efforts to establish dependency were already occurring within China. These discussions were accompanied by academic debates published in think tank publications, readily available in China's major bookstores. Meanwhile, the average Western individual still perceives the Chinese technological landscape as abstract and distant, failing to recognise its potential as a threat. Nonetheless, over the past decade, China has systematically wielded influence within international technical committees to champion the advancement of standards that favour Chinese technology.

The rise and global proliferation of Chinese technology is part of China's strategic efforts to enhance its political influence

The rise and global proliferation of Chinese technology are not solely the result of Chinese talents' diligence and entrepreneurship; it is part of China's strategic efforts to enhance its political influence alongside exporting its standards. China aims to reach a point where integrated technological solutions cannot be replaced by Western technology due to both incompatibility and deep interconnection.

The Chinese Communist Party's (CCP) deliberate drive to undermine Western influence and move towards a “democratic” multipolar world order, accommodating the principles and interests of authoritarian regimes, further reinforces the CCP's determination to create an ecosystem independent of the West. The clearest manifestation of this is the Belt and Road Initiative, along with the Digital Silk Road. Similarly, the Global Artificial Intelligence (AI) Governance Initiative introduced by Xi Jinping during the Belt and Road Summit in October is another example of China's efforts to build an anti-Western ecosystem.

State-owned Chinese enterprises are highly likely to have much easier access to capital than ordinary Chinese businesses.

Both the public and private sectors should take forward-looking measures to prevent the proliferation of Chinese technology, as it is highly likely that, in the not-so-distant future, a painful decision to abandon Chinese technology may be necessary due to geopolitical developments and security concerns. This decision is made more painful by the fact that Chinese companies offer products and services at more affordable prices to foster dependence. This approach often appears efficient for both private enterprises and the public sector, where the principle “cheapest wins” often applies in government procurement.

Over the past year, we have witnessed how Chinese technology is penetrating an entirely new area in Estonia – the electrical grid. After being excluded from 5G networks, Huawei has targeted cloud services and solar and wind farms. Both Huawei and other Chinese companies seek to supply Estonian electricity networks with inverters and energy storage systems connecting solar and wind farms to the national grid.

An inverter is a device that converts electricity generated by solar panels into usable energy for consumers. Inverters are connected to the internet for managing and monitoring solar power plants, allowing remote control and adjustment of parameters and power. Like other electronic devices, inverters require software updates and adherence to the manufacturer’s recommendations. However, providers of products with critical functions must be trusted not to manipulate the device and, consequently, the critical service it provides. The more Estonia relies on solar farms for its power generation, the more significant the impact such manipulation could have on the country’s electricity production capacity. It is, therefore, essential to avoid a situation where a third party can exploit the country’s electricity supply for intelligence gathering or exert economic and political pressure.

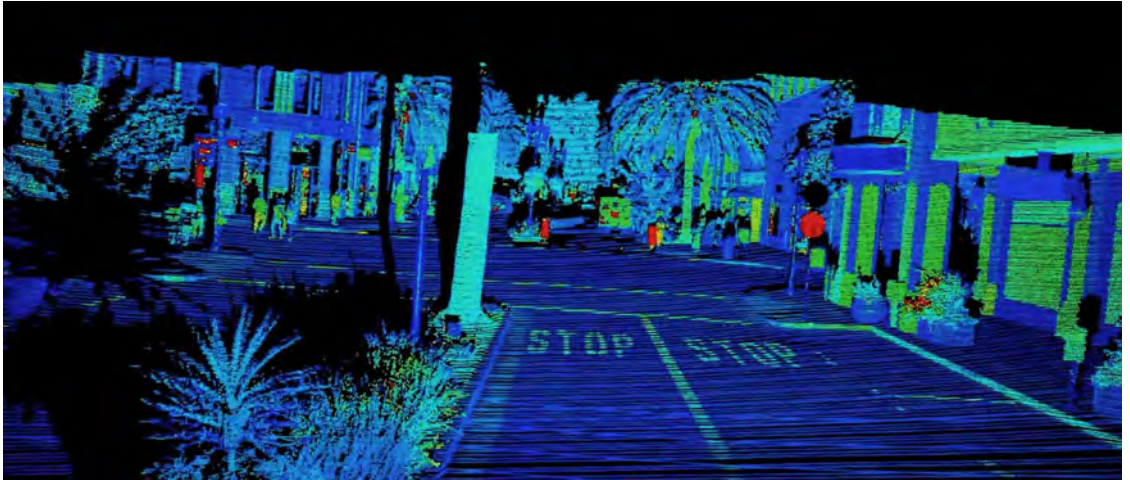
The introduction of Chinese inverters and energy storage systems into Estonian electricity networks could lead to a repetition of the 5G scenario sooner or later. Both the business sector and the government must be acutely aware of the implications of introducing Chinese technology into Estonia’s critical infrastructure. Huawei’s work in Estonia is persistent, comprehensive and systematic, and it is coordinated with its headquarters in Shenzhen.

A significant challenge with Chinese technology companies is their potential state affiliation.

A significant challenge with Chinese technology companies is their potential state affiliation. China increasingly conceals company background information, citing data security concerns to limit transferring specific data beyond its borders. In recent years, Chinese authorities have imposed several new restrictions on disclosing information about Chinese companies.

A new wave of threats stemming from Chinese technology is marked by the ever-wider adoption of Lidar systems, from household electronics to self-driving cars. These devices use Lidar systems to scan their surroundings for independent operation. In addition to surfaces, they also scan objects to detect potential hazards behind them. For example, self-driving cars must assess whether a ball could roll onto the road behind a parked car or a child might move in that direction, requiring the parked car to be scanned.

We have credible information about a Chinese manufacturer working on Lidar systems for self-driving cars that are intended to scan the car's entire surroundings and transmit the information to a database in China. While a device collecting data for autonomous operation should delete any non-essential data, this Chinese company aims to transfer the complete environmental data to a Chinese database. This raises concerns that Chinese technology-enabled self-driving cars could be vulnerable to exploitation for intelligence purposes.



Surroundings scanned with Lidar technology.

Source: seeyond.com

A similar threat also applies to ordinary household electronics, such as robot vacuum cleaners, which scan their entire environment. Furthermore, there is a risk that personalised services offered by Chinese technology companies, combined with accounts for mobile applications, collect information about consumers based on their behaviour.

Next, attention should be turned to the Chinese video hosting service TikTok and its owner, ByteDance. TikTok is a classic example of combining an obscure background and data collection for the purpose of developing new capabilities. While TikTok's parent company, ByteDance, is registered in the Cayman Islands, its actual headquarters are in Beijing, where ByteDance has registered another entity, Douyin Co., Ltd. However, Douyin, with no employees, essentially serves as a shell company for the Cayman Islands-registered entity.

Douyin Co., Ltd., in turn, owns Beijing Douyin Information Service Co., Ltd., which has 1,947 employees and serves as ByteDance's actual headquarters. Located in the AVIC Plaza building in the Haidian district of Beijing, this subsidiary maintains a complex ownership structure, with a 1% stake held by the National Computer Network Emergency Response Technical Team/Coordination Centre of China (CNCERT/CC), a Chinese state entity. CNCERT/CC operates under the Central Cyberspace Affairs Commission, which answers to the CCP Central Committee. The Central Cyberspace Affairs Commission formulates and executes China's cyberspace policies and decisions. This arrangement raises questions regarding the significance of the 1% ownership stake.

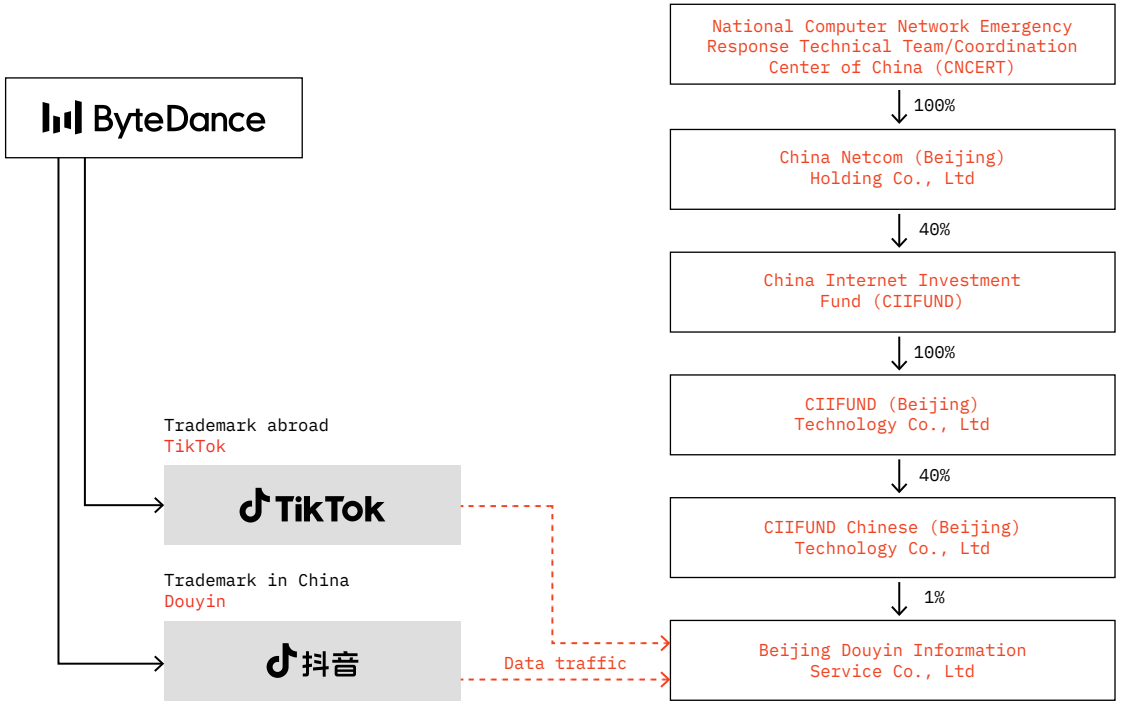
During a US Congress inquiry into TikTok on 23 March 2023, TikTok's CEO, Shou Zi Chew, explicitly confirmed that data gathered worldwide via the TikTok video app is currently sent directly to Beijing Douyin Information Service in China. This also applies to data collected via the Douyin app inside China. The implication is that CNCERT/CC has access to data collected both within China through Douyin and internationally through TikTok.

The massive collection of data provides ByteDance with the opportunity to develop artificial intelligence.

The massive collection of data provides ByteDance with the opportunity to develop artificial intelligence. China needs access to visual and behavioural data from people of various origins to develop globally competent artificial intelligence. Data collected solely from China would not offer such an opportunity because the appearance and behavioural patterns of people in China significantly differ from those in many other parts of the world.

In addition to the development of artificial intelligence, the data collected by the application may also be useful for other purposes. TikTok extensively gathers information about the device and its user, including contacts, calendars, other applications, Wi-Fi connections and location. Such information can be valuable for intelligence gathering, extortion and cyberattacks, as it can be used to craft convincing phishing emails tailored to a specific individual or their employer. This is especially concerning when the user's employer is an institution or company that could be of strategic interest to China.

In addition to TikTok, Douyin Co., Ltd also owns an entity and brand called Toutiao. Both Toutiao and Beijing Douyin Information Service share the same legal representative. This implies a close connection between TikTok and Toutiao. Toutiao's unique feature in the Chinese market is that it offers personalised news feeds developed by artificial intelligence based on user behaviour patterns. Essentially, using TikTok means assisting a company with ties to an authoritarian state, which aims to reshape Western security architecture, in developing artificial intelligence.



The TikTok ownership scheme.



CHAPTER 7

INTERNATIONAL TERRORISM

80

THE THREAT OF TERRORISM IN EUROPE

The threat of terrorism in Europe remains high in the near future, as two terrorist organisations – the Islamic State (IS) and al-Qaeda (AQ) – target European countries.

In 2023, Koran-burning demonstrations in Europe set the stage for retaliatory attacks.

Islamic terrorists are recruiting radicals for attacks from within the North Caucasian and Central Asian communities in Europe.

The threat of terrorism in Europe remains high in the near future. Against the backdrop of the Koran-burning demonstrations in 2023, Islamic radicals have successfully created an environment conducive to organising revenge attacks against Western countries and recruiting new members. European security is increasingly impacted by the growing capabilities of the Islamic State's (IS) Afghanistan branch and al-Qaeda's (AQ) North African branch to conduct operations in European countries.

The objective of IS and AQ is to carry out large-scale attacks in Europe comparable to the terror acts in Paris in 2015 and Brussels in 2016. Both AQ's North African branch, known as Al-Qaeda in the Islamic Maghreb (AQIM), and the IS's Khorasan Province branch in Afghanistan (ISKP) are seeking opportunities to organise such attacks using their existing support networks in Europe.

The spread of religious extremism into Europe is facilitated by a security vacuum in countries where governments lack control over part or most of their territory. In these regions, terrorists skilfully exploit endemic problems and ethnic conflicts, recruiting from vulnerable communities to enhance and expand their operations. The threat posed by such countries stems from the mix of religious extremism, international crime and terrorism.

European security in the coming years will be increasingly affected by instability in the Sahel region. In Mali, the armed forces, conducting counter-terrorism operations in collaboration with Russia, are unable to manage the security situation. Terrorists are increasing their capabilities and freedom of action, and Russia's involvement in Mali is exacerbating regional problems. The security vacuum spreading from Mali, Burkina Faso and Niger to Western and Northern Africa has expanded AQIM's opportunities to increase its influence in the region, which has become a breeding ground for terrorism, and to develop its network towards Europe.

In Afghanistan, the Taliban's rise to power has led to the strengthening of ISKP. This IS branch's capabilities and ambitions to conduct foreign operations and recruit members from outside Afghanistan have increased. In recent years, ISKP has successfully recruited radicals from Central Asian and North Caucasian communities in Europe to carry out attacks, although so far, these plans have only reached the preparation stage. In April and May 2020, Tajik nationals who had arrived in Europe as refugees were arrested in Germany, Poland and Albania for planning attacks under the guidance of IS members in Syria and Afghanistan. In November 2022, seven Tajiks and one Chechen planning an attack were arrested in France. In February 2023, a Russian citizen planning an attack against police officers was convicted in Germany; he intended to travel to Afghanistan and was in contact with a local ISKP member.

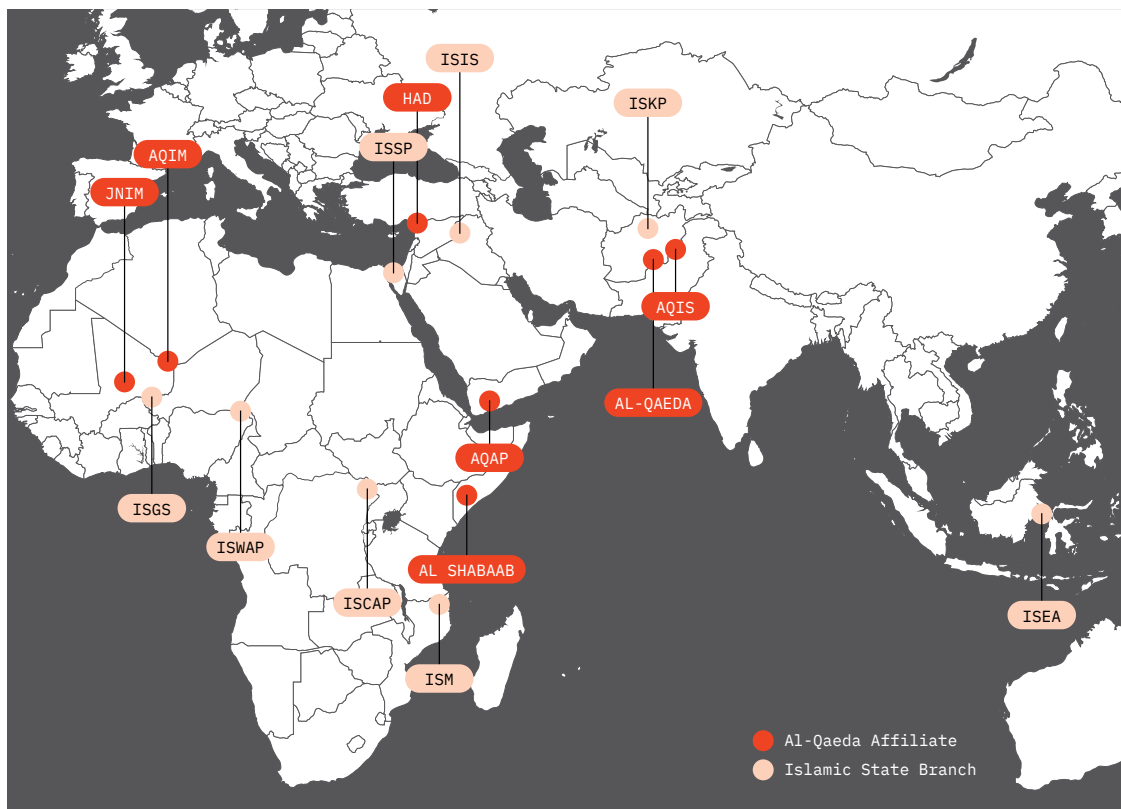


On 6 July 2023, a counter-terrorism operation led by security agencies in Germany, Belgium and the Netherlands resulted in the arrest of 9 members of an ISKP network, originating from Tajikistan, Turkmenistan and Kyrgyzstan, who were planning a terrorist attack in Germany.

Source: Waldemar Gess/EinsatzReport24/
dpa

In a situation where European security agencies consistently prevent attacks by arresting Islamic radicals during the planning stages, Islamic terrorists are trying to recruit individuals not yet on these agencies' radar. Terrorist organisations have begun to highlight Islamophobia in Western countries in their propaganda, inciting revenge for Koran burnings and mocking their Prophet.

IS and AQ propaganda channels and their branches around the world are spreading calls for revenge, urging terrorist attacks in Europe, as well as against Western embassies and Christians worldwide. ISKP, focusing on Russian-speaking Islamic radicals, including those from Central Asian and North Caucasian communities in Europe, is attempting to involve them in attacks outside Afghanistan, including in EU countries, Russia and Türkiye using Russian-language propaganda. ISKP has called for retaliatory attacks in response to the desecration of the Koran. Their targets include the Swedish and Dutch consulates in Istanbul, as well as churches and synagogues there. In Türkiye, some terrorists planning such attacks have been apprehended: on 4 February 2023, police arrested 18 Tajikistani and Uzbekistani citizens connected to IS who had travelled from Russia to Türkiye to attack the Swedish and Dutch consulates in Istanbul.



Various branches of Al-Qaeda and ISIS and their operating locations.

Terrorist organisations are exploiting the resentment within the Muslim community caused by incidents of Koran burnings.

Terrorist organisations are exploiting the resentment within the Muslim community caused by incidents of Koran burnings. They leverage this discontent to recruit radicals whom security agencies do not yet track for conducting operations against the West. In 2023, security agencies identified Hamas as a newly prominent threat following the discovery of its members planning an attack on German soil.

Despite the efforts of security agencies to prevent terrorism, thwarting attacks and capturing Islamic radicals in this context has become more challenging. In the coming years, the threat of Islamic terrorism will remain high, particularly in those European countries with substantial radical Islamic communities. Inspired by terrorist organisations or radical Islamic propaganda, members of these communities attempt to carry out attacks either alone or in small groups. Notably, a terrorist attack does not require extensive planning to achieve widespread coverage and impact, as evidenced by the deadly attacks carried out by lone Islamic radicals in Nice in 2016 and Stockholm in 2017.

Despite a persistently high level of terrorist threat in Europe, the threat level in Estonia remains low.

International terrorism does not pose a serious threat to Estonia but represents a high potential risk, especially for Estonian citizens abroad.

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