

Pressures and Opportunities Arise for Putin as Oil and COVID-19 Crises Converge

Featuring Nataliya Bugayova, George Barros, and Mason Clark



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The Kremlin is using the COVID pandemic to advance a range of goals. Russia is leveraging UN calls for limited relaxations of certain economic sanctions to paint the US as anti-humanitarian. Meanwhile, Kremlin internal security is using quarantines to justify the testing of new tech-based authoritarian controls. In this podcast, Nataliya Bugayova, George Barros, and Mason Clark discuss these developments and more.

Kim Kagan:

This is Overwatch, a podcast brought to you by the Institute for the Study of War.

Nataliya Bugayova:

Good afternoon, I'm Nataliya Bugayova, Russia Team Lead here at the Institute for the Study of War. I'm here today with my colleagues, Mason Clark and George Barros. Today we will discuss how converging pressures from low oil prices and COVID-19 are affecting Vladimir Putin's objectives and campaigns. Putin is under major pressures, but he's also finding ways to shape the environment during the crisis. Domestically, by testing an expanded system of authoritarian tools and internationally, by pushing sanctions relief campaign and posturing as a great humanitarian.

We'll start by talking about the overall effects of these crises on the Kremlin, and then Mason and George will elaborate on the specifics on the Kremlin's domestic and global efforts in this new environment. We will conclude with our assessment on where the situation is headed. First it's important to recognize that Putin is uniquely vulnerable right now. Converging pressures from low oil prices and pandemics came at the time when he was making a major power move, specifically, he was trying to pass a number of the amendments to the constitution. One of which would have allowed him to run for presidency post 2024, when his current term of expires. COVID forced Putin to postpone this referendum. Putin also promised high social spending to the Russian people earlier this year. This promise will be much harder to implement as cash depletes. It add pressures if the situation protracts, will essentially make it more costly for Putin to keep his power circle and the Russian population content, as well as raise the cost of financing his foreign adventures.

COVID also contributed to slowing the Kremlin's efforts in Ukraine. In March, the Kremlin got close to compelling Ukrainian government into direct talks with the Kremlin proxies for the first time, during six years of war. The Kremlin almost got Ukraine to agree to the so called advisory council that would include both Ukrainian officials and Russian proxies. However, COVID and pushback from Ukrainian society slowed these negotiations between Russia and Ukraine. Putin's weaknesses are also starting to show under the convergence of these pressures. For example, Putin had to step in to shield Russia's energy giant Rosneft from US sanctions on Venezuela in late March. Putin's currently weakened hand is also likely a part of the reason why we're seeing increased outreach from Russia to the US. Putin is likely trying to posture with US as a great humanitarian, a responsible actor in the energy markets and so on. In part, because he can not handle additional sanctions right now, and also is actually trying to soften the existing ones. Mason, could you talk a bit more about how Putin is handling domestic response to COVID and what efforts is he's undertaken?

Mason Clark:

Thanks, Nataliya. The Kremlin is primarily using the COVID-19 crisis to try and test new authoritarian societal control tools and delayed responding to the virus in an attempt to advance previously ongoing campaigns. Putin delayed responding to COVID-19 until late March in order to continue advancing his power retention campaign, as Nataliya previously discussed, without disruption. In mid-March, the Kremlin announced plans to hold a referendum legitimizing Kremlin's constitutional changes. This referendum itself was just to support Putin's desired framing that the Russian people supported the changes. He was under no legal obligation to hold a referendum.

The crisis weakened to several Putin's narratives in late March. He finally delayed the referendum after a month of condition setting and preparations to essentially tie the bow on his constitutional changes. In mid-April, the Kremlin finally postponed the May 9th Victory Day celebrations for the end of World War II in Europe to September. The Kremlin has previously leveraged the memory of World War II this year to frame Russia as a strong power against historical revisionists, as it claims and reassert Russia's role in the global world order. Overall, the Kremlin has additionally had to switch to preparing Russia rhetorically for the economic effects of both COVID and low oil prices, comparing it to the 2008 recession. And in the process, admitting Russia is not as resilient to international effects as the Kremlin has previously claimed. Internally, the Kremlin is centrally focusing on testing new societal control measures to maintain his desired narrative and combat COVID-19.

Much of the Kremlin's response has been delegated to regional authorities, though this authority is bounded and several regional governors have been forced to resign due to perceived incorrect responses to COVID-19. The centralized Kremlin response has primarily focused on societal control measures. The Russian parliament passed a sweeping package of laws in early April, including provisions of up to seven years of jail time for spreading "misinformation about COVID-19" or violating quarantine. Additionally, Russia's federal body responsible for censorship, has carried out extensive crackdowns on media outlets that do not follow the Kremlin's official statistics and framing of the crisis, such as recording incorrect death numbers and doctors without proper care facilities. Independent doctors have also been arrested and Kremlin media is focusing on claiming the West is spreading misinformation about COVID-19 infection rates in Russia. The Kremlin is also testing new tech tools. Moscow tested a new facial recognition camera system, just installed in January, to keep people under lockdown in quarantine. And just in the last week began a pass system using QR codes to limit movement around the city.

These systems have not been without their hiccups, and there has been rampant corruption in the Moscow QR code pass system with independent actors attempting to sell passes that are being distributed for free. Russia is also nationally deploying the National Guard in its largest ever deployment to control movement and maintain the quarantine. The National Guard is a force created in 2016 as an internal security body under the direct control of Putin. The national guard was previously involved in cracking down on protests last summer, but the response to COVID-19 is now its largest operation to date. The Kremlin is refining these authoritarian tools in the response against COVID and will employ them against any future unrest. The Kremlin will continue to work to clamp down on non-Kremlin approved narratives on COVID, ensuring a poor response by spreading disinformation throughout the Russian system.

Nataliya Bugayova:

Thanks, Mason. In addition to these domestic efforts, Kremlin is also sensing opportunities to shape the environment internationally during these converging crises. George, could you talk about what Putin is trying to accomplish with all the humanitarian outreach to other countries that we were observing?

George Barros:

Sure, Nataliya. The Kremlin is deploying Russia's Armed Forces abroad under the auspices of COVID-19 relief. The Kremlin may be using counter COVID-19 measures as a pretext to deploy military personnel to collect intelligence and advance Kremlin objectives in Europe and NATO. The Kremlin has sent COVID-19 aid to several countries, including the United States, Italy and Serbia, despite facing medical supply shortages in Russia. The Kremlin sent military cargo planes with 60 tons of ventilators, masks, respirators, and other medical items to the United States on April 1st. The Kremlin initially framed the assistance as free Russian aid to the United States. The US Department State clarified that the United States purchased the aid. The Kremlin used this aid delivery to posture as a great humanitarian actor by helping the United States in a time of need. The Kremlin also sent military specialists, hardware and humanitarian aid to Italy on March 21st. Italian media later claimed that most of Russia's medical supplies were not particularly helpful and that members of Russia's personnel in Italy were actually military intelligence.

The Kremlin likely deployed intelligence assets to Italy to spy on Europe and NATO. The Kremlin may also be trying to build rapport with Italian officials so that Italy will vote to nullify sanctions against Russia. Finally, the Kremlin similarly sent military specialists, hazardous material defense vehicles, and medical equipment to Serbia on April 3 and 4. The Kremlin sent this aid to Serbia during a period of renewed European Union engagement with Serbia. Serbian President Aleksandar Vučić is likely trying to get Serbia on the path to EU membership after bouncing between Russia and Europe for several years. The Kremlin is likely trying to cultivate and reinforce existing human connections and institutional links in Serbia's defense establishment to set conditions for opposition to Serbia's integration with the EU. The COVID-19 pandemic thus presents exploitable opportunities for the Kremlin to posture as a cooperative actor with the United States and cultivate its human networks in Europe and around the world.

Nataliya Bugayova:

Thanks, George. Humanitarian outreach is not the only way through which Putin is trying to shape the environment internationally in crisis. Mason, could you talk about Russia's calls to lift sanctions?

Mason Clark:

Sure. The Kremlin is exploiting legitimate international efforts to combat the virus through sanctions relief in an attempt to remove sanctions permanently on itself and its allies. One of the Kremlin's core objectives is removing international sanctions imposed on Russia for malign behavior, such as the illegal occupation of Crimea, involvement in war crimes in Syria and business with other sanctioned entities, such as Venezuela and Iran, without having to actually reverse the behavior that led to sanctions. Key Kremlin foreign policy figures began calling for the international community to completely lift sanctions on Russia and its allies, mainly Iran, Venezuela, and Syria due to the virus in mid-March. Russian framing has emphasized that all sanctions are illegitimate to begin with a long standing position, but are particularly inhumane during the COVID-19 crisis. The Kremlin exploited United Nations statements on limited sanction waivers in late March to advance its own narratives. UN Secretary General António Guterres, called on States to temporarily waive, not remove sanctions on particular industries during the COVID-19 crisis on March 24. The Kremlin and its allies responded by ignoring the actual proposal, Guterres proposed, and calling for all sanctions to be permanently lifted. The Kremlin's calls have so far been unsuccessful however. The Kremlin additionally leveraged its network of minimal actors in Europe, particularly German and Italian politicians, similarly to what George previously referred to, to amplify this call. The Kremlin then attempted, but did not succeed in using the United Nations General Assembly's effort to combat the virus, to advance its own narrative on lifting sanctions. The Kremlin failed to pass a declaration decrying all sanctions. The Kremlin criticized the US and European States for opposing it and instead supporting a UN General Assembly Resolution that was identical, except for not decrying sanctions.

Mason Clark:

The Kremlin is attempting to put the US and the West on the defensive in the information space through these measures, pinning the responsibility for the COVID outbreak to the Western sanctions. The Kremlin's effort is disingenuous and exposes gaps in the Kremlin's rhetoric. The official Kremlin line is that sanctions don't hurt Russia and the Russian economy is in fact stronger due to sanctions due to measures such as import substitution and other economic ties. Yet the Kremlin is strongly pushing for the removal of sanctions at every available opportunity. The Kremlin did not engage with Guterres' proposal. Instead of actually cooperating and working to waive some sanctions to help anti COVID efforts, the Kremlin tried to advance its own goals. The Kremlin is attempting to portray a false equivalency between temporary sanctions waivers and lifting sanctions for malign behavior entirely.

Nataliya Bugayova:

As we look ahead, we assess that low oil prices and pressure from COVID will not necessarily change Putin's intent and that the Kremlin will also likely be okay in the short term, given both foreign currency reserves and also the fact that Putin has strong grip on power. However, the retracted low oil prices combined with additional pressures might force him to reevaluate and prioritize what foreign policy adventures he invests in and how much. Retracted pressures could also review further cracks in Putin's system and provide the US a window of opportunity to dampen Putin's aggressive foreign policy behavior globally. We expect that Putin will intensify his campaign to remove sanctions and calls internationally. We also assess that Putin will also likely accelerate the peace process in Ukraine after he tries to lift the sanctions. The problem is of course that the Kremlin's peace and its current version leads to the loss of Ukrainian sovereignty. So Ukraine and the West should be careful not to mistake the change in Russia's behavior and any posturing that Kremlin might do as more cooperative for the change in Kremlin's intent with the Ukraine or whether it be the West. Thank you. And you can watch further updates from ISW's Russia Team at understandingwar.org.

Kim Kagan:

Thank you for listening to this episode of Overwatch. We look forward to your feedback on this episode and previous ones. Visit www.understandingwar.org to learn about ISW's work and to sign up for our mailing list.

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