

REPORT

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# RUSSIAN ECONOMIC INTERFERENCE IN EUROPE: CASE STUDIES OF GERMANY, UKRAINE, POLAND, AUSTRIA AND THE CZECH REPUBLIC



EUROPEAN VALUES

Protecting Freedom

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2020

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## EUROPEAN VALUES CENTER FOR SECURITY POLICY

European Values Center for Security Policy is a non-governmental, non-partisan institute defending freedom and sovereignty. We protect liberal democracy, the rule of law, and the transatlantic alliance of the Czech Republic. We help defend Europe especially from the malign influences of Russia, China, and Islamic extremists.

We envision a free, safe, and prosperous Czechia within a vibrant Central Europe that is an integral part of the transatlantic community and is based on a firm alliance with the USA.

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**ONE PHILOSOPHY**



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## EXECUTIVE SUMMARY

- There is numerous evidence that during the rule of Vladimir Putin, **Russia has developed an intricate model of malign influence in Europe** which is, in many ways, a modernized tactic of “active measures” that were frequently employed by the Kremlin back in the times of the Cold War to destabilize the target societies.
- As with many dark elements of dark Soviet legacy, Putin’s regime is eager not to reject them, but to use them for its geopolitical ambitions. Especially, in regard to **propaganda or distribution of destructive narratives**. Numerous networks of trolls, bots and other Internet creatures of Russian origin have firmly settled in the information landscapes of Western democracies.
- **Vast volumes of disinformation devised by the Kremlin have been found meddling in the elections** and the public spheres of independent states from Ukraine and the Baltic states to Great Britain, France, and even the United States. These Internet ghosts skillfully provoked and steered social-media conversations about Brexit and planted fake stories, creating chaos in Berlin around the Lisa case.
- **There is an erroneous conventional thinking among many policymakers and analysts that Russia allegedly has no serious economic interests in the West.** Seemingly, it’s only Russian oligarchs who have been buying up real estate and yachts in the European bohemian cities with no visible Kremlin’s actions to get control over large tangible assets. This report demonstrates that its arsenal of influence tools is far more extensive and economics-based.
- While open and liberal economies are very competitive, they are also quite vulnerable to the influences of the autocratic regimes, such as Russia. Every year billions of dollars and euros are flooding into the EU. It is practically impossible to disentangle Russian capital from other financial flows. And there are Russian money-laundering schemes to be found behind some of the cases of seemingly innocent “foreign direct investments”.
- In countries of high interest, the **Kremlin has been establishing its presence in key industries, such as the energy sector, heavy industry, telecommunications, or even sports**. Leverage in these industries is implemented via direct investment, assets purchases, or by signing so-called “assets interchange agreements”. Among new sub-industries of Russia’s interest are fast-food market and hospitality industry.
- Overall, this report aims to summarize the existing open data on the Russian economic weight in the EU and the neighboring countries, which, combined with the information influence, is a real danger to the European security and unity.





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## 1. BACKGROUND INFORMATION: KEY RUSSIAN BUSINESS PLAYERS ABROAD

**AFK "SISTEMA"** is a Russian investment company. It has [stakes in many Russian and foreign companies](#) in telecommunications, retail, electricity, agriculture, etc. The company is headed by Vladimir Yevtushenkov. [US senators considered whether to impose sanctions on Russian oligarch Vladimir Yevtushenkov](#) amid charges that his company built projects in Crimea, but the decision was not taken. [Yevtushenkov is thought to be one of many Russian tycoons that gained wealth](#) and power through his connections to Russia's President Vladimir Putin, [the U.S. Treasury Department said](#).

**ALEXEY MORDASHOV** is a Russian billionaire-businessman. He is the main shareholder and chairman of Severstal, the largest Russian steel company which operates in metal, energy and mining industries. He is considered to have close ties with President Putin, and [was included in the so-called "Putin list"](#) - CAATSA Reports released by the [U.S. Treasury Department in 2018](#).

**EVRAZ** is a steel, mining and vanadium business which operates in the Russian Federation, the United States, Canada, the Czech Republic, and Kazakhstan. The Company's principal activities include manufacturing steel and steel products; iron ore mining and coal mining, manufacturing vanadium products. Its [principal stakeholder is a Russian oligarch Roman Abramovich](#) which is known for his ties with Vladimir Putin. He was also [included in the "Putin list" in 2018](#).

**GAZPROM** is the largest supplier of natural gas to Europe and Turkey. It operates [gas pipeline systems, produces and explores gas, and transports high-pressure gas in the Russian Federation and European countries](#). The company is also engaged in oil production, oil refining, gas storage, and generation of electric and heat energy. Gazprom holds the world's largest natural gas reserves. Gazprom's share in the [global gas reserves](#) amounts to 16%, and to 12% of the [global gas output](#). Despite its allegedly pure business status, Gazprom is often involved in political scandals. It has to do with Russian President's will to use gas as a weapon, believes Josh

Cohen, former USAID project officer involved in managing economic reform projects in the former Soviet Union. It echoes former Economist editor's Edward Lucas thoughts that Russia may ["use supply interruptions on its four east-west export pipelines as a political weapon"](#).

**GENNADIY TIMCHENKO** is a Russian billionaire with interests in many businesses including Novatek, Volga Group, Sibur. He is believed to be one of the most powerful people in Russia and has [close ties with Vladimir Putin](#). Timchenko was included in [the "Putin list" in 2018](#).

**KASPERSKY LAB** is a Russian cyber security company. [Unaudited International Financial Reporting Standards \(IFRS\) profit in 2018 was \\$726M](#). In 2017 it was accused of [working with the Russian Intelligence](#).

**LUKOIL** is one of the largest vertically integrated oil and gas companies in the world. It engages in the exploration, production, refining, marketing and distribution of oil. [The net profit of Lukoil in 2019 was more than \\$8B](#). The major stakeholders of the company are [Vagit Alekperov \(net worth \\$19.2B, included in "Putin list"\)](#), [Leonid Fedun \(net worth \\$8.1B, included in "Putin list"\)](#). Lukoil was hit by the [U.S. sanctions in September 2014](#) related to **Russia's invasion of Ukraine**.

**MIKHAIL FRIDMAN** (net worth \$13.9B) controls [Alfa Group](#) (one of the biggest Russian financial and industrial consortiums, consists of several holding companies: **ABH HOLDINGS S.A.** – banking, operates in Russia, Ukraine, Belarus, the Netherlands, Kazakhstan, **Alfa Capital** – one of the largest asset management companies in Russia, **AlfaStrakhovanie Group** – insurance, **Alfa Asset Management (Europe) S.A.** – portfolio management company for private and corporate clients in Europe, **LetterOne** – investment company which focuses on energy, telecoms and technology, health, and retail sectors. Mikhail Fridman was [included in the "Putin list"](#).

**NOVATEK** is Russia's largest independent natural gas producer. The company is engaged in the exploration, processing of liquid hydrocarbons and natural gas. The company's primary production assets are located in the Yamal-Nenets Autonomous Region. Novatek delivers its natural gas on the Russian Federation's domestic market, and liquid hydrocarbons on both the Russian domestic and international markets. The principal stakeholders of Novatek are **Leonid Michelson** - 24.8% (founder of the enterprise and one of the richest businessmen in Russia), **Gennadiy Timchenko** - 23.5% (Russian-Finnish oligarch, a close friend of Vladimir Putin, was included [in the "Putin list"](#)), French company "Total" (19,4%) and Gazprom (10%).

**ROSATOM** is a Russian state-owned holding which was established in 2007 by Vladimir Putin. It comprises more than [360 entities including nuclear weapon producer, nuclear icebreaker fleet](#). It's one of the leaders in the world's nuclear energy industry. In 2019 Rosatom reported negative impacts on its operating activities because of the [U.S. sanctions against Russia](#).

**SBERBANK, PJSC** is the largest bank in Central and Eastern Europe, operating in 20 countries. [Sberbank reported net profit of ₴845.0B \(equivalent of more than \\$11B\) under International Financial Reporting Standards \(IFRS\) in 2019](#). The share of international business accounts for 14% of the aggregate assets. Sberbank was roiled in [a reputation-damaging controversy over funding](#) and deposit decisions in Ukraine in 2014. The [General Prosecutor's Office of Ukraine accused Sberbank](#) of financing the Russian-led separatists.

**VIKTOR KHARITONIN** is a pharmaceutical tycoon. He created Pharmstandard together with Roman Abramovich in 2003. [Kharitonin was also included in the "Putin list"](#).

**VEB BANK** is Russia's national economic development institution. It is a state-owned corporation. VEB charter capital comprises funds and other property contributed by the Russian Federation. It also receives direct contributions from the Federal Budget. VEB is not a ministry or a state agency, but a special entity, tasked with facilitating a wide range of socio-economic development activities. [In 2014, the United States Department](#)

[of the Treasury imposed economic sanctions that restricted U.S. persons and entities from doing business with VEB](#). As of 30th June 2019, VEB had \$51.9B in assets, \$46.6B in liabilities, and a \$28.3B loan portfolio.

**VS ENERGY** was created to combine 5 Ukrainian regional energy distribution companies into a single management system. This [business entity belongs to Russians](#): Evgeniy Ginner, former Vice-Speaker of the State Duma Alexander Babakov ([included in the list of EU sanctions because of Russia's actions in Crimea](#)), Mikhail Voevodin and Mikhail Spector. [This group has a long trail of criminal history. The group also owns hotels and shopping malls in Ukraine.](#)

**VTB GROUP** is one of the largest banks in Russia. In August 2019 net profit amounted to ₴18B (equivalent of more than \$235M). VTB Bank (Europe) SE is the [96th largest bank](#) in Germany in terms of total assets. In 2018 its total assets were €7829.81M, providing the bank with the market share of 0.11%. In 2018 the bank's net income was €73,53M. The [US imposed sanctions on VTB Group](#) in response to Russia's efforts to destabilize eastern Ukraine.



Germany became one of Russia's key trade and economic partners. Money from Russia flows to Germany's key industry branches, especially the energy sector.





## 2. OVERVIEW OF THE ECONOMIC IMPACT ON THE FEDERAL REPUBLIC OF GERMANY

German-Russian relations have always been at the core of European political processes. While Russia and Germany shared a number of common interests in the 20th century, including Molotov-Ribbentrop Pact which has led to World War II, the aftermath of WWII has undermined their close ties. Yet after the fall of the Berlin Wall, relations between Moscow and Berlin have renewed and progressed. German leaders successfully tried to serve as Russia's guides in its efforts to integrate into the West. Appointment of [Gerhard Schröder as the Chairman of the Shareholders' Committee at Nord Stream AG](#) is an extraordinary example of how German's establishment is involved in building closer economic ties and paving the way for Russian business in the country. But close cooperation of the former Germany's chancellor with Moscow was started long before that: the first step was made in [2005 when Schröder headed state-controlled Russian giant Gazprom's North European Gas Pipeline company](#), later transformed into Nord Stream. In 2009 [he joined TNK-British Petroleum's Board of Directors as an independent member](#). In 2017 [Gerhard Schröder chaired the Russian state-controlled oil producer Rosneft](#).

Thus, Germany became one of Russia's key trade and economic partners. Many German companies expanded their business in Russia. Shortly after the prime capital was accumulated, the money from Russia started to flow back to Germany making the country's key industry branches, especially the energy sector, vulnerable to foreign influence.

Moscow's interest in energy supplies to Germany is clear from the economic point of view (Berlin is the largest consumer of natural gas and there are no serious competitors for the Kremlin). However, the news in 2019 about plans of Russian chain Dodo Pizza to enter German market raised doubts regarding the economic viability (Germany's fast-food sphere is oversaturated and highly competitive) and purity of the economic interest of this business in Germany. It is important to take a comprehensive look at the Russian economic mark on each market and analyze to what extent it leaves space for national security

concerns over energy, cybersecurity and biosafety threats.

### Heavy industry

1. In 2006, [Russian Vneshtorgbank \(VTB\) became a shareholder of EADS](#), the parent company of **Airbus**. [It bought 5.02% of shares of the European aerospace company. Russia has the same number of shares as some NATO countries](#). In 2007, VTB Bank sold its share to Russia's VEB Bank.
  - See **Background information** for more about **VTB Bank** and **VEB Bank**
2. In 2008, [Russian metals and mining firm Mechel agreed to buy 100% of Germany metals trader HBL Holding GMBH](#). [Mechel](#) is the world's leading mining and metals company. [Igor Zyuzin](#) holds 50.1% of shares in Mechel. It has production facilities in Russia and abroad. Mechel also has [sales subsidiaries](#) in Switzerland, the Netherlands, Austria, Belgium, Germany, the Czech Republic, Belarus and Kazakhstan. Mechel reported that its [core earnings in 2018 had fallen by 7%](#) compared to the 2017, with lower sales in the mining division. In 2019 this trend continued – consolidated [EBITDA dropped by 29%](#) compared to 2018. Mechel has problems because of its [investment failures](#) and [miscalculations of the costs of building infrastructure](#) at the Elginsky coal deposit.
3. In 2009, Russian Sberbank, along with Canadian-based company **Magna**, [wanted to acquire 55% shares of Adam Opel GmbH](#), the U.S. automaker's subsidiary which designs, develops, manufactures, and markets automobiles. [However, the GM Board declined the proposal](#). In March 2017, [Opel](#) and Vauxhall were acquired by the French PSA Group (manufacturer of Peugeot, Citroën, DS brands), ending a long association with General Motors. In 2019, [Opel sold over 800 thousand vehicles](#).

- See **Background information** for more about **Sberbank**

### Telecommunications

In 2006, [AFK “Sistema” tried to take possession of shares of Deutsche Telekom](#) (partially owned by German government). The negotiations were initiated by **Vladimir Putin** but failed for undisclosed reasons.

See **Background information** for more about **AFK “Sistema”**

### Entertainment

1. Eventually, the efforts in taking deep roots in Germany were successful in 2010 when Russian oligarch [Alexey Mordashov bought 16% of shares of travel concern TUI](#). In 2011 his stake increased to almost ¼ of shares. TUI is one of the world’s largest integrated tourism companies, which sells end-to-end leisure travel packages and other travel services via a network of 1,600 travel agencies, mostly in Germany, the UK, and France. Company has tried to [gain Tomas Cook’s market share](#) until the 2020 coronavirus pandemic created an industry turmoil.

- See **Background information** for more about **Alexey Mordashov**

2. Since 2007, [Gazprom Germania has been sponsoring one of the most popular football clubs - Schalke 04](#) from [Gelsenkirchen](#). The [fan base of the club counts around 150,000 people](#). [Gazprom Germania](#) is a 100% subsidiary of Gazprom, which is one of the largest natural gas producers and suppliers in the world. Gazprom Germania GmbH was established in 1990 and has since developed into an internationally operating group of 40 companies in 15 countries in Europe and Asia. Net income of the company in [2018 was €121.9M](#). This positive performance was mainly due to expanded margins and higher volumes of natural gas and LNG.

- See **Background information** for more about **Gazprom**

3. In 2016, Russian billionaire [Viktor Kharitonin bought 99% stake in Nürburgring](#), an iconic motorsports circuit near Cologne. [Mr. Kharitonin has also voiced his ambitions](#)

[to reopen talks with F1 boss Bernie Ecclestone](#) about reinstating the Nürburgring Grand Prix circuit back onto the F1 calendar. These negotiations were not successful and F1 did not return to Nürburgring.

- See **Background information** for more about **Viktor Kharitonin**

### Retail and FMCG

1. In 2009, when the world economic crisis was unfolding and gaining its momentum, Russia booted its investments in Germany. [Russian businessman Viktor Lutovinov revived AlterWest, an ice cream production facility in the city of Ortenberg, with several million euros - at a time when no German investor wanted to put even a tired euro into the company.](#)
2. In 2020, [investors from Russia, closely related to AFK “Sistema”, announced their intent to buy a supermarket chain Real](#), which has 276 supermarkets across Germany and previously belonged to **Metro**. [Connected sources stated that the value of the transaction is up to €500M. Agreement to sell Real chain provoked protests among personnel.](#)

- See **Background information** for more about **AFK “Sistema”**

### Energy

1. In 2015, [Russian billionaire Mikhail Fridman’s investment fund closed a €5B deal on acquiring Dea, the oil and natural-gas arm of German utility RWE AG. Dea has licenses to extract oil in 14 countries](#), among them - Great Britain, Germany, Norway, Egypt, Libya.

- See **Background information** for more about **Mikhail Fridman** and **Alfa Group**

2. In 2009, [Gazprom Germania bought 10% shares in VNG - Verbundnetz Gas AG](#), which is the third largest gas seller in Germany, operating mostly in its eastern part. Together with the partner **Wintershell Holding GmbH** they consolidated 26,31% of shares. This allowed them to dictate the policies of VNG. [In 2015, Gazprom Germania sold its stake](#) because it was interested in financing the

[project Katharina](#) – underground gas storage (UGS) facility. The cooperation of Gazprom and VNG — Verbundnetz Gas AG in construction of the UGS in a rock salt deposit started in 2006. In 2009 the marketing and operating company for the UGS Katharina, the Erdgasseicher Peissen GmbH, was founded. The company is a joint venture of Gazprom Export and VNG Gasspeicher GmbH. After 12 planned caverns are constructed, the working gas volume of the facility will amount to more than 650 mcm (at 20°C). The capacities of UGS Katharina contribute to securing uninterrupted gas supplies via gas pipelines Jamal — Europe and Nord Stream during the periods of peak winter consumption, as well as during maintenance works on the main pipelines.

3. **Gazprom and [Wintershell Holding GmbH](#)**, a subsidiary of BASF SE and the largest crude oil and natural gas producer in Germany, [concluded an assets interchange](#). As a result, Gazprom gained complete **control over the following companies: WINGAS, WIEH, WIEE**, which are operating in the fields of gas sales, its transporting and storage. Russian gas monopoly additionally obtained a ½ **stake in WINZ**, which is engaged in oil extraction in the North Sea.

- See **Background information** for more about **Gazprom**

4. **[Nord Stream](#) is a set of pipelines from Russia to Europe**. It has two nodes from Vyborg to Greifswald (this part can be called Nord Stream 1) and two lines running from Ust-Luga to Greifswald (this can be called Nord Stream 2). This project is owned by **Nord Stream AG**, whose major stakeholder is **Gazprom**. [The initial participants in Nord Stream are Wintershell \(a subsidiary of BASF, Germany\), E.ON Ruhrgas \(a subsidiary of E.ON SE, Germany\), Gasunie \(the only gas operator in the Netherlands\), GDF Suez \(France\)](#). In 2015, Russia made a decision to increase the volume of gas transported to Europe and launched Nord Stream 2. [The approximate value of investment varies from 20 to 40B EUR](#).

- See **Background information** for

more about **Gazprom**

## Banking

**The Deutsche Bank Affair.** [Germany's problem-plagued Deutsche Bank faced fines and likely legal prosecution of senior management because of its part in a \\$20B Russian money-laundering scheme. Sources claim that Russian clients laundered over \\$10B via Deutsche Bank](#). In a press release published on the 30<sup>th</sup> of January 2017, the [New York State Department of Financial Services \(DFS\)](#) [stated it had found Deutsche Bank](#) and several of its senior managers responsible of neglecting opportunities to detect, intercept and investigate a long-running mirror-trading scheme facilitated by Deutsche Bank's Moscow headquarters and involving its New York and London branches.

## Restaurants

In 2019, [Russian Dodo Pizza restaurant chain tried to enter the German market](#). Despite limited business experience and failed companies in the past, [Dodo Pizza founder Fedor Ovchinnikov has global ambitions, having opened restaurants in 11 markets outside Russia, including 3 in the USA](#). A highly unusual move, since chain operations need scale to become successful in any single market. Mr. Ovchinnikov claims to have gathered his investors via a crowdfunding campaign. [However, he had close ties with the Russian nationalists Eduard Limonov \(1943-2020\) and Alexander Dugin, who shaped the aggressive concept of the Russian world](#). Such actions in Russia are under strict control of the top government officials.

[Russians also tried to get into Germany by buying the local chain Uno-pizza, but the deal failed because of American chain Papa John's bigger bid](#).

## Media

The main goal of Russian media in Germany is to present the official Russian foreign policy line as an [“alternative opinion”](#) and to position themselves as [“independent”](#) sources.

**Russian Federation's state-owned media in Germany include:**

[Sputnik Deutschland](#) - a news agency, part of state-owned Sputnik International

(230K followers on [Facebook](#), 23K followers on

[Twitter](#), [2 mln](#) visitors per month);

[SNA-radio](#) - an online-radio, part of state-owned Sputnik International;

[Russia Today Deutschland](#) - a web-portal, part of Russia Today TV Channel;

(456K followers on [Facebook](#), 48K followers on [Twitter](#), 343K subscribers on [YouTube](#), [3 mln](#) visitors per month).

At the same time there is a number of “pro-Russian” media influencers, among them:

[Jürgen Elsässer](#) - publisher of [Compact Online](#) (800K visitors per month) with a focus on pro-Russian content;

[Mark Bartal](#) - “independent film-maker”, shot [a film about the war in Ukraine](#), exclusively based on the pro-Russian separatists accounts and personal observations.

[Alexander Rahr](#) - a [German expert on Russia](#), often [appears in Russian media justifying Vladimir Putin's actions](#), [calls himself a Putin's Understander](#).





The unhindered flow of Russian money into the Ukrainian market was provided on a firm legal basis – the Russian-Ukrainian Friendship Treaty.

### 3. OVERVIEW OF THE ECONOMIC IMPACT ON UKRAINE

A significant presence of the Russian business was an obvious fact ever since Ukraine gained its independence in 1991. However, after the annexation of Crimea and the outbreak of war in Donbas in 2014, its steadfastness was called into question. The penetration of Russian business into Ukrainian market has reduced, but in some sectors of Ukrainian economy Russia's influence remains high. If one ever tries to get consolidated and proven data or the likes of a register about it, one would be disappointed – it does not exist. There is no consolidated or registered data about the current state of economic relations between Ukraine and Russia. The information about Russian business is often based not on documentary evidence, but on assumptions, data processing and logical inferences.

The unhindered flow of Russian money into the Ukrainian market was provided on a firm legal basis – the Russian-Ukrainian Friendship Treaty, signed in 1997 and terminated only in 2019. Among other things, it involved ensuring an enabling environment for developing business on the territory of signatories.

The vast majority of assets in Ukraine that have been owned by the Russian Federation, Russian businessmen or financial groups before 2014 are currently either eliminated, have a complicated ownership structure (with no direct way to find out the real owners), or have been purchased by other parties.

#### Banking

1. [On February 11, 2020 the Kyiv District Administrative Court partially granted the claim of Prominvestbank, prohibiting the forced sale of 97.77% of shares. Prominvestbank was established in 1992. VEB \(Russia's state bank\) became the owner of Prominvestbank in 2008 and owns 99.7726% of its shares.](#) It estimates its own investments in the development of the subsidiary bank at \$2.7B. The prospects of the bank are rather complicated. In 2008 there was a large-scale information attack on the bank. Some sources spread rumors that Prominvestbank allegedly had problems

with liquidity. As a result, the depositors of the bank rushed to withdraw their money. As it turned out, [Russian VEB bank became the main beneficiary](#) of that situation and gained control over Prominvestbank in 2009.

- See **Background information** for more about **VEB Bank**
2. After the imposition of anti-Russian sanctions in March 2017, Russian state bank PJSC **Sberbank managed to sell VS Bank to Ukrainian businessman Sergey Tigipko**. Previously, [VS Bank](#) was a Ukrainian bank operating mostly in the Western Ukraine. In 2007 it became a part of Austrian financial group Volksbank International AG. In 2011 [Sberbank took control over Volksbank](#) and VS Bank submitted fully to Russians. [Sergey Tigipko](#) bought its shares from Sberbank. At the moment of the transaction VS Bank total assets were approximately \$100M and it was [among 20 safest banks in Ukraine](#).

However, Sberbank was unable to sell its main subsidiary Sberbank Ukraine. [At first, it was claimed by Russian businessmen Grigory Guselnikov and Said Gutseriev, then by Belarusian citizen Viktor Prokopenya, and then Belarusian Paritet-Bank](#). All buyers had direct or indirect connection with the Russian state bank. [National Bank of Ukraine Deputy Head Kateryna Rozhkova said](#): "I think it's clear to everyone that we would not give the green light to the notional buyers. If the bidder is an international institution which despite the sanctions can obtain the authorization for the deal [with Sberbank] by European Central Bank, then it will be OK."

- See **Background information** for more about **Sberbank**
3. [Alfa-Bank Ukraine completed the merger with Ukrsootsbank and changed its manager. Alfa-Bank Ukraine became the full successor of all rights and obligations of Ukrsootsbank](#) towards its customers, partners and counterparties. The transfer act was approved



on October 15, 2019 by a decision of the General meeting of shareholders of the two banks.

[Ukrsotsbank](#) is a former Ukrainian bank with foreign investments which consisted of Ukrasotsbank and local subsidiary of Unicredit Bank. It was among 10 biggest banks in Ukraine. Its total assets in 2014 were \$1.722B. In 2016 [Ukrsotsbank and Alfa Bank Ukraine joined the Russian Alfa Group](#).

- See **Background information** for more about **Mikhail Fridman** and **Alfa Group**

### Heavy industry

1. [Russian Atomenergomash, which is controlled by Rosatom, has purchased Energomashspetsstal \(Kramators'k\), a Ukrainian manufacturer of special steel and workpieces for manufacturing equipment for nuclear power plants](#). According to Interfax, as part of this transaction, Atomenergomash acquired a controlling interest in EMSS Holdings Limited, which, in turn, owns 92.68% of Energomashspetsstal. Its [net profit in 2018 was \\$25M](#). This is an illustrative indicator of the realities of Ukrainian economy.
  - See **Background information** for more about **Rosatom**
2. [After the sale of the Sukhaya Balka mine and Dnipro Metallurgical Plant \(DMZ\), Evraz \(owned by Russian oligarch Roman Abramovich\) has kept one Ukrainian asset - a transport company EvrazTrans Ukraine LLC \(Dnipro\)](#). EvrazTrans Ukraine LLC is engaged in freight forwarding activities.
  - See **Background information** for more about **EVRAZ**
3. The list of owners of [Kryukov Railway Car Building Works](#) includes [Stanislav Gamzalov, the Chairman of the Directors Board of JSC "Zavod Metallokonstruktsy" \(Engels, Russia\)](#). He owns [1/4 of shares](#) of the Ukrainian enterprise. It should be mentioned that Kryukov Railway Car Building Works increased its net profit by 70% in 2019, and [reached \\$33M](#).

### Telecommunications

1. In 2019, the Norwegian telecommunications holding **Telenor** sold 157 million shares (8.9%) to **Veon Group of Companies**. [These shares include Russian mobile operator VimpelCom \(Beeline\) and Ukrainian Kyivstar](#), the largest operator in the country. Russian oligarch Mikhail Fridman (Alfa-Group) remains the largest shareholder of Veon. 26.2 mln Ukrainians used Kyivstar mobile communications services in 2019 (this constitutes roughly [50% of the market](#)). Its total revenues increased by 16.1% compared to 2018, and reached [\\$232M](#).
  - See **Background information** for more about **Mikhail Fridman** and **Alfa Group**

### Energy

1. In 2013, [Russian Alfa Group acquired a stake in British company with Ukrainian assets Regal Petroleum, which includes Mekhedivsko-Golotovshchinske and Svyrydivske gas-condensate fields \(Poltava region\)](#). The controlling interest in Regal Petroleum is owned by [Vadym Novinskiy](#), a Ukrainian businessman and politician (a member of pro-Russian political party in Ukraine "Opposition Platform for Life"). Ethnic Russian, he obtained Ukrainian citizenship under the special decree of the fugitive President Viktor Yanukovich. [Novinsky owns Smart Holding, which has a 24% stake in Metinvest, the international group of companies, which includes mining, steel enterprises and sales network in Ukraine, Europe and the U.S.](#)
  - See **Background information** for more about **Mikhail Fridman** and **Alfa Group**
2. [Ukraine will not return assets to Gazprom which were confiscated by the decision of the Antimonopoly Committee of Ukraine \(AMCU\), – said Iurii Vitrenko, Naftogaz CEO \(Ukraine's national energy company\)](#). As part of this resolution, Gazprom withdrew from this compensation. Gazprom agreed that the value of its assets confiscated in Ukraine will never be returned and will not be compensated.

According to Vitrenko, Gazprom also will not make any efforts to recover funds from Naftogaz for gas that was supplied to the occupied Donbas in 2014-2019.

See **Background information** for more about **Gazprom**

3. [Russian VS Energy has transferred its business in Ukraine to a number of citizens of Latvia and Germany. The list of its assets includes](#) energy distribution companies: Zhytomioblenergo, Kirovogradoblenergo, Khersonoblenergo, Rivneoblenergo, Chernivtsioblenergo and Sevastopolenergo. [VS Energy](#) is the second most important player on the energy market in Ukraine after DTEK.

- See **Background information** for more about **VS Energy**

## Retail

1. [Ocean Plaza shopping mall in Kyiv is associated with the Russian business group “TPC Nedvizhimost”, which was founded by Alexander Skorobogatko, Alexander Ponomarenko, and Arkadiy Rotenberg - an old friend of Vladimir Putin.](#) Rotenberg’s companies built the Crimean Bridge. The [Crimean Bridge](#) is a pair of parallel bridges connecting the Taman peninsula (Russia) and Kerch (Russian-annexed Crimea, internationally recognized as part of Ukraine). It provides road and rail traffic.
2. [Gloria Jeans is one of the fast-fashion retail leaders in Russia and CIS countries. It was founded by Vladimir Melnik.](#) Despite [allegations of financing Russian-led militants](#), there are 18 stores [still operating in Ukraine](#).
3. [Sportmaster \(also O’stin, Спортландия, Columbia, Weekender\) is a Russian sporting goods retailer.](#) Overall there are 115 shops in Ukraine. [Russian citizen Nikolay Fartushnyak founded this company](#) with his friends in the 1990s.
4. One of the most expensive in Kyiv [Metrograd Shopping Mall](#) is property of VS Energy.
5. [50% of shares of the Metropolis Mall in Kyiv previously were attached to VS Energy](#), but they sold it to local Ukrainian businessmen.

- See **Background information** for more about **VS Energy**

## Hospitality industry

1. [Premier Palace hotels in Kyiv and Kharkiv are part of Premier Hotels & Resorts chain. The owner of the hotel is the Russian company VS Energy.](#)
2. [3-stars hotel Rus’ in Kyiv also belongs to VS Energy.](#)
  - See **Background information** for more about **VS Energy**
3. [The majority owners of the hotel Reikartz Chernihiv are Russian businessmen Yuriy Vasin, Leonid Lavrentiev, Timur Rodioniv.](#)

## Restaurants

1. [Coffee House is a Russian chain of coffee shops founded by Timur Khairutdinov.](#) In 2018 because of financial problems the [number of cafes reduced from 17 to 4](#).
2. [Shokoladnitsa is the biggest Russian chain of coffee shops founded by Alexander Kolobov.](#) As of now, the number of cafes is 8. In 2018 some coffee shops changed their names to “Pashtet”.
3. [A chain of sushi restaurants Yakitoriya closed its business in Ukraine.](#) Previously, there were **6 restaurants**. Yakitoriya is a Russian restaurant chain, founded in 1999.
4. [Russian chain of sushi restaurants Evraziya is a part of the restaurants holding Evraziya founded by Alexey Fursov.](#) As of 2020, there are [22 restaurants in Ukraine](#).
5. **Dodo Pizza** chain tried to enter not only German, but also Ukrainian market. Its founder Fedor Ovchinnikov had close ties with the Russian nationalists Eduard Limonov (1943-2020) and Alexander Dugin, who shaped the aggressive concept of the Russian world. [As with the German case, Mr. Ovchinnikov tried to start his business in Ukraine by inviting local franchise partners. Because of active opposition, he had to put off the process, but did not give up.](#) Mr. Ovchinnikov is announced as a headline speaker at Big Money Forum in Kyiv



in June 2020 – a step towards building his loyal audience in Ukraine ahead of a new attempt to enter Ukrainian market.

### High tech

[In 2019, the Federal Acquisition Regulation Council published a rule for the US government agencies prohibiting the use of Kaspersky Lab products.](#) It was done in response to substantiated [concerns of the US Intelligence that Kaspersky Lab had close ties with the Russian government](#). In Ukraine, [because of the war in Donbass, it happened earlier, in 2017. President Petro Poroshenko signed a National Security and Defense Council of Ukraine decree authorizing the ban on the use of Russian social media, search engines, software producers \(among them Kaspersky Lab\).](#)

- See **Background information** for more about **Kaspersky Lab**

### Media

Even though Ukraine has [blocked Russian television channels](#) to stop them from spreading war propaganda, there is a certain number of pro-Russian TV channels, standalone websites and journalists who continue the subtle dissemination of pro-Russian messages in Ukrainian media.

In general, the media market in Ukraine has never been profitable, and [key media are mostly owned by oligarchs](#) who use them to promote their business and political interests.

The most influential are TV channels connected to Ukrainian oligarch, Chairman of the political council of the Ukrainian political party “For Life”, and Vladimir Putin’s friend Viktor Medvedchuk. According to ratings, his media properties are:

- [112](#)
- [ZIK](#)
- [NewsOne](#)

According to the [data of the National Council of Television and Radio Broadcasting of Ukraine](#), NewsOne and 112 channels were the leaders of the information channels segment in Ukraine in 2019.

Among other pro-Russian media:

[“Kyivan Rus” TV Channel](#) - tied to **Hennadiy Vasyliev**, who was a Member of Parliament in 2012-2014 from the pro-Russian political party Party of Regions.

[“Nash” TV Channel](#) – the owner is **Yevhen Murayev**, a member of political party Opposition Block, which inherited pro-Russian legacy from the abovementioned Party of Regions.

[strana.ua](#) - belonged to the journalist **Ihor Guzhva**, who previously worked in Moscow. According to [SimilarWeb Service analytics](#), strana.ua is 32<sup>nd</sup> Ukraine’s most popular web-site, with an average number of visitors approaching 15M per month.



The Russia-Austria relationships are based on the close ties between major national economic businesses and political authorities.

## 4. OVERVIEW OF THE ECONOMIC IMPACT ON THE REPUBLIC OF AUSTRIA

Channels of Russia's influence in Austria are not much different from the cases described above. During the last decade [Russian foreign direct investment \(FDI\) stocks have expanded from just €5.4B in 2006 to almost €160B by the end of 2017 in Italy, Austria and the Netherlands alone](#). The Russia-Austria relationships are based on the close ties between major national economic businesses and political authorities. These ties provide implicit support and protection for the strategic projects of both countries. Business-political networks between Russia and Austria ensure that Vienna's strategic policies are in line with these economic projects, and at the same time - with Russia's objectives.

### Energy

In 2016, [Austrian company OMV and Russian Gazprom signed the Basic Agreement on Asset Sale](#) which provided for [an acquisition of a 24.98% interest in the Urengoy gas and condensate field](#) and a [38.5% participation of Gazprom in OMV \(NORGE\) AS](#) (OMV's subsidiary). But this deal met [resistance in Norway](#). After that OMV tried to buy the stakes, but [the deal was also postponed](#). At the same time, the efforts of OMV at a similar project were more successful – they managed to buy [a 24.99% share in Russia's Yuzhno Russkoye natural gas field located in Western Siberia from Uniper SE](#) for \$1.85B.

[OMV](#) is an Austrian oil and gas group. It started its cooperation with Russia in 1968 when OMV became the first European company to conclude a gas supply agreement. After the USSR collapsed in 1991, the company established a representative office in Russia. It operates in upstream and downstream oil and gas production, and has 3 refineries. [The consolidated net income of OMV in 2019 was €2.07B](#). OMV also actively participates in the Russian large-scale gas project Nord Stream 2, and in 2019 it invested [\\$124M](#) in this project. It should be mentioned that [OMV has close ties with the Austrian People's Party \(ÖVP\)](#), the leading political party in the current government led by Sebastian Kurz. In 2019 there was a scandal

regarding these relationships after the release of a [bombshell video showing Heinz-Christian Strache](#), the far-right leader of Kurz's coalition partner (FPÖ - *Freiheitliche Partei Österreichs*), trying to trade public contracts for party donations from a woman who was introduced as Aljona Makarowa, an alleged niece of Igor Makarov, a Russian oligarch close to Putin. It is important to emphasize that [Austria is an important gas transit country](#). It supplies gas to Italy, Hungary, Germany, France, Croatia, Slovenia with a capacity of 30B cubic meters.

### Banking

Bill Browder, an anti-money laundering activist, claims [Austrian banks have enabled Russian oligarchs to launder funds for years - about \\$967M of suspicious money flows from Danske Bank to Raiffeisen Bank](#) and other lenders in the country. For example, **Raiffeisen Bank**, the second-largest Austrian banking group, **made 78% of its corporate profits in Russia in 2014**. The bank reported the [biggest net profit in this country](#) in 2019.

### Media

Austrian mainstream media criticize Russia's aggressive behavior which it openly demonstrates in recent years. The relations between Austrian media and Russian top officials are strained. One can remember the [cancelled interview of President Vladimir Putin with ORF \(public broadcaster\)](#) because of its "unfriendly reporting", as well as similar cases with online media Profil and die Presse. Along with that, one can observe unusual activities regarding the [justifications of Russia's activities in the local ultra-right media](#).



**Russia's state-owned media in Austria:**

[Sputnik Österreich](#) - a web-page at Sputnik Deutschland, a part of state-owned Sputnik International.

[RT Österreich](#) - a web-page at RT Deutsch, a part of Russia Today TV Channel.

**[Pro-Russian online media in Austria:](#)**

[Contra Magazin](#) ([160K](#) of visitors per month)

[info-direct](#) ([10.1K](#) visitors per month)

[unzensuriert.at](#) ([383K](#) visitors per month).



Despite Moscow's attempts to buy key private businesses, Polish political establishment has been very cautious about Russia's intentions.

## 5. OVERVIEW OF THE ECONOMIC IMPACT ON THE REPUBLIC OF POLAND

Russia's business power does not have a significant influence in Poland. [According to the data from the Polish National Bank](#), the number of direct investments from Russia is less than 1%. Despite Moscow's attempts to buy key private businesses or strategic state enterprises, Polish political establishment has been very cautious about Russia's intentions.

Though, Russians managed to enter the Polish market in the following sectors.

### Energy

In 2016, [Russian Novatek bought an LPG regasification facility](#). The value of the transaction was approximately 1.2M PLN (equivalent of more than \$288K). In 2009, Novatek Polska was renamed Novatek Green Energy. The company has its own [LPG transshipment terminal in Kielce](#) with a capacity of 15 000 tons. In 2018, the Novatek Green Energy company became a member of the Polish LNG Platform which was founded in 2017.

[Novatek is the biggest supplier of liquefied gas in Poland](#). According to the Polish LPG Association (POGP) data, in 2016 Russians supplied more than 50% of liquefied gas to Poland.

- See **Background information** for more about **Novatek**

Before 2017, [Lukoil owned a chain of gas stations in Poland](#). Because of anti-Russian attitude, Lukoil [had to sell them](#). "It became an obstacle for business, we started losing money, we felt a negative attitude towards ourselves," - Vagit Alekperov, President and CEO of Lukoil, said in an interview with Rossiya-24.

- See **Background information** for more about **Lukoil**

### FMCG

In 2013, [Russian Standard Corporation - Roust Trading Limited bought Polish Central European Distribution Corporation \(CEDC\)](#). CEDC sells popular **hard drinks** Żubrówka, **Soplica**, **Absolwent**, **Bols**.

### High tech

When the [US government banned the use of the Kaspersky software](#) it provoked heated debates in Poland. [Leading local media expressed their concerns](#) regarding [the state's vulnerability because of the Russian software products](#). Member of the European Parliament [Anna Elżbieta Fotyga proposed to prohibit the use of the Kaspersky Lab products at the EU institutions](#). [Despite all these actions, the Kaspersky software is still in use in Poland](#).

- See **Background information** for more about **Kaspersky Lab**

### Media

Russia has a limited influence on Polish public sector. In the report ["Vulnerability Index: Subversive Russian Influence in Central Europe"](#) from 2017, Poland was rated as the least susceptible to Russian influence. Though, this report includes direct Russian propaganda, but not the hidden one. Despite the aggressive promotion, Sputnik Polska and its radio have not gained much popularity, but there are numerous [websites in Polish](#) disseminating [Russian narratives](#).

### Russia's state-owned media, which have influence in Poland:

[Sputnik Polska](#) - news agency, a part of state-owned Sputnik International – with [1.5M visitors per month](#) and 4.3K followers at [Facebook](#).

[Sputnik Wiadomości](#) - online-radio, a part of state-owned Sputnik International.

Among pro-Russian TV Channels, "independent journalists" and web-sites one can find:

[dziennik-polityczny.com](#) ([66K visitors](#) per month);

[wolna-polska.pl](#) ([432K visitors](#) per month);

[Obserwator Polityczny](#) ([9K visitors](#) per month);

[Janusz Korwin-Mikke](#) - [politician and publicist](#); [and many others](#).





Over time, Russia made Czech Republic its hub for further activities not only in the EU, but also worldwide.

## 6. OVERVIEW OF THE ECONOMIC IMPACT ON THE CZECH REPUBLIC

In general, Russia is neither a strategic trade partner for the Czech Republic nor it is a significant source of foreign direct investment (FDIs). Though the FDIs from Russia into the Czech Republic more than tripled since 2005 (2005: €160M compared to 2018: €698M), their overall share in total FDIs has considerably decreased. The dynamics of Russian FDIs into the Czech economy have a declining tendency. Russians have chosen the Czech Republic as their entry point into the European Union. Over time, Russia made Czech Republic its hub for further activities not only in the EU, but also worldwide. Russian presence in the Czech Republic is enhanced by extensive support of local businessmen, officials and politicians.

### Energy

1. [Vemex Energy Inc. \(incl. its parent company Vemex Energie Ltd., own capital €15M\) is a gas and electricity trading company owned by Gazprom](#) (indirectly, through the Austrian subsidiary **Centrex** founded by **Gazprombank**), which was established in **2001** (Vemex Ltd.). In 2009 it became the first **gas trading company** to break the monopoly of RWE Transgas for gas imports into the Czech Republic and currently controls approximately 12% of Czech domestic market.
  - See **Background information** for more about **Gazprom**
2. [In 2014, LUKoil holding had to shut down their business in the Czech Republic](#). Since 2007, **LUKoil CEEB** operated **44 petrol stations** in the Czech Republic, which it took over from **ConocoPhillips**. However, back in 2014, LUKoil had to sell these petrol stations to **Hungarian MOL**. [This was part of a wider sell-off conducted by LUKoil in Central Europe and was a direct impact of EU sanctions on Russian companies following the Russian aggression against Ukraine](#). The second subsidiary, **LUKoil Aviation**, which used to control **the sales of 20% of all airplane petrol** at Czech airports (without any bidding competition), [lost the lawsuit](#) against the Czech Republic (State Strategic Reserves) in 2015 and

was obliged to pay an outstanding debt of €1M. However, its CEO **Martin Nejedlý** managed to [keep his position](#) till nowadays as a principal advisor to the Czech President Miloš Zeman. He is generally perceived as a Russian “supervisor” of the Czech President.

- See **Background information** for more about **Lukoil**
3. [Gunvor Trade Ltd. is a Czech branch \(founded in 2010\) of Gunvor International B.V. owned by Russian oligarch Gennadiy Timchenko](#) (under EU/US sanctions), and its [trading portfolio includes](#) global sourcing and delivery of crude oil and refined oil products, LPG, natural gas and LNG, coal, biofuels, carbon and metals. Its local Czech branch generated **€47M** of annual revenues in 2013.
    - See **Background information** for more about **Gennadiy Timchenko**
  4. [Škoda JS and Pilsen Steel emerged \(along with several other similar companies\) as successors of the previously consolidated Škoda holding. In 2004 they were sold to Russian group OMZ B.V., which is controlled by Gazprombank \(estimated value of this sale was around €40M\)](#). Both companies, especially Škoda JS (Nuclear Machinery Škoda) were important producers of **equipment and technologies for nuclear power stations**.  
 Škoda JS is a key **global strategic supplier of high-tech equipment** to numerous clients globally (including Ukrainian nuclear power station in Rivne). In 2018 it generated the net profit of €10M despite being on the U.S. Crimea-related sanctions list. In 2012 **Pilsen Steel** went **bankrupt**, but the [financial injection from Russian state-owned VEB Bank](#) allowed VEB Capital (the investment company of the Russian VEB Bank) to assume respective ownership rights (**100%**).
    - See **Background information** for more about **VEB Bank**



5. [In 2013, ČKD Blansko \(own capital €4M\) was the 9<sup>th</sup> biggest Russian-owned company in terms of revenues \(€26M\). This producer of machinery and equipment for electric power stations \(including the nuclear ones\) was bought out \(100%\) by Russian company Tyazhmash in 2010. The company went \*\*bankrupt\*\*, and there were several unsuccessful attempts in 2019 to sell its assets through public auctions \(starting price: €5,3M\).](#)
6. **There have been more similar takeovers of Czech nuclear technology companies by the Russian investors:**
  - In September 2011, [Atomenergomash \(subsidiary of Rosatom\) purchased a 51% stake in Gardea, the sole owner of Chladicí věže Praha \(Cooling Towers Prague PLC\)](#), one of Eastern Europe's largest producers of **cooling towers for nuclear and thermal power plants**. However, in 2015, because of the EU/US sanctions imposed on Russian companies, Chladicí věže went **bankrupt**.
  - [Zdeněk Mitáš, Czech entrepreneur and owner of Arako, the Czech manufacturer of valves and valve fittings for nuclear and other industrial plants sold 49% of shares to Russian Energy Company](#), which were later resold to **Atomenergomash**. In October 2019, Zdeněk Mitáš sold the remaining 51% to **Atomenergomash** (through its subsidiary **Intelenergomash**) for €7.5M. In 2018 Arako recorded a net profit of **€5.7M**.
  - [Temac, the producer of industrial seals and for electric power stations \(including also nuclear ones\) was acquired by Moscow-based Vati Prom](#) in 2013 for nearly **€7M**. Later on, in 2017 Vati Prom resold Temac to Cyprus-based **Friction Material Group Ltd.** represented by several Ukrainian citizens.
  - [In 2006, Russian company Chelyabinskiy Truboprolatnyi Zavod \(a part of Rimera Group\) purchased the Czech company MSA \(own capital: €13.5M\), the largest European producer of industrial valves \(used also in the nuclear energy sector\). MSA is the third largest Russian-owned company operating in the Czech Republic in terms of annual revenues](#)
- (€68M).
- See **Background information** for more about **Rosatom**
7. [The Czech Republic has a specific interest in having the Nord Stream \(NS\) pipelines \(which are bypassing Ukraine\) operational, due to the fact that the completed in 2013 interconnector Gazela \(worth €400M, capacity 30B cubic meters annually\) connects the NS and the Czech gas network.](#) The exclusive operator of this network is the **NET4GAS**, company owned equally by **Allianz Capital Partners** (investment fund of Allianz insurance company) and **OMERS Infrastructure** (international investment fund) with no direct Russian participation or shares. However, the Gazela pipeline was constructed by Russian company **Stroytransgaz** (now included in the U.S. sanctions list, initially controlled by Gazprom, later by Gennadiy Timchenko).
8. [Czech government is now planning a huge international tender \(approximate value of €9-15B\) for the construction of new blocks at the two existing nuclear power stations in Dukovany and Temelín. One of the potential bidders is Russian Rosatom](#), which is promoted by pro-Russian lobby in the Czech Republic (including President Zeman and his entourage). Intelligence community and other energy experts point at the similar risks as Hungary faced regarding **Paks II**. In case Rosatom wins this tender, the Czech Republic would be **heavily dependent** on Russian electricity production for many years.
  - See **Background information** for more about **Rosatom**



## Banking

- [Sberbank CZ](#) (own capital **€110M**) is fully controlled by the Russian state-owned Sberbank. In 2012, Sberbank purchased **Austrian Volksbank** together with its network of branches in Central European countries. Due to the impact of EU/US sanctions, Sberbank was forced to pull out from Slovakia. However, it still operates in the Czech Republic.
  - See **Background information** for more about **Sberbank**
- In 2014, [Expobank CZ](#) (own capital: **€65M**) entered the Czech market by acquiring the branches (and banking license) from the **German bank LBBW**. Nowadays, Expobank CZ operates 8 branches. Its owner is Russian businessman **Igor Kim**.
- [Euro-Russian Bank](#) (ERB, own capital: **€36M**) is a subsidiary bank of the **1<sup>st</sup> Czech-Russian Bank** (FCRB, owned by **Stroytransgaz**) and it became the first Russian bank, which received the banking license from the Czech National Bank (CNB). This license allowed the ERB (FCRB) to operate on the whole EU market. However, the CNB revoked the license in 2016. The ERB was partially owned by the Russian banker Roman Popov. [The bank itself as well as Mr. Popov were suspected of illegal money-laundering activities](#). It should be mentioned that it was the [FCRB, who provided the Front Nationale of Marine Le Pen with the loan of €9.5M for its French electoral campaign](#).
  - See **Background information** for more about **Sberbank**

## Real estate

Russian individuals and entities are primary investors on the Czech real estate market among foreigners. [There are two major geographic locations of their investments: Prague and Karlovy Vary.](#)

## Machinery

In 2008, the only Czech manufacturer of civic planes Aircraft Industries Inc. (previously known as Let Kunovice) was [sold](#) to the Russian group Ural Mining and Metallurgical Company (UMMC) owned by Iskander Makhmudov. He purchased 51% in 2008

and remaining 49% in 2012. Mr Machmudov is on the list of the U.S. authorities as a suspicious person. However, [his company has business relations and deals with the Czech army](#). **Iskander Makhmudov** was included in [“Putin list”](#) in 2018.

## Media

Russia has no serious impact over the media in this country. There is only [Sputnik Zprávy](#), a [news agency](#) which is a part of Russian state-owned Sputnik International ([1.85M](#) visitors per month, [69K](#) followers on Facebook).

## 7. CONCLUSION

Russia is not strong enough to initiate a conventional military assault on the West. However, the Ukrainian case perfectly demonstrates some alternative ways the Kremlin has been achieving its geopolitical goals. Firstly, Moscow has crippled the Ukrainian economy with energy blockades (*gas cutoffs in 2006, 2009*), economic sanctions (*“metal war”, “milk war”, “meat war”, etc*), control over key enterprises (*Prominvestbank, group “Industrial Union of Donbass”*) and financial panic. Secondly, the Kremlin destabilized Ukraine with information warfare and political turmoil. Finally, by annexing Crimea and initiating a military conflict, Moscow has challenged the basics of the European security order.

This report shows that Russia is deeply rooted in the economies of Germany and Ukraine. Austria has been an important economic and political partner for Russia. In the Czech Republic, the Kremlin has interests in specific industries. In Poland, its presence is inconsiderable in aggregate numbers.

It is important to emphasize that this report reveals the **Kremlin’s key area of interest – the energy sector**. Russia retains its influence in this sector in each country of research. Since export of gas and oil is the main Moscow’s revenue source, it has been trying to increase the total sales of energy resources in Europe. Consequently, Germany became the biggest Russia’s gas consumer, Austria is the key actor in its distribution network throughout the region, Ukraine is still dependent on its gas, and significant amounts of liquefied gas in Poland comes from the Russian Federation.

In Germany Moscow has used political ties to advance its business interests. For this purpose, the [Kremlin hired former Chancellor Gerhard Schröder](#) to advocate different energy projects, including Nord Stream 2, even though this fact was harshly criticized in Germany and internationally. An influential columnist [Richard Herzinger wrote that Nord Stream 2 is deeply anti-European](#) and its main goal is [to disunite the EU](#). He also believes that this [“project is nothing more than a useful instrument to expand Russia’s sphere of influence”](#). Besides,

the founder of East European Gas Analysis [Mikhail Korchemkin](#) is convinced that [“upon completion of Nord Stream 2, Putin is ready to blackmail, manipulate and put screws on Europe.”](#)

When it comes to Ukraine, its heavy dependency on natural gas from Russia gave the latter levers of influence over inner political processes in the country. It became apparent in the winter of 2009, when the Kremlin completely cut off gas supplies. It forced the then-ruling pro-Western government to accept unfavorable Putin’s terms regarding higher gas payments. Simultaneously, it gave an impetus for the local pro-Russian politicians to demand the foreign policy re-orientation.

With regard to the Kremlin’s influence in Europe, one has to admit that money-laundering is another significant issue. Russian elites seek to legitimize their income through credible European financial institutions. German and Austrian banks have been inalienable parts in the sophisticated schemes of transforming “dirty money” into legal assets. [The scandals about Russia’s illegal activities have been shocking the countries](#), but [this hasn’t reduced the scale of the fraud](#). It is also important to note that the EU has recently started to recognize the potential threats from the influx of capital which resulted in [establishing a screening system of investments from non-EU countries \(foreign direct investment\) that may affect security or public order](#). In this context, one has to state that Europe should scrupulously monitor the investment flows from Russia in order to curb Moscow’s growing influence. It is also worth mentioning the Kremlin’s soft power methods of conquering the EU public sphere through projects like [Dialog of Civilizations](#) (the founder is [Vladimir Yakunin, who is considered to be part of one of the closest circles around President Vladimir Putin](#)) aimed at imposition of Russian narratives.

Additionally, unusual business activity of Russians in the fast-food and hospitality industries in Germany and Ukraine require particular attention to biosafety.

We may definitely say that without a substantial resistance, Russia may spread its aggressive behavioral

pattern from Ukraine to other European countries. Especially, one has to pay attention to activities of the Russian Orthodox Church in Europe. The latest developments in Ukraine regarding COVID-19 have shown its role may be disruptive.

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## 8. METHODOLOGY DESCRIPTION

The research objective was to identify and determine the presence of the Russian capital in Germany, Ukraine, Poland, Austria and the Czech Republic. Reputable media in each country were used as data sources.

We analyzed the contents of interviews, articles, news on existing facts of capital stock purchase, direct investments, business acquisitions, foundation of new enterprises, assets interchange made by the Russian Federation as a state or by Russian citizens. The received information was further processed and categorized into the corresponding industry branches.

We had to exclude real estate market data because it was difficult to define and prove patterns of Russia's material impact in the chosen countries. This sphere of business has to do more with personal interest than the state's influence. Along with that, one has to admit that it does not exclude the probability of a plot behind the activity of the Russian citizens in the real estate.

Thus, we drew conclusions about reported objective on the strict basis of these data.

**Key industries analyzed:** energy, heavy industry, telecom, banking, retail, FMCG, HoReCa, entertainment, sports and media.

**Time span of analysis:** 2005 - 2020, with focus on current Russian impact on the economies of European countries, with additional historical background.



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#### ALEXEY MORDASHOV

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The Banks - <https://cutt.ly/LyrT8Rx>

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## Overview of the economic impact on the Federal republic of Germany

### Overview

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The Guardian - <https://cutt.ly/UyrYps9>

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Bundesliga - <https://bit.ly/2ykNB1b>

Gazprom Germania - <https://bit.ly/39Anu6K>

3. Wirtschaftswoche - <https://cutt.ly/nyrU0VG>

Autocar - <https://cutt.ly/nyrU97j>

### Retail and FMCG

goettinger-tageblatt - <https://bit.ly/3bhYhit>

Deutsche Welle - <https://bit.ly/3bkOcSc>

Wirtschaftswoche - <https://bit.ly/3dgiDyC>

Deutsche Welle - <https://bit.ly/3bkOcSc>

### Energy

Deutsche Welle - <https://cutt.ly/Qyrluyb>

Market Watch - <https://on.mktw.net/2wmssXj>

Vedomosti - <https://bit.ly/399DagP>

UGS Katharina - <https://cutt.ly/5yrlDXe>

3. Wintershell - <https://cutt.ly/iyrB7Va>

Manager - Magazin - <https://cutt.ly/XyrB6bt>

4. Nord Stream 2 - <https://cutt.ly/fyrlbk7>

CNBC - <https://cutt.ly/9yrlQJf>

Deutsche Welle - <https://cutt.ly/TyrlEcJ>

### Banking

Guardian - <https://bit.ly/2y4XL9z>

CNN - <https://cutt.ly/tyrlOgn>

DFS - <https://cutt.ly/uyrlFse>

### Restaurants

Spiegel - <https://bit.ly/2Ujf5yR>

Dodo - <https://cutt.ly/8yrOEuL>

BNK - <https://bit.ly/39aBr15>

Franch.biz - <https://cutt.ly/YyrOTLm>

## Media

European Values - <https://bit.ly/2wPY3k5>  
 DFRLab - <https://bit.ly/2V0scpd>  
 Sputnik Deutschland - <https://bit.ly/2QXiIxp>  
 Facebook Sputnik - <https://bit.ly/2JrUdR6>  
 Twitter Sputnik - <https://bit.ly/2UQQz8s>  
 Pr - Cy - <https://bit.ly/2WTugBL>  
 SNA Radio - <https://bit.ly/2UNVdnS>  
 RT Deutsch - <https://bit.ly/2Uu8jYo>  
 RT Deutsch facebook - <https://bit.ly/2UKKFG8>  
 RT Deutsch twitter - <https://bit.ly/2JovWv5>  
 RT Deutsch Youtube - <https://cutt.ly/jtTatVw>  
 Pr-Cy - <https://cutt.ly/ctTay7I>  
 Zeit - <https://bit.ly/2WJ2FTU>  
 Compact - <https://cutt.ly/1tTaaDn>  
 Similar Web - <https://cutt.ly/itTadb0>  
 InformNapalm - <https://cutt.ly/NtTagGt>  
 Youtube - <https://cutt.ly/KtTahGq>  
 Deutschlandfunk - <https://cutt.ly/VyrNWq0>  
 Welt - <https://cutt.ly/eyrNTw3>  
 Welt - <https://cutt.ly/YyrNUWG>  
 Deutschlandfunk - <https://cutt.ly/VyrNWq0>

## Overview of the economic impact on Ukraine

### Banking

Finclub <https://bit.ly/37VoOjO>  
 (ukr) [https://www.pib.ua/userfiles/files/PIB\\_20200101.pdf](https://www.pib.ua/userfiles/files/PIB_20200101.pdf)  
 Liga <https://bit.ly/2R6mi4x>  
 MinFin - <https://bit.ly/33ZzvRP>  
 Sberbank - <https://bit.ly/39Dft0Z>  
 Bank Gov ua - <https://bit.ly/2UvFIXX>  
 Mind ua - <https://bit.ly/2X4rPw6>  
 Finclub - <https://cutt.ly/PyrPDmr>  
 Finclub - <https://cutt.ly/AyrPNHT>  
 Liga Finance - <https://bit.ly/2HVu8ZS>

UkrSotsBank - <https://bit.ly/343yylf>

Epravda - <https://bit.ly/2ygmqrw>

### Heavy industry

Interfax - <https://bit.ly/2HQJnTV>  
 EMSS - <https://bit.ly/2UQFDI2>  
 2. Interfax - <https://bit.ly/2HQJnTV>  
 3. Liga - <https://bit.ly/2Vjni8e>  
 Focus.ua - <https://bit.ly/3axtTAR>  
 Novoe Vremya - <https://bit.ly/2xHxRbH>

### Telecommunications

Liga - <https://bit.ly/2VljbIN>  
 Liga - <https://cutt.ly/3yrAE4p>  
 Kyivstar - <https://bit.ly/3dPEAko>

### Energy

Liga - <https://bit.ly/2TdPd6Z>  
 Liga - <https://bit.ly/2Jus3ow>  
 Forbes - <https://bit.ly/2Jthzpo>  
 Liga - <https://bit.ly/2T97X7G>  
 Novoe Vremya - <https://bit.ly/2w1MMwo>  
 Epravda - <https://cutt.ly/7yrA1Bw>

### Retail

Liga - <https://bit.ly/3a77mue>  
 BBC - <https://cutt.ly/GyrA5oN>  
 BE-IN - <https://cutt.ly/oyrSy10>  
 SSU - <https://cutt.ly/RyrSpiG>  
 Rau - <https://bit.ly/2Vllj3f>  
 Kommersant - <https://cutt.ly/fyrSxI7>  
 Censor Business - <https://bit.ly/3bk0Q3B>  
 Rau - <https://bit.ly/3az0KFk>

### Hospitality industry

Censor Business - <https://bit.ly/2QCJ6sg>  
 Censor Business - <https://bit.ly/2QCJ6sg>  
 Censor Business - <https://bit.ly/3bk0Q3B>



## Restaurants

Liga Business - <https://bit.ly/3c9ueL5>

Retailers - <https://cutt.ly/PyrGl7k>

Delo ua - <https://bit.ly/2T7AbQ0>

Capital - <https://bit.ly/2TfyQXr>

Ipress - <https://bit.ly/391rjCy>

Yakitoriya - <https://cutt.ly/OyrGWp6>

5. BNK - <https://cutt.ly/WyrGRXb>

## High-Tech

Federal US Register - <https://cutt.ly/gyrGK73>

Bloomberg - <https://cutt.ly/zyrGZM0>

President.gov.ua - <https://cutt.ly/xyrGV3W>

UkrKurier - <https://cutt.ly/syrGNn3>

## Media

Reuters - <https://reut.rs/2UvHDX3>

Censor - <https://cutt.ly/oyrM9IG>

Detector Media - <https://bit.ly/3dwjGXq>

Detector Media - <https://bit.ly/3dwjGXq>

Detector Media - <https://bit.ly/3dwjGXq>

National Council - <https://cutt.ly/Vyr1tHr>

Detector Media - <https://bit.ly/39nrqra>

Livji Bereh - <https://bit.ly/3btRFxQ>

Detector Media - <https://bit.ly/3bxnR3n>

SimilarWeb - <https://bit.ly/2JtZ988>

## Overview of the economic impact on the Republic of Austria

### Overview

CSIS - <https://cutt.ly/cyrHETy>

### Energy

Reuters - <https://cutt.ly/9yrHNZ8>

energate-messenger - <https://cutt.ly/eyrH1zR>

Kleine Zeitung - <https://cutt.ly/pyrH3zf>

Reuters - <https://bit.ly/33WWOvu>

Reuters - <https://bit.ly/2vYDVff>

IENE - <https://bit.ly/2wPC6Sa>

Market Watch - <https://cutt.ly/hyrJtg3>

Russia Business Today - <https://bit.ly/2ygRiYZ>

CSIS - <https://bit.ly/3aEUVGJ>

Süddeutsche Zeitung - <https://bit.ly/39pYuPh>

Gazprom Export - <https://bit.ly/2UrwfLQ>

## Banking

Financial Times - <https://cutt.ly/CyrJPVe>

CSIS - <https://bit.ly/2UNAosy>

Raiffeisen - <https://cutt.ly/PyrIjB3>

## Media

Reuters - <https://reut.rs/2JrgBKq>

Political Capital - <https://cutt.ly/MyrJLRu>

Sputnik Österreich - <https://bit.ly/3bBD021>

RT Österreich - <https://bit.ly/3bBDqHb>

Political Capital - <https://bit.ly/2UKApxB>

Contra Magazin - <https://bit.ly/2Uu12rm>

Info - Direct - <https://bit.ly/2WScUFn>

Unzensuriert - <https://bit.ly/2yaWi1d>

## Overview of the economic impact on the Republic of Poland

### Overview

Narodowy Bank Polski - <https://bit.ly/2JnolY6>

### Energy

RBC - <https://bit.ly/2vWYUiv>

novatek.pl - <https://bit.ly/2X1CMP7>

energia.pl - <https://bit.ly/2X4n8mn>

obserwator - <https://bit.ly/2vZf4YT>

### FMCG

Spiritual Business - <https://bit.ly/2Jq3IWc>

## High-Tech

Reuters - <https://cutt.ly/PyrKkJl>  
 TVN24 - <https://cutt.ly/5yrKxKk>  
 Newsweek Polska - <https://cutt.ly/vyrKbiR>  
 EU Parliament - <https://cutt.ly/KyrKnBn>  
 Kaspersky Polska - <https://cutt.ly/ryrKRHn>

## Media

GlobSec - <https://bit.ly/3dClEp3>  
 Warsaw Institute - <https://bit.ly/33Tvmz3>  
 TVP - <https://cutt.ly/ZyrKGho>  
 Sputnik Polska - <https://bit.ly/2WV1QHp>  
 pr-cy - <https://bit.ly/2vXOlF8>  
 facebook sputnik - <https://cutt.ly/OtRKPIg>  
 Sputnik Wiadomości - <https://cutt.ly/5tRKS2X>  
 Dziennik-polityczny - <https://cutt.ly/YyrKNGO>  
 Wolna-polska - <https://cutt.ly/wyrK09N>  
 Obserwator Polityczny - <https://cutt.ly/HyrK3Nh>  
 Janusz Korwin-Mikke  
 Oko Press - <https://bit.ly/3brf9ne>

## Overview of the economic impact on the Czech Republic

### Energy

Radio Liberty - <https://bit.ly/3aeYQcL>  
 official Czech registry of companies - <https://bit.ly/2J5uldB>  
 Radio Liberty - <https://bit.ly/3axcOHp>  
 zpravy.aktualne - <https://bit.ly/2Uv9OWc>  
 Prague Monitor - <https://cutt.ly/OyrL1DC>  
 NY Times - <https://cutt.ly/Wyrl9ty>  
 3. rejstrik-firem.kurzy - <https://bit.ly/39BdTfH>  
 Gunvor - <https://cutt.ly/jyrL7z7>  
 4. web-archive - <https://bit.ly/2Uvahrq>  
 Radio.cz - <https://cutt.ly/6yrZrhA>  
 5. hlidacipes.org - <https://bit.ly/3awTOJ3>  
 6. rwr advisory - <https://bit.ly/3bFB5Lq>

Atom Info - <https://cutt.ly/gyrZpAL>  
 Tyden - <https://cutt.ly/MyrZdlU>  
 or.justice.cz - <https://bit.ly/3dP0N26>  
 Metal Torg - <https://cutt.ly/vyrZh4A>  
 7. stroytransgaz - <https://bit.ly/39wGDGD>  
 8. domaci.ihned - <https://bit.ly/3dKL5G7>

## Banking

reporter magazin - <https://bit.ly/2WYPI8t>  
 dotyk - <https://bit.ly/2WYqdnH>  
 cnb - <https://bit.ly/2UQLe13>  
 Reuters - <https://cutt.ly/8yrZQbH>  
 Newsweek - <https://cutt.ly/YyrZY6F>

## Real estate

Euromag - <https://cutt.ly/MyrZSLX>

## Machinery

Dotyk - <https://bit.ly/2Usek6N>  
 Radio.cz - <https://cutt.ly/uyrZJx7>  
 Forbes - <https://cutt.ly/iyrZLGq>

## Media

Manipulatori - <https://bit.ly/2UCihWv>

## Conclusion

Der Tagesspiegel - <https://cutt.ly/Tyr049f>  
 Die Welt - <https://cutt.ly/xyr054E>  
 Die Welt - <https://cutt.ly/xyr054E>  
 Die Welt - <https://cutt.ly/xyr054E>  
 Foreign Policy - <https://cutt.ly/Cyr2rHv>  
 Financial Times - <https://cutt.ly/Dysu0M9>  
 Bloomberg - <https://cutt.ly/ljsu2ny>  
 European Commission - <https://cutt.ly/fysu3XT>  
 Deutsche Welle - <https://cutt.ly/9ysu8p6>  
 Deutsche Welle - <https://cutt.ly/Oysu4eV>