

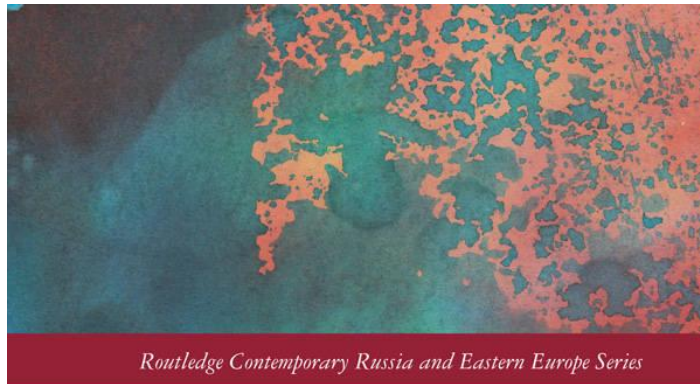
# Assessing Russian Economic and Political Influence in Southeastern Europe

Sofia, 19 February, 2019  
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Economic Program  
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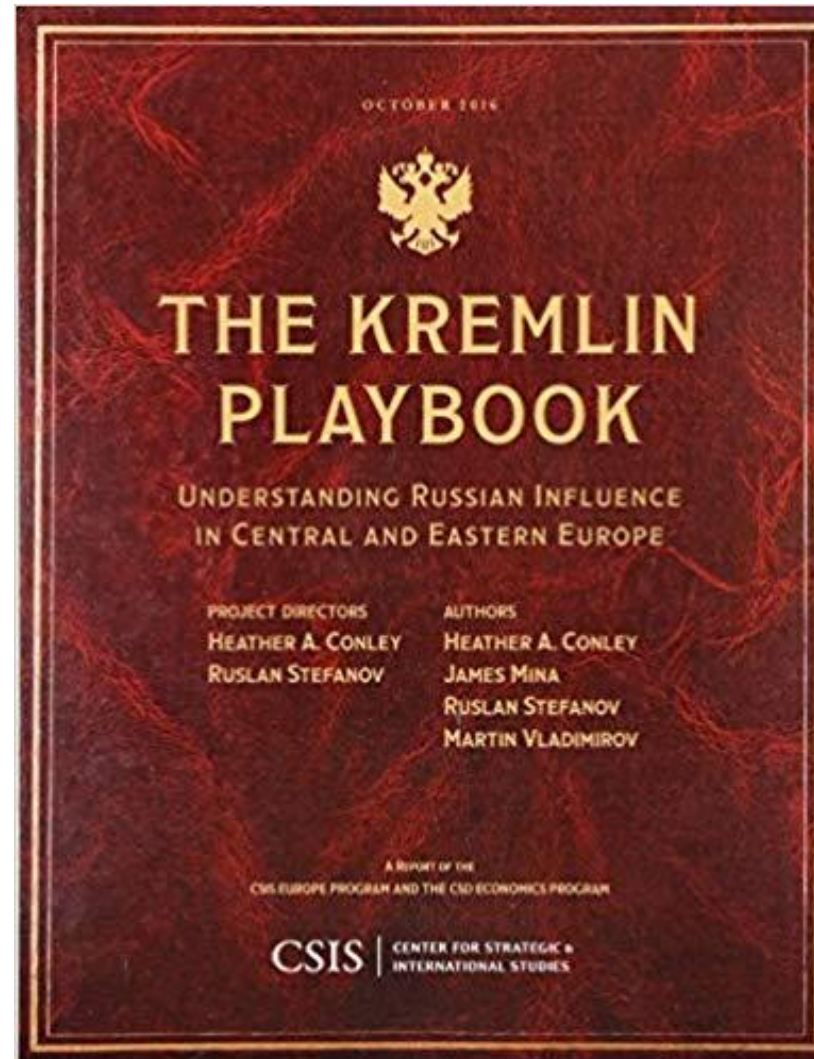
- Measuring Russian Economic Footprint in Southeastern Europe
- Vulnerable Economic Sectors and Governance Deficits
- Augmenting Political and Soft Power Factors of the Russian Economic Footprint
- Policy Recommendations



*Routledge Contemporary Russia and Eastern Europe Series*

## THE RUSSIAN ECONOMIC GRIP ON CENTRAL AND EASTERN EUROPE

Edited by  
Ognian Shentov, Ruslan Stefanov  
and Martin Vladimirov



OCTOBER 2014



## THE KREMLIN PLAYBOOK

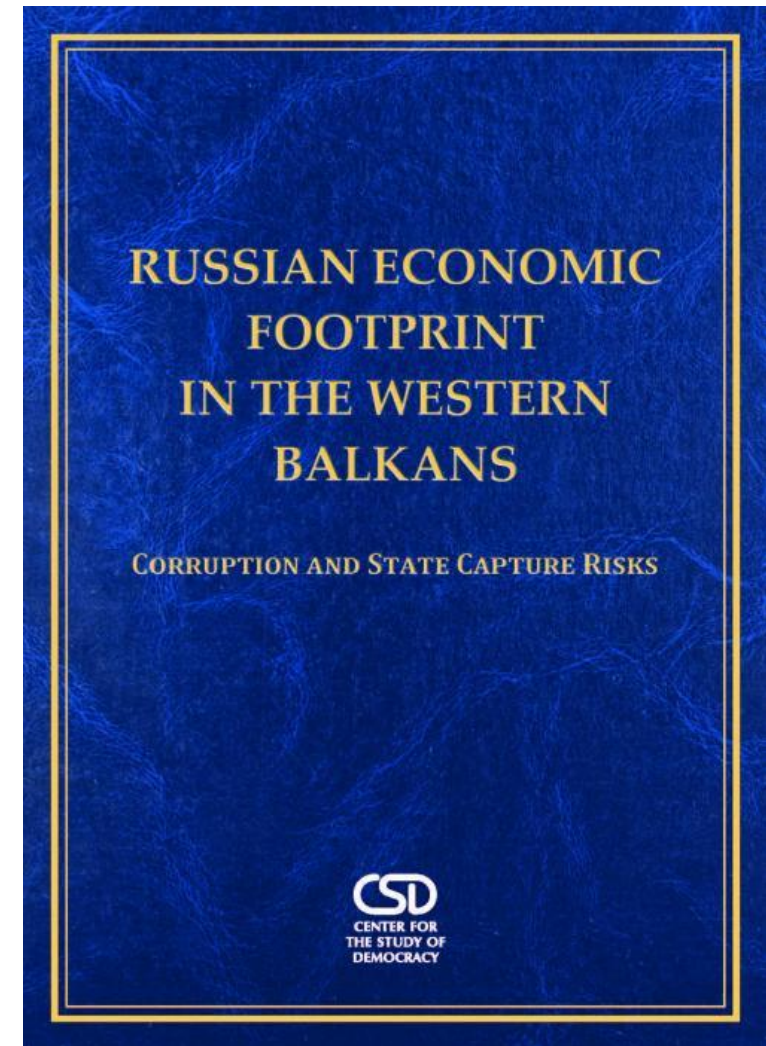
UNDERSTANDING RUSSIAN INFLUENCE  
IN CENTRAL AND EASTERN EUROPE

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A REPORT OF THE  
CSIS EUROPE PROGRAM AND THE CSD ECONOMICS PROGRAM

CSIS | CENTER FOR STRATEGIC &  
INTERNATIONAL STUDIES



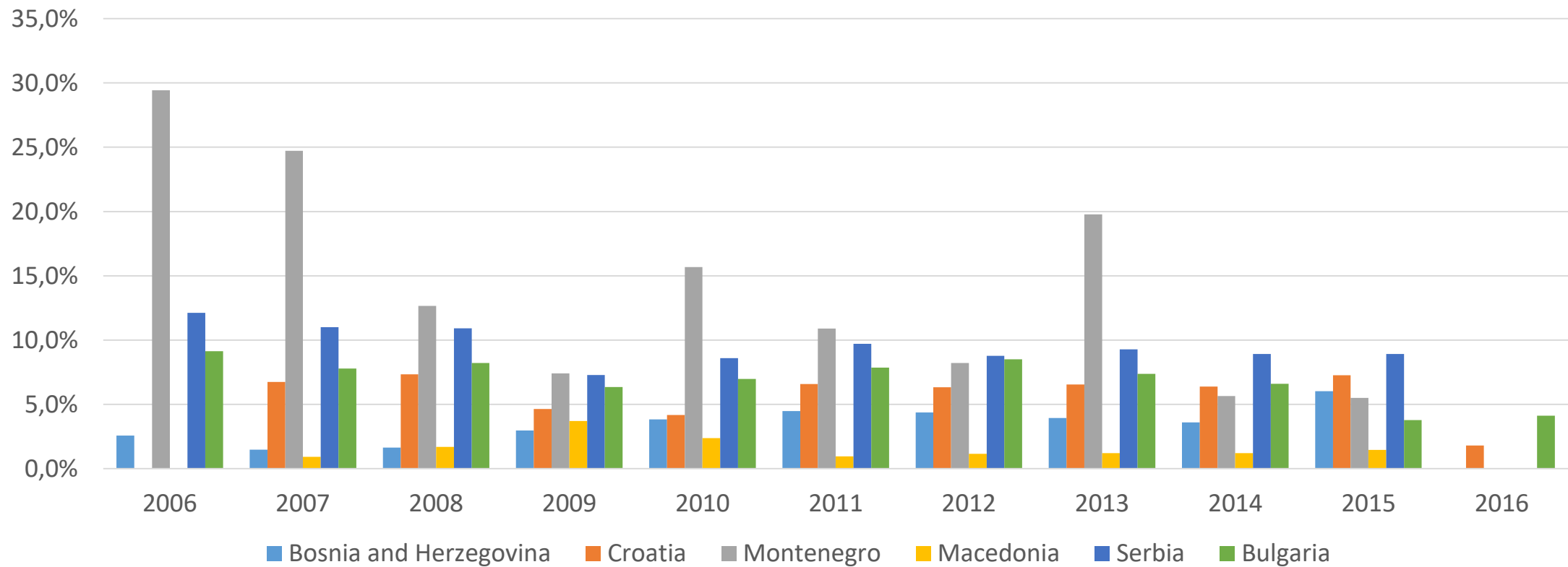
## RUSSIAN ECONOMIC FOOTPRINT IN THE WESTERN BALKANS

CORRUPTION AND STATE CAPTURE RISKS

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DEMOCRACY

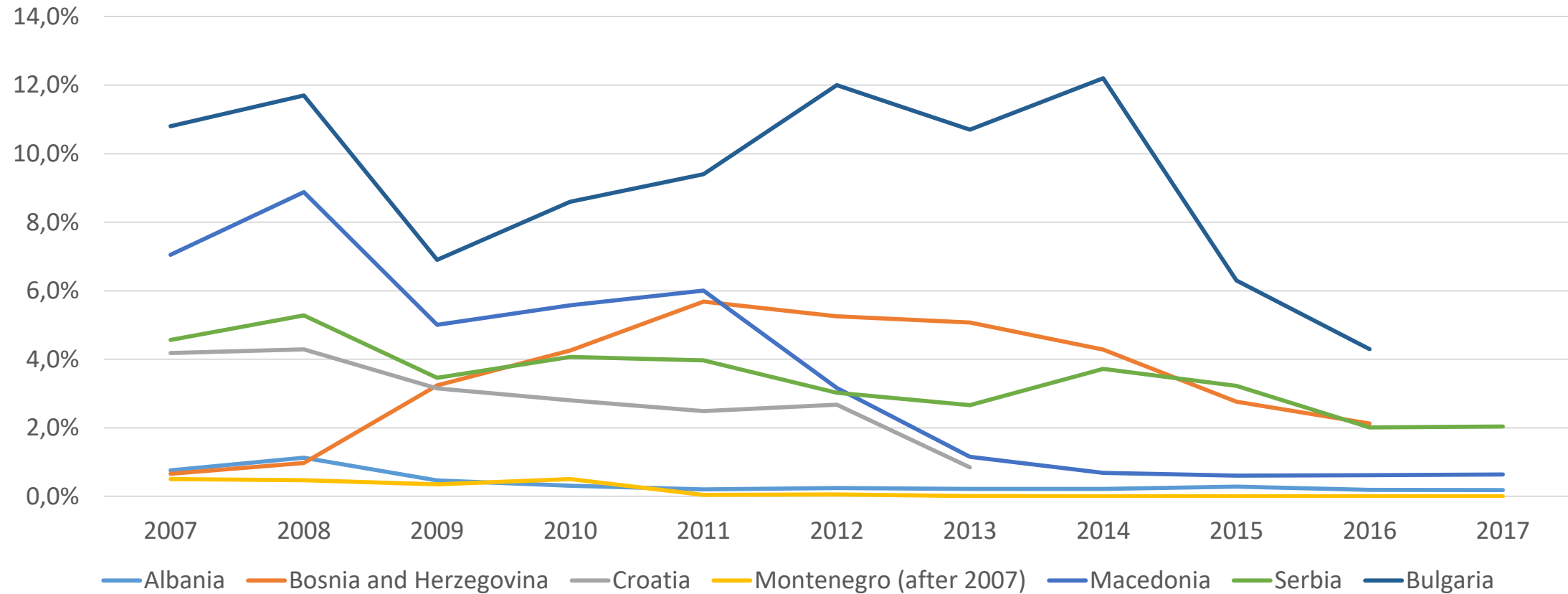
# Measuring Russian Corporate Footprint in Southeastern Europe

Fig. 1 Operating Revenue of Russian Controlled Companies as a Share of Total Operating Revenue for the Economy %



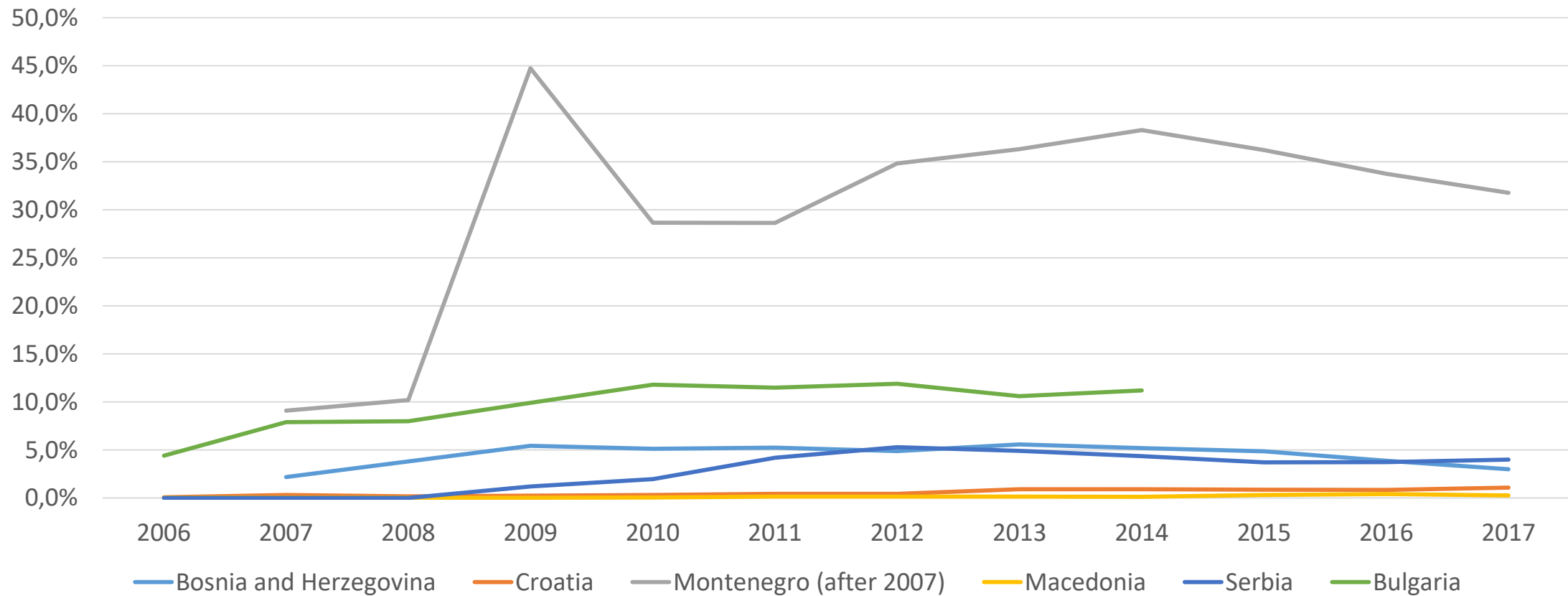
Source: CSD based on statistics from national and international corporate databases

## Key Economic Findings - Oil & Gas Imports as Share of GDP (%)



Source: Eurostat - COMEXT

## Key Economic Findings - Total FDI Stocks from Russia as Share of GDP (%)



Source: National Central Banks; \*The data for Bulgaria includes a transaction-based assessment of FDI based on ultimate beneficial ownership. Statistical data for 2015 and 2016 on ultimate ownership is not available. According to official central bank data, Russian FDI stocks are three times lower or around 4% of GDP

## Main Economic Sectors Targeted

- Energy:
  - ✓ Oil and Gas Import Dependence
  - ✓ Wholesale and Retail Fuels Market Dominance
  - ✓ Pipeline, storage and plant infrastructure projects
- Banking & Finance
  - ✓ State-owned banks are present and growing in the region
  - ✓ Loans to structural enterprises in the region - the case of Agrokor
  - ✓ Government-to-government loans packaged within larger agreements covering multiple business sectors
- Others - real estate, tourism, defense, metallurgy
  - ✓ Obscure ownership structure of investment
  - ✓ Politically-driven long-term deals

## Expanding in other sectors

- Acquisition of large mining companies in Macedonia and Montenegro
- Modernization and expansion of the railway network in Serbia
- Capital inflows from offshore entities in Montenegro's real estate and tourism
- Defense agreements with Serbia on Russian military equipment



## Governance Deficits Exploited by Russia

- Non-transparent and uncompetitive privatization procedures
- Corporate governance deficits of state-owned companies
- Limited capacity of the financial intelligence and the anti-money laundering institutions
- Weak anti-trust and energy regulatory authorities
- No preliminary cost/benefit assessment of large infrastructure projects

## Political Amplifiers of the Russian Economic Footprint in SEE



Offering support for pro-Russian parties and leaders in the region

Use of media to spread disinformation

Defense and security cooperation

Exploiting inter-ethnic national rifts to undermine EU/NATO integration

Leveraging sports and cultural ties to pressure governments on foreign and security policy

Pulling security services networks' strings to destabilize regimes

## Way Forward

- Updating the trade, investment and corporate statistics until 2017/18.
- Examination of Russia's foreign policy goals and their economic underpinnings
- National assessment of the role each country plays in the Russian political agenda
- State capture channels for transforming economic into political leverage
- The role of “sharp power” instruments including culture, religion and education
- Media capture as a strategic vulnerability to foreign influence

**Thank you!**  
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