



**BRIEFING PAPER**

Number CBP 8157, 24 November 2017

# Russia 2017

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## Summary

Vladimir Putin and his United Russia party remain very much in control of Russian politics. Although opposition parties won some seats in September's local elections, there is little chance that anyone will seriously obstruct Putin's path to another term as president in the forthcoming presidential election, scheduled for March 2018.

The Russian economy has stabilised since the oil price fall of 2014 and is scheduled to grow slowly this year and next.

On the world stage, Russian intervention in Syria seems to have succeeded in preventing the fall of the Assad government, and in doing that it has enhanced Russia's reputation in the Middle East. As alliances shift, Moscow has received delegations from many former US allies and has sealed an alliance with Iran and Turkey over Syria.

If Russia had hoped for improved relations under a Trump presidency, that hope has largely been dashed.

NATO has strengthened its presence in the Baltics and elsewhere in Central Europe.

Stories of collaboration between the Trump campaign and Russian officials have focused attention on Russia's 'hybrid strategy'. Although Russia is modernising its armed forces, it uses a wide range of tools to further its goals. There have been stories about figures linked to Russia spreading divisive information in Catalonia, France and the UK, among other places. Interfering in elections is nothing new, however – the US has done it many times. And the impact of Russian-linked automated Twitter accounts, for example, is probably limited.

Russian-UK relations are traditionally difficult, partly because of high-profile Russian figures living in the UK, some having been granted asylum.

In 2017, the 'Magnitsky amendment' was passed into UK law, allowing the assets of individuals involved in gross human rights abuses to be frozen. Several UK politicians have appeared on the Russian state-backed broadcaster RT.

In November 2017, Prime Minister Theresa May made some hard-hitting comments about Russia's activities abroad.

Russia and the UK have a modest trade relationship that has moved into surplus for the UK in the last few years, as the value of imports of Russian oil has declined. The UK's biggest exports to Russia are road vehicles and financial services.

# 1. Domestic scene

## 1.1 Politics

### March 2018 election

In March 2018 Vladimir Putin is expected to stand in his fourth presidential election, although he said in October that he had not yet made up his mind. If he does stand and win, his term would run until 2024.

Most observers think that he will win strongly in the first round, because there is little opposition.

The most convincing opposition candidate, Alexei Navalny who is known for his campaigns against corruption, has been sentenced to three jail terms so far in 2017, disrupting his campaigning activities. He may not be allowed to stand. Even if he does, his chances are slim and many liberal politicians, who might be considered natural allies, do not trust Navalny.<sup>1</sup>

In October 2017, Ksenia Sobchak, a television presenter and daughter of Vladimir Putin's mentor, the former Mayor of St Petersburg, announced that she would be standing as an opposition candidate. She is widely seen as an opportunist performing a publicity stunt, or a Kremlin-backed spoiler, although she said that she might stand aside if Navalny stands.

Polls from the Levada Centre suggest that Russians are gradually losing interest in presidential elections.<sup>2</sup> Of those who said they would vote, 53% said that they would vote for Putin, while 2% opted for Zhirinovsky of the nationalist Liberal Democratic Party and 1% preferred Navalny.

If Russians are losing interest, it is perhaps not surprising. Putin, Zhirinovsky, Grigor Yavlinsky of the Yabloko liberal party, and Gennady Zyuganov of the Communist Party have been around for decades; Putin has been in charge for longer than anyone since Stalin. Turnout at the last national election, the parliamentary election in 2016, was officially 47%.<sup>3</sup> The candidacy of the well-known Ms Sobchak could raise turnout.

Assuming that Vladimir Putin stands and wins, commentators suggest he may dismiss the Prime Minister Dmitry Medvedev and appoint a new government, possibly to resign before the end of his term to hand over to a favoured successor.<sup>4</sup>

### 2017 regional elections

In September 2017 regional and local elections resulted in a victory for Putin's United Russia. In central Moscow, however, a coalition of liberal

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<sup>1</sup> ['Alexei Navalny: a genuine alternative to Vladimir Putin?'](#), *Financial Times*, 7 August 2017

<sup>2</sup> Levada Centre, [The Russian presidential election](#), 15 November 2017

<sup>3</sup> IFES Election Guide, [Election for Russian Federal Duma 2016](#)

<sup>4</sup> ['The limits of Russia's managed democracy'](#), *Financial Times*, 20 October 2017

parties triumphed, taking several district councils in the capital. The authorities had allowed them to stand, which was not necessarily the case – many would-be local and regional candidates were excluded by a rule introduced after the 2011 parliamentary election stipulating that candidates must collect signatures from 5% to 10% of local councillors before being allowed to stand.<sup>5</sup> United Russia's hold on local and regional bodies makes that difficult for opposition politicians; United Russia took 75% of the seats across Moscow.<sup>6</sup>

Turnout in Moscow was also extremely low – about 15%, while an independent election monitoring organisation said that it had received 600 complaints of fraud.<sup>7</sup>

The Moscow vote is seen as significant because of next year's mayoral election

Voters in 82 regional polls also chose new assemblies while 16 regions voted for new governors.<sup>8</sup>

## Sport

In 2018 Russia will host the football World cup. The Russian national team is not expected to do well, and Russian officials are playing down the importance of the competition.<sup>9</sup>

Russia's sporting image has been damaged by various doping scandals, particularly the revelations of the former head of the Moscow anti-doping laboratory, who fled to the US in 2016 and said that Russia ran a comprehensive doping programme.

The World Anti-Doping Agency (WADA) has demanded reforms in Russia and said in November 2017 that Russia remained non-compliant.<sup>10</sup> As the doping dispute rumbled on, the possibility increased that Russia might boycott the 2018 Winter Olympics in South Korea.

## Outlook

The effectiveness of the 'managed democracy' system may be beginning to falter on low turnouts, although personal approval of Vladimir Putin soared around the time of the annexation of Crimea and has only slipped slightly since then.<sup>11</sup> In October 2017 a Levada poll found that the number of Russian voters who would vote for Putin if an election were held the next Sunday was up to 53%, higher than in earlier rounds of polling.<sup>12</sup>

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<sup>5</sup> ['Russia 'Filters' Out The Competition In Regional Elections'](#), *Radio Free Europe/Radio Liberty*, 19 August 2017

<sup>6</sup> ['Liberal anti-Putin coalition causes upset in Moscow council elections'](#), *Guardian*, 11 September 2017

<sup>7</sup> ['In Moscow, Putin's opponents chalk up a symbolic victory'](#), *Politico*, 15 September 2017

<sup>8</sup> ['Russia's Local and Regional Elections, the Highlights'](#), *Moscow Times*, 10 September 2017

<sup>9</sup> ['Russia's World Cup: a Putin own goal?'](#), *Financial Times*, 23 November 2017

<sup>10</sup> ['Winter Olympics 2018: Russian boycott would damage athletes – Wada'](#), *BBC News Online*, 16 November 2017

<sup>11</sup> Levada Centre – [Putin's approval rating](#)

<sup>12</sup> Levada Centre, [The Russian presidential election](#), 15 November 2017

Putin remains popular among Russians, but the news media and the political scene are so tightly controlled that that is perhaps no surprise. The Russian system remains highly corrupt, however, and centralised around the Kremlin and the President. With the state's institutions hollowed out by corruption and autocracy, maintaining stability while managing the inevitable transition from Putin to his successor may be difficult.

Russia remains at position 131 in Transparency International's [Corruption Perceptions Index 2016](#) – along with Ukraine, it rates worse than other European countries and is by far the worst of the big economies; Brazil, China and India all come in the middle of the ranking rather than in the bottom quarter. Corruption seriously undermines Russia's economy and political scene.

## 1.2 Russian economy

The International Monetary Fund forecasts Russian GDP to grow by 1.8% in 2017 and 1.6% in 2018, after contracting by 0.2% in 2016.<sup>13</sup> The Fund says:

After two years of recession, economic activity in Russia is projected to expand by 1.8 percent in 2017, helped by stabilizing oil prices, easing financial conditions, and improved confidence. Over the medium term, however, growth is expected to remain about 1.5 percent, constrained by moderate oil prices, adverse demographics, and other structural impediments.<sup>14</sup>

Inflation will be 4.2% this year, falling to 3.9% in 2018, according to the IMF, while unemployment will hold steady at 5.5% over the same period.

The World Bank says in its overview that Russia needs to work on certain constraints to economic growth:

According to the World Bank Group's [Country Systematic Diagnostic for the Russian Federation: Pathways to Inclusive Growth](#), Russia needs to address key constraints to productivity growth, such as the remaining weaknesses in the investment climate, the lack of sufficient competition, physical and non-physical barriers to infrastructure connectivity, the relatively low innovation capacity of firms, and the mismatch between available skills and those demanded by the labor market.

Improving the health of the population and the access to and quality of education are also essential. Strengthening governance at all levels and ensuring fiscal and environmental sustainability will have to underpin these efforts.<sup>15</sup>

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<sup>13</sup> [IMF World Economic Outlook October 2017](#), p14

<sup>14</sup> [Ibid.](#), p17

<sup>15</sup> The World Bank in Russia, [Country context](#)

## 2. International relations

### 2.1 Russian foreign policy

Foreign policy-making has become increasingly the preserve of President Putin, as the foreign and defence ministries have been marginalised, but the President is still subject to constraints. Some of those constraints may lead to decisions that may not be in the long-term national interest. That would not be unique to Russia, but there the tendency seems marked.<sup>16</sup>

Russian foreign policy is based on a vision of a zero-sum competition between nations using largely hard power to establish spheres of interest based on geography. Policy is aimed at restoring national pride and regaining Russia's place at the top table in world affairs.

While Russia may claim some success in regaining a seat at the top table, international public opinion towards Russia is negative in general. Only in Vietnam, Greece and the Philippines did more than half of respondents say they had a favourable opinion of Russia in an opinion poll conducted in 2017.<sup>17</sup>

The Russian elite may not be particularly worried about a poor perception of Russia abroad. Vladimir Putin's popularity among Russians surged after the annexation of Crimea and has remained high. An assertive foreign policy combined with tight control of its handling in the news may aimed largely at maintaining government legitimacy at home.

#### Middle East

The Syrian conflict seems to be winding down and Russia has an increasingly important role in deciding what happens next. Russian, Iranian and Turkish leaders met in the Russian resort of Sochi in November 2017 to discuss Syria.

The meeting proposed to continue with the ceasefire regime installed in January 2017 after a conference in Astana, the Kazakh capital, and promised to meet again as necessary. The communiqué emphasised the success of the three countries' collaboration:

The Presidents expressed the hope that the progress in resolving Syrian crisis achieved through cooperation of Iran, Russia and Turkey would have a positive effect on the overall situation in the region, and reduce the risk of ethnic and sectarian divide.<sup>18</sup>

The leaders proposed a conference on the future of Syria. Analysts say that the Russian-led process has increasingly eclipsed the UN-led process and UN Special Envoy Staffan de Mistura.

In a sign of continuing commitment to the Assad government and opposition to Western powers on Syria, on 16 November Russia vetoed

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<sup>16</sup> For more background see the Commons Briefing paper [Russian foreign and security policy](#), July 2016

<sup>17</sup> [Publics Worldwide Unfavorable Toward Putin, Russia](#), Pew Research Center, august 2017

<sup>18</sup> [Joint statement by Presidents of Iran, Russia and Turkey](#), 22 November 2017

the extension of the mandate of the chemical weapons inspection team (the Joint Investigative Mechanism) in Syria.<sup>19</sup> Russia denied that it was responsible for the demise of the JIM, saying that Western powers were using the team against Damascus and had refused to entertain Moscow's draft of the resolution, which would have amended the JIM's mandate.

Russia is also increasing its focus on Libya, where Russia has been supporting the Libya National Army of Khalifa Haftar. This tends to undermine the Western and UN-backed Government of National Accord. Russia would like to demonstrate that it can be more effective at ending Libyan instability than the US. Commentators have also suggested that Russia would like to establish a military base in Libya, allowing it to project power close to Europe.<sup>20</sup> With its large hydrocarbon reserves, Libya is also a tempting commercial partner. Although Russia is not backing the Government of National Accord, it is much more amendable to international cooperation in Libya than was the case in Syria; Moscow has not sided completely with Haftar and seems to intend to set itself up as the broker of a compromise between the factions.

## Eastern Europe

Russia remains opposed to NATO and EU expansion in Eastern Europe.

The Ukraine conflict has been out of the headlines recently but it is not exactly 'frozen'. Significant numbers of civilians are still dying, bringing the total to about 3,000 since 2014, while 7,000 more soldiers have died in the conflict. More than 1.7 million have been displaced and 4 million need urgent assistance. Non-government controlled areas in Luhansk and Donetsk are increasingly economically isolated and there have been severe problems in getting pensions and benefits to needy inhabitants.<sup>21</sup>

Moscow appears not to have officially taken sides in the recent 'coup' in Luhansk, the breakaway region of Eastern Ukraine.<sup>22</sup>

Many of Russia's neighbours in Eastern Europe are in some sort of conflict: Armenia and Azerbaijan are still at war over the disputed territory of Nagorno-Karabakh, and observers worry that the dispute could become more acute at any time. Abkhazia and South Ossetia, two territories of Georgia, are occupied by pro-Russian forces and the dividing line between pro-Russian area and Georgian-held area keeps moving. Moldova is still in a standoff with the pro-Russian breakaway region of Transnistria.

## Shifting alliances

A willingness to deploy Russian forces, particularly in Syria, seems to have raised Russia's 'Great Power' status, one of the goals of the Putin

<sup>19</sup> ['Syria: Russia blocks extension of chemical attacks probe'](#), *BBC News Online*, 17 November 2017

<sup>20</sup> ['Inside Putin's Libyan Power Play'](#), *Foreign Policy*, 14 September 2017

<sup>21</sup> UNOCHA [Ukraine Humanitarian Response Plan – mid-year review](#), August 2017

<sup>22</sup> ['Russia maintains silence on Ukraine 'coup' as leader of separatist Luhansk region flees to Moscow'](#), *Independent*, 23 November 2017

presidency. As the Iranian/Russian intervention in Syria seems to have saved the Assad presidency, it has increased Russian diplomatic influence in the region. Turkey, Egypt, Israel and Saudi Arabia, traditional Western allies, have all signalled moving closer to Russia in recent years.

## Defence modernisation

Defence spending has been going up,<sup>23</sup> but there are varying assessments of Russia's capability. One influential think tank said in September 2016 that Russia could overrun the Baltic States in 36 hours if it wanted to but,<sup>24</sup> while new Russian systems and techniques may be effective against Western armed forces, there remain problems of overstretch, and a technical deficit compared with the West.<sup>25</sup>

## 2.2 NATO's Enhanced forward presence

NATO member states have become increasingly concerned about Russian actions they perceive as aggressive: for example the annexation of the Crimea, the cyber-attacks on the Baltic States, and the Zapad 2013 and 2017 military exercises.<sup>26</sup>

The headline decision of the 2016 [Warsaw summit](#) was to deploy four multinational battalions to Poland and the Baltic States. This [Enhanced Forward Presence](#) (EFP) is [designed](#) to act both as a deterrent to Russia and to reassure those states of NATO's commitment to collective defence. NATO [describes](#) its Readiness Action Plan as "the most significant reinforcement of NATO's collective defence since the end of the Cold War"

The UK is [leading](#) the battlegroup in Estonia with 800 troops from 5<sup>th</sup> battalion The Rifles (5 Rifles) and the Queen's Royal Hussars. Another 150 troops from the [Light Dragoons](#) are in Poland with the US-led battalion. Four RAF Typhoon aircraft have deployed to Romania to [support](#) NATO's Southern Air Policing mission from May 2017. The Russian [Ambassador](#) to UK has accused the Government and NATO of increasing tensions in Europe.

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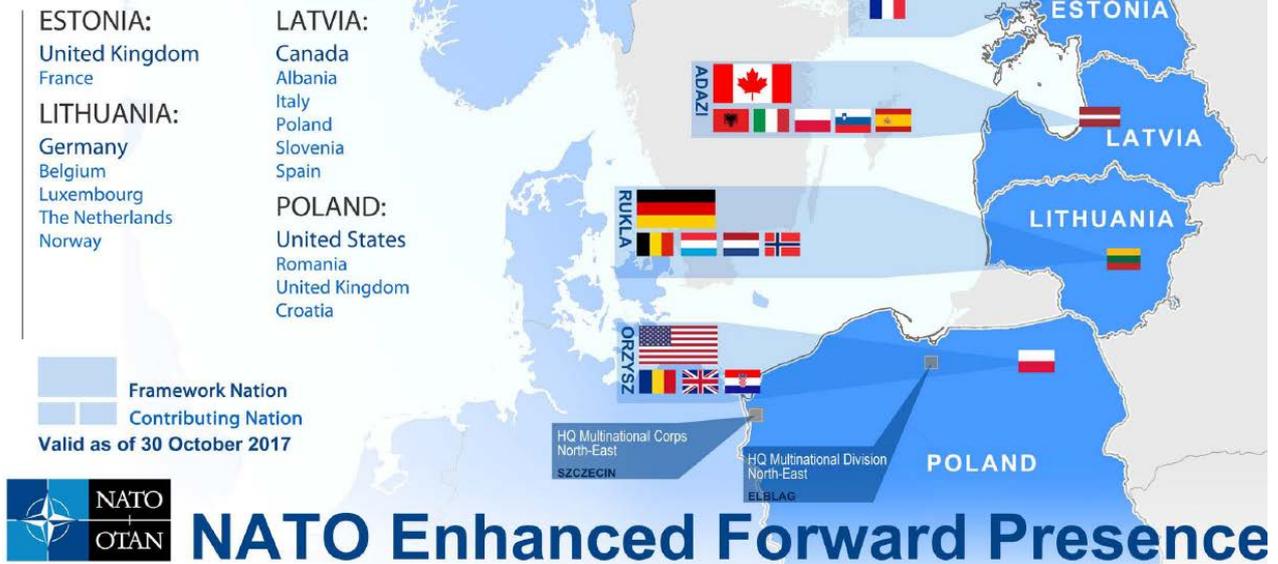
<sup>23</sup> For more information on this see the Commons Briefing Paper [Russia's Rearmament Programme](#), January 2017

<sup>24</sup> David A. Shlapak, Michael Johnson, '[Reinforcing Deterrence on NATO's Eastern Flank - Wargaming the Defense of the Baltics](#)', RAND,

<sup>25</sup> Keir Giles, '[Assessing Russia's Reorganized and Rearmed Military](#)', Carnegie Endowment for International Peace, 3 May 2017

<sup>26</sup> '[Ten things to know about the Zapad-2017 military exercise](#),' Chatham House, 25 September 2017

#### 4 Multinational Battlegroups



Source: [NATO](#)

### 2.3 The hybrid strategy

Hybrid strategy was defined as follows in a think tank's evidence to the US House Armed Services Committee in March 2017:

... "hybrid warfare" refers to Moscow's use of a broad range of subversive instruments, many of which are non-military, to further Russian national interests. Moscow seeks to use hybrid warfare to ensure compliance on a number of specific policy questions; to divide and weaken NATO; to subvert pro-Western governments; to create pretexts for war; to annex territory; and to ensure access to European markets on its own terms.<sup>27</sup>

There is nothing new in using a broad range of instruments; the Soviet Union, too, set great store by its propaganda activities aimed at undermining rivals and strengthening the loyalty of Soviet citizens.

What has changed is that there are many more tools available to penetrate Western societies than was the case before the advent of the internet and social media. Sabotage, too, can be carried out from a distance – cyber-attacks on rivals' infrastructure have come from sources related to Russia (this is not a uniquely Russian strategy. The Stuxnet computer worm used against the Iranian nuclear programme is widely thought to have been a US/Israeli creation).

In evidence to the US Senate Foreign Relations Committee, a German witness concluded that Russian measures are all about the West:

...directed not just at Europe's periphery, or at specific European nations like Germany, but at destabilizing the European project

<sup>27</sup> [Understanding Russian "Hybrid Warfare" and What Can be Done About It](#), Testimony of Christopher S. Chivvis, The RAND Corporation, Committee on Armed Services, United States House of Representatives, 22 March 2017

from the inside out: dismantling decades of progress toward building a democratic Europe that is whole, free, and at peace.<sup>28</sup>

She went on:

...by striking at Europe and the United States at the same time, the interference appears to be geared towards undermining the effectiveness and cohesion of the Western alliance as such—and at the legitimacy of the West as a normative force upholding a global order based on universal rules rather than might alone.

## Election interference

There has been particular concern about alleged Russian interference in Western democratic processes. Western societies may be particularly vulnerable in the aftermath of the 2007 financial crisis, but meddling in elections is nothing new, and neither is such behaviour confined to Russia. Research from an academic at Carnegie Mellon University in the US recently found that there were 117 'partisan electoral interventions' by great powers between 1946 and 2000 and that the US was responsible for 70% of them.<sup>29</sup>

### Catalonia

In November 2017, the Spanish Government stated that hackers in Russia and Venezuela intervened in the Catalan independence referendum in September.<sup>30</sup> The Government said there was proof that attacks came from Russian territory, although the Russian Government was not necessarily involved.

The hackers had supplied false or distorted information on Catalonia and Spain. Madrid raised the matter at the EU Foreign Affairs Council on 13 November.

### France

The fact that the French National Front had taken a loan from a bank linked to the Kremlin has been documented.<sup>31</sup>

The fact that the French presidential election 2017 was targeted by Russia is less well known. François Fillon, the centre-right candidate, was markedly more pro-Russia than the eventual winner of the second round. Emanuel Macron's campaign manager described the "hundreds, if not thousands" of cyberattacks originating in Russia that had targeted the campaign's databases.<sup>32</sup>

### Germany

The German authorities prepared for intervention in the 2017 general election, but there appears not to have been much. Russian-linked hackers stole sensitive information from the Bundestag in 2015, and there were fears that the information might be used in 2017. German

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<sup>28</sup> Dr. Constanze Stelzenmüller, [The Impact of Russian Interference on Germany's 2017 Elections](#), Evidence to the US Senate Committee on Intelligence, 28 June 2017

<sup>29</sup> Dov H. Levin, "[Partisan Electoral Interventions by the Great Powers: Introducing the PEIG Dataset](#)" *Conflict Management and Peace Science*, 19 September 2016

<sup>30</sup> '[El Gobierno constata la intervención en Cataluña de 'hackers' procedentes de Rusia y Venezuela](#)', *El País*, 11 November 2017

<sup>31</sup> '[Marine Le Pen: Who's funding France's far right?](#)', *BBC News Online*, 3 April 2017

<sup>32</sup> "'[En marche ! dénonce un piratage « massif et coordonné » de la campagne de Macron](#)'", *Le Monde*, 12 October 2017

parties, however, had publicly agreed not to use anything leaked as a result of a cyber-attack.

According to one analysis,<sup>33</sup> scores of automated bots on Twitter and other social media sites did circulate anti-Merkel and anti-immigrant messages in Germany, but they did not gain much traction.

### **Trump**

US intelligence agencies have concluded that Russia tried to influence the 2016 US presidential election in favour of Donald Trump. Russians are suspected of stealing information from the Clinton campaign and there were meetings between the Trump campaign team and Russian officials.

On 18 May 2017, the US Department of Justice appointed ex-FBI director Robert Mueller as special counsel; his investigation has not yet concluded.

In September 2017, Facebook disclosed that Russian-influenced political advertising and inflammatory posts had reached 126 million Americans, while over 1,000 videos aiming to sow discord among US citizens were posted on Youtube.<sup>34</sup>

In evidence to the Senate Intelligence Committee, Twitter said in November that it had launched an investigation into activity on Twitter that indicated Russian efforts to influence the 2016 Presidential election through automation, coordinated activity, and advertising.<sup>35</sup> Preliminary findings pointed to

...36,746 accounts that generated automated, election-related content and had at least one of the characteristics we used to associate an account with Russia.<sup>36</sup>

### **Brexit referendum**

There have been increasing concerns, in Parliament and elsewhere, about the possibility of Russian intervention in the referendum on leaving the EU.

Ben Bradshaw, one of the MPs who has raised questions in the House of Commons about it, told a newspaper:

If the results [of the British investigations] show that Russian influence played a major role in the referendum then I'm sure those questions [on its legitimacy] will be asked, but we're far from there yet.<sup>37</sup>

Enquiries are focusing on the more than 13,000 Twitterbot accounts that were active during the referendum campaign and were deactivated after the ballot.<sup>38</sup> Although there is some evidence of coordination in

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<sup>33</sup> ['German Election Mystery: Why No Russian Meddling?'](#), *New York Times*, 21 September 2017

<sup>34</sup> ['Russian Influence Reached 126 Million Through Facebook Alone'](#), *New York Times*, 30 October 2017

<sup>35</sup> US Senate Select Committee on Intelligence, [Testimony of Sean J. Edgett, Twitter, Inc.](#), 1 November 2017

<sup>36</sup> *Ibid.*

<sup>37</sup> ['Spotlight turns to Russia's role in Brexit'](#), *EUObserver*, 15 November 2017

<sup>38</sup> Marco T. Bastos and Dan Mercea, ['The Brexit Botnet and User-Generated Hyperpartisan News'](#), *Social Science Computer Review* 1-18, 2017

favour of Leave coming from Russia, analysts argue that it would not have been enough to swing the result.<sup>39</sup>

There have also been questions about personal contacts between Russia and Arron Banks, one of Leave's main backers.

### **Hacking**

A cyber-attack from Russia is thought to have caused a power cut in Ukraine in December 2015. In April 2016, the Lithuanian Parliament's website was temporarily out of action as a result of a distributed denial of access attack, whereby many computers intentionally overload a website with requests. The attack coincided with a meeting of Tatars at the parliament that discussed alleged human rights abuses in Crimea, a traditional home for this ethnic group.<sup>40</sup>

In November 2017 the Estonian authorities arrested a Russian national trying to leave Estonia. They announced:

A person, who is a Russian citizen, is suspected of acting as an FSB agent in the preparation of a computer crime against the Republic of Estonia.<sup>41</sup>

It was the latest in a series of incidents that have seen threats in the Baltic States and elsewhere. In June 2017 the Lithuanian central bank found that Lithuanian banks' greatest fear was politically-motivated hacking from Russia.<sup>42</sup>

### **Trolls and bots**

Russia is widely reported to promote the activities of 'trolls' who post pro-Russian arguments in response to material about Russia and the west on the internet. A former employee in a 'troll factory' in St Petersburg called Internet Research, said that she and scores of colleagues spent 12 hours a day at the work: "We had to say Putin was a fine fellow and a great figure, that Russia's opponents were bad and Obama was an idiot."<sup>43</sup>

Increasingly, Russia is suspected of organising automated Twitter accounts. In November 2017 the Senate Intelligence Committee published a list of over 2,000 Russia-linked Twitter accounts that had been suspended.

### **Investigations and rebuttal**

Against a background of increasing concern about Russian propaganda activities, in September 2017 the House of Commons Culture Media and Sport committee [launched an inquiry](#) into fake news.

The Electoral Commission is investigating digital campaigning – the use of data held by parties, campaigners and social media companies for targeting, how political ads are used on social media, and the use of bots – in the light of the Commission's experience in general elections

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<sup>39</sup> 'Brexit was not due to Russian dark arts', *Financial Times*,

<sup>40</sup> '[Lithuanian parliament under cyber attack](#)', EurActiv, 12 April 2016

<sup>41</sup> '[Estonia arrests suspected Russian FSB agent](#)', *Reuters*, 7 November 2017

<sup>42</sup> '[Russian hacking threatens Lithuania's banks: survey](#)', *Reuters*, 6 June 2017

<sup>43</sup> '[My life as a pro-Putin propagandist in Russia's secret 'troll factory'](#)', Daily Telegraph, 24 June 2015

and the EU referendum,<sup>44</sup> particularly with a view to campaign finance. The Commission's regulatory powers, however, apply only to individuals or organisations or actions in the UK or to conduct that takes place within the UK. In a report issued on 14 November the Commission stated:

We cannot use our own civil sanctioning powers on non-UK based individuals or organisations or on conduct that takes place outside the UK, although we can of course look to track and reach conclusions where non-UK individuals or organisations can be shown to have been involved in UK election-related activity.

The EU set up the [East StratCom Taskforce](#) in 2015, a unit dedicated to countering Russian "disinformation campaigns" in the Eastern Neighbourhood countries: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Russia warned in November 2017 that raising the unit's budget would harm EU relations with Russia.<sup>45</sup>

The US Senate Intelligence Committee's inquiries and that of US Special Counsel Robert Mueller into alleged Russian interference are continuing.

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<sup>44</sup> Rob Posner, '[Responding to the rise of digital campaigning](#)', Electoral Commission blog post, 31 October 2017

<sup>45</sup> '[EU counter-propaganda 'harms' relations, Russia says](#)', *EUobserver*, 22 November 2017

## 3. Relations with the UK

Relations between the UK and Russia have traditionally been tense.

The UK's National Security Strategy places a higher emphasis on a potential threat from Russia than did its predecessor document in 2010. NATO has upgraded several facilities in response to the perceived threat from Russia, and the UK has been at the forefront among NATO member states calling for that upgrade and supporting it with military assets.

Controversial Russian figures living in the UK, many granted political asylum, have been at the root of some of the problems between the UK and Russian governments. The most important of these has been Alexander Litvinenko, who died in London 2006.

In 2016 a public inquiry concluded that the death was almost certainly caused by an operation of the Russian internal security service, the FSB, and that it was probably approved by Russian president Vladimir Putin.

The UK also pressed the EU for a tough response to the annexation of Crimea and Russian actions in Ukraine.

### 3.1 Magnitsky

Sergei Magnitsky was a Russian lawyer who was beaten to death in a Moscow jail in 2009. He had uncovered an alleged \$230 million (US dollar) theft from the state budget by Russian tax officials.<sup>46</sup> Following his death, US-born but UK-naturalised fund manager Bill Browder, who employed Mr Magnitsky, led a campaign to publicise his case.<sup>47</sup> In 2012, the US Congress passed the 'Magnitsky Act' which allowed the US Government to impose visa bans and asset freezes on individuals connected with the case. The US Congress expanded the scope of the legislation to cover human rights abusers in any country in December 2016.<sup>48</sup>

Particularly after the passage of the US legislation there was pressure for the UK to act in a similar way.

In 2017, an amendment was proposed to the *Criminal Finances Bill 2016-17* to:

...enable the Secretary of State, an individual or a non-governmental organisation to convince the High Court to make an order to empower the UK authorities to freeze assets where it can be demonstrated, on the balance of probabilities, to a senior judge that those assets relate to an individual involved in, or profiting from, gross human rights abuses.<sup>49</sup>

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<sup>46</sup> ['MPs to Vote on Magnitsky Human Rights Amendment'](#), *Financial Times*, 4 December 2016.

<sup>47</sup> ['The Magnitsky Law'](#), *Financial Times*, 27 July 2012.

<sup>48</sup> 'US Congress Votes to Apply Magnitsky Human Rights Act Globally', *Reuters*, 8 December 2016.

<sup>49</sup> [HC Deb 21 February 2017, c884-5](#)

The change, known as the Magnitsky amendment, was accepted by the Government and the Bill became the [Criminal Finances Act](#) in April 2017.

In August 2017 Russia filed a notice with Interpol calling for Bill Browder's arrest. Interpol declined to put Browder on its wanted list, but he was stopped from flying to the US because the US Department for Homeland Security had suspended his visa waiver. It was quickly reinstated. Interpol has rejected several similar attempts by Russia, on the grounds that they were politically motivated.

## 3.2 RT

Several MPs have made declarations in the [Register of Members' Interests](#) for appearances on the Russian state-backed broadcaster RT (formerly Russia Today).

The fact that the US Justice Department had recently required one of RT's affiliates to register as a foreign agent sent the issue up the news agenda. Russia retaliated against the US move, passing amendments to designate nearly all foreign backed media operations in the country as foreign agents.

The UK politicians with the most appearances on the channel are George Galloway, Lembit Öpik, Ken Livingston, Alex Salmond, Vince Cable, Andrew Mitchell and Kwasi Kwarteng.<sup>50</sup>

George Galloway was a presenter, while RT wanted to give Nigel Farage his own show, according to reports.<sup>51</sup>

## 3.3 Prime Minister's comments

### Banqueting House speech

On 13 November, Prime Minister Theresa May gave the annual speech at the Lord Mayor's banquet. She had some strong words for Russia:

It is seeking to weaponise information. Deploying its state-run media organisations to plant fake stories and photo-shopped images in an attempt to sow discord in the West and undermine our institutions.

So I have a very simple message for Russia.

We know what you are doing. And you will not succeed. Because you underestimate the resilience of our democracies, the enduring attraction of free and open societies, and the commitment of Western nations to the alliances that bind us.<sup>52</sup>

### EU Summit

On 23 November 2017, Theresa May released more combative remarks for the twice-yearly EU Eastern Partnership summit to be held the

<sup>50</sup> A full list of UK politicians appearing on RT is provided in the report European Values, ['The Kremlin's Platform for 'Useful Idiots' in the West: An Overview of RT's Editorial Strategy and Evidence of Impact'](#), 18 September 2017

<sup>51</sup> ['Kremlin-backed broadcaster RT offers Nigel Farage his own show'](#), Daily Telegraph, 7 September 2016

<sup>52</sup> ['PM speech to the Lord Mayor's Banquet 2017'](#), Downing Street press release, 13 November 2017

following day. She said: “We must be open-eyed to the actions of hostile states like Russia which ... attempt to tear our collective strength apart,”<sup>53</sup> and promised to spend £100 million on fighting Russian disinformation in former Soviet states over the following five years. The UK is also spending £50 million this financial year on security and reform support in the Eastern Neighbourhood. “This summit highlights the crucial importance of European countries working together to protect our shared values and ideals”, she summed up.

### 3.4 Human rights

The UK Government thinks that the protection of human rights in Russia has deteriorated recently, as set out in an answer to a Parliamentary Question in November 2017:

The human rights situation in Russia has continued to deteriorate since the information detailed in the [Foreign and Commonwealth Office 2016 Human Rights Report](#).

Russian courts have declared Jehovah’s Witnesses an extremist organisation; the LGBT community in Chechnya have suffered persecution, with reliable reports of murder and torture; independent journalists are facing increasing harassment, with some fleeing Russia in fear of their safety; and there has been an increase in arrests of those attending peaceful demonstrations, including 1500 attendees at rallies in June called for by opposition activist Navalny. Most recently several hundred nationalist extremists were arrested during demonstrations held on 6 November.<sup>54</sup>

In answer to a follow-on question, the Minister said:

The Government regularly raises LGBT and wider human rights issues with the Russian Government and authorities. Most recently, I raised the persecution of members of the LGBT community in Chechnya with Senator Aleksey Pushkov on Wednesday 25 October.<sup>55</sup>

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<sup>53</sup> [‘PM attending Eastern Partnership summit: 23 November 2017’](#), Downing Street press notice, 23 November 2017

<sup>54</sup> [HC Written question – 111578](#), 17 November 2017

<sup>55</sup> [HC Written question – 111577](#), 17 November 2017

## 4. UK/Russia trade

(Matthew Ward)

In 2016, the UK exported £5.3 billion worth of goods and services to Russia and imported £4.7 billion, resulting in a trade surplus of £0.6 billion - a trade deficit in goods of £1.1 billion was offset by a surplus in services of £1.7 billion.

The UK recorded a trade deficit with Russia between 1999 and 2014, the largest being £2.6 billion in 2006, but recorded successive trade surpluses in 2015 and 2016. These surpluses have been due in part to a decline in British imports of Russian oil, which more than halved in the last four years, from a high of £5.1 billion in 2012 to £2.2 billion in 2016.

British exports to Russia peaked at £7.7 billion in 2013; British imports from Russia peaked at £9.1 billion in 2012.

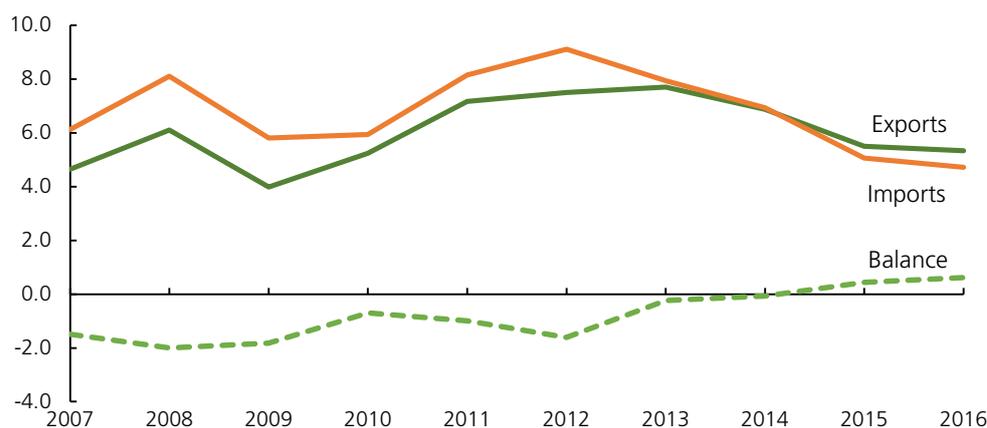
UK exports to Russia represented 1.0% of all exports in 2016; in the same year, imports from Russia represented 0.8% of all UK imports. Overall, Russia was the UK's 24<sup>th</sup> largest export market and 23<sup>rd</sup> largest source of imports in 2016.

**UK Goods and Services trade with Russia, 2007-16 (£ billions)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Exports	4.6	6.1	4.0	5.2	7.2	7.5	7.7	6.9	5.5	5.3
Imports	6.1	8.1	5.8	5.9	8.2	9.1	7.9	6.9	5.1	4.7
Balance	-1.5	-2.0	-1.8	-0.7	-1.0	-1.6	-0.2	-0.1	0.4	0.6

Source: ONS, Pink Book

**UK Trade with Russia, 2007 - 2016**  
£ billions



### Trade in goods

The UK exported £2.9 billion of goods to Russia in 2016 – this represented 54% of the UK's total exports to Russia.

The UK's single largest export to Russia was road vehicles, valued at £0.6 billion; this represented 23% of all UK goods exports to Russia.

Other British exports to Russia included other transport equipment, valued at £0.3 billion (11% of goods exports), medicinal and pharmaceutical products, valued at £0.3 billion (10% of goods exports) and power generating machinery and equipment, valued at £0.1 billion (6% of goods exports).

UK imports of Russian goods were worth £4.0 billion – this represented 85% of the UK's total imports from Russia.

In 2016, the UK's largest import from Russia was petroleum and petroleum products, valued at £2.2 billion, representing 54% of all UK goods imports from Russia. Other UK imports from Russia included non-ferrous metals, valued at £0.5 billion (11% of goods imports), transport equipment, valued at £0.2 billion (6% of goods imports) and inorganic chemicals, valued at £0.1 billion (4% of all goods imports).

### **Trade in services**

The UK exported £2.4 billion of services to Russia in 2016 – this represented 46% of the UK's total exports to Russia. Financial services were the UK's largest service export to Russia – exports were worth £1.3 billion, equal to 52% of all British services exports to Russia.

UK imports of Russian services were worth £0.7 billion – this represented 15% of the UK's total imports from Russia. Other business services were the UK's largest service import from Russia – imports were worth £0.3 billion, equal to 14% of all British service imports from Russia.

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