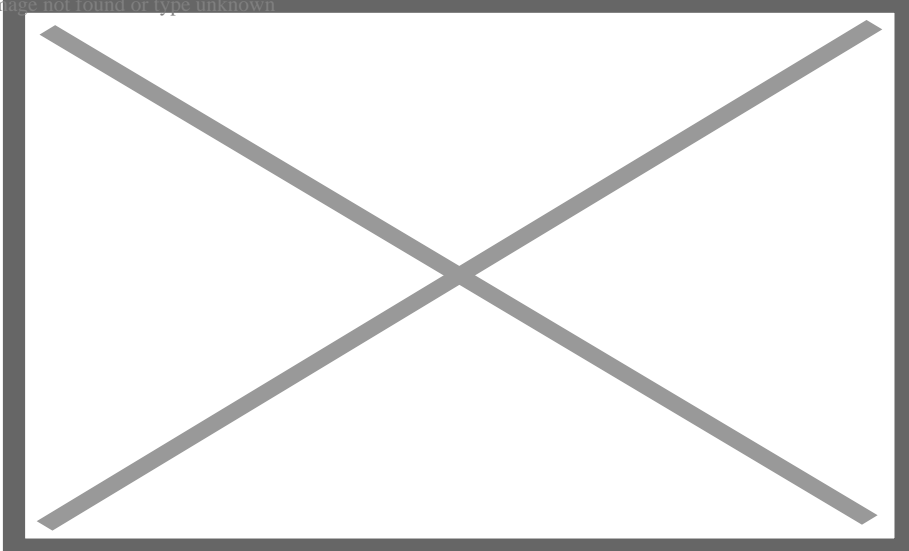


Who is Taking Control of Russian Counter-Sanctions?

Description

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By John Helmer, Moscow via [John Helmer](#)
[@bears_with](#)

The first Moscow casualties of the US and European plan targeting President Vladimir Putin and triggering Kremlin regime change have been revealed in the release over the past ten days of three presidential decrees and a half-dozen implementing orders from the Russian prime ministry.

The breaking news is that there are no casualties — but one rumour of one casualty circulated by the spokesman of the president, Dmitry Peskov, in order to deny it.

Early on Wednesday afternoon, the state news agency RIA-Novosti published the headline, “The Kremlin knows nothing about the rumours of Nabiullina’s resignation, Peskov said.” He was referring to the Governor of the Russian Central Bank (CBR), Elvira Nabiullina, who has been in the job since 2013.

The 10-line [report](#) went on: “No, we don’t know about that. The president has repeatedly assessed [favourably] the work of the Central Bank,’ Peskov said, answering a question from journalists whether the Kremlin is aware of the alleged resignation of Elvira Nabiullina from the post of head of the Central Bank and how the president assesses the work of the Central Bank. Earlier, Peskov said that Putin repeatedly praised the work of the Central Bank in general and its head Elvira Nabiullina in particular.”

Until Peskov issued this denial, there was no trace of a rumour in the Russian media that Nabiullina was thinking of resigning, or that the Kremlin had decided to remove her.

There has been active public criticism of Nabiullina's decision to raise the Central Bank lending rate to 20%, and her apparent unpreparedness to combat the US sanctions, which have frozen more than \$450 billion in Central Bank currency reserves, and cut Russia's leading banks from the SWIFT transaction system.

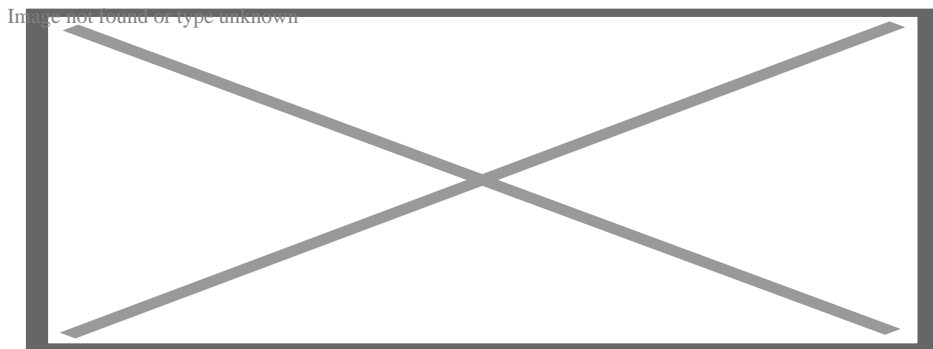
Leading the attack on Nabiullina has been Sergei Glazyev, the former Kremlin economic adviser and now the minister in charge of macroeconomic policy at the [Eurasian Economic Commission](#). Glazyev has been joined by Mikhail Delyagin, an economist and State Duma deputy. They have accused Nabiullina of "aiding the enemy".

"If our country is a sovereign state," Delyagin said on [television](#) on March 4, "then why is Ms. Nabiullina still the head of the Bank of Russia, and not under investigation? We have people in jail for economic crimes, and yet a person who has already caused the economy to crash in 2014 and is going to do it for the second time feels just fine at her freedom."

What can be detected in the series of Putin decrees and orders by Prime Minister Mikhail Mishustin is that a group of officials led by Mishustin, Defence Minister Sergei Shoigu and Federal Security Service Director (FSB) Mikhail Bortnikov, have taken charge of the new scheme to restrict Russian debt repayments to creditors in countries listed as hostile. This group is known as the Commission for Control of Foreign Investments (CCFI). According to Mishustin's order No. 431-r of March 6, 2022, Nabiullina is not a member.

On February 28, the Kremlin issued presidential decree No. 79 for "special economic measures in connection with the hostile actions of the United States of America and those who joined them." This [required](#) the domestic retention of 80% of foreign currency earned in Russian export of goods, services, patents, rights and intellectual property.

This decree also banned Russian residents from making foreign currency loans to non-residents offshore. These have been one of the favourite forms of capital outflow used by Russian bankers to strip domestic assets, defraud their banks, and launder the proceeds through chains of companies they control in havens abroad. The biggest Russian fraudsters abroad – Sergei Pugachev, Boris Mints, and Vadim Belyaev – have all used these schemes; they have been granted asylum by the governments of France, the UK, and the US.



Left: [Boris Pugachev](#): through his Moscow bank he stole \$1 billion directly from the Central Bank. He lives in France. Centre: [Boris Mints](#) stole about

\$850 million from two banks under Central Bank supervision; he is living near London; Right: [Vadim Belyaev](#) of New York, who looted Otkritie and National Trust banks of about \$3 billion.

On March 1, Putin signed a fresh decree, No. 81, titled "On additional temporary measures of an economic nature to ensure the financial stability of the Russian Federation." This [extended](#) the ban over offshore transactions in foreign currency to loans, credits, transfer of shares, bonds and other securities, and the sale of real estate. This has been the oligarchs' channel for borrowing from US and European banks against the security of shares in their Russian companies to buy palatial homes, motor yachts, art collections, racing cars, football clubs, charitable endowments, and other self-promotions.

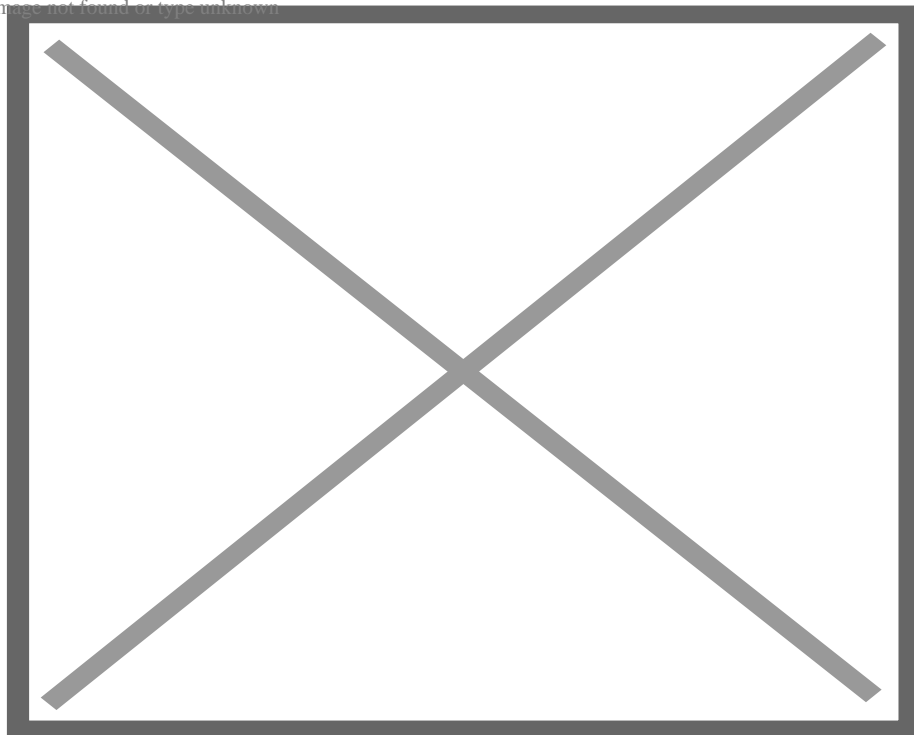
The new decree is not quite a ban, however. The measure has created a "special procedure" of state control on "the basis of permits issued by the Government Commission for the Control of Foreign Investment in the Russian Federation and, if necessary, containing conditions for the implementation (execution) of such transactions (operations)". This commission has now replaced the Central Bank, which had been in charge of the Russian capital outflow until now. The commission can now stop the outflow of cash and capital; or it can look the other way as the Central Bank has done.

On March 5, presidential decree No. 95 followed. This created the "Temporary Procedure for Fulfilling Obligations to Certain Foreign Creditors". The western financial press and the US Treasury have [reported](#) the headline; they have missed the small print. For the next six months, this measure blocks all debt repayments in foreign currency by Russians to creditors based in hostile states. This is not exactly a total ban nor is it a debt default.

Instead, the Russian debtor is required "to send to a Russian credit institution an application for opening in the name of a foreign creditor or a foreign organization entitled, in accordance with its personal law, to record and transfer rights to securities (foreign nominee holder) in respect of which obligations are fulfilled, an account of type C intended for settlements under these obligations." This account must be in roubles.

[This](#) decree also put a stop to Russians leaving the country in private jets with suitcases full of dollars or Euros. Russian citizens will be allowed to travel out of the country with no more than one suitcase containing \$10,000 in cash at once, or several suitcases containing less but no more than \$10,000 for the next six months, possibly longer. The exit of Euro cash is totally prohibited.

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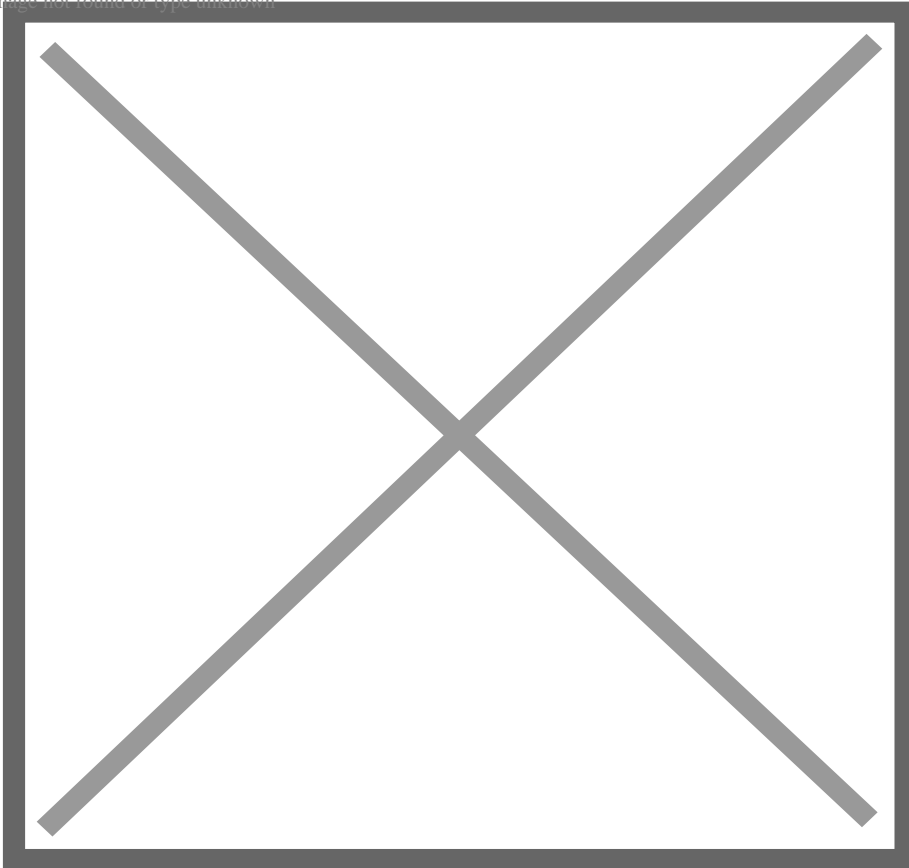


Click to read how Suleiman Kerimov, owner of Uralkali, the potash producer, and Polyus Gold, Russia's leading goldminer, flew his cash to Nice to buy villas along the French coast until his arrest by French prosecutors, read [this](#). For the favour Nabiullina has subsequently shown Kerimov in the bailout of Vozrozhdenie Bank, looted of about \$2 billion by the Ananiev brothers, read [this](#). The Ananiev brothers live under Cyprus and British protection, and also of the *Guardian* and *Financial Times* newspapers.

[Decree No. 95](#) means that instead of defaulting in dollars or Euros to creditors in the hostile states, Russian debts must be settled "to a foreign nominee holder by transferring funds in roubles in an amount equivalent to the value of obligations in foreign currency and calculated at the official exchange rate of the Central Bank of the Russian Federation established on the day when the corresponding payment was made by the debtor to the account of type C of a foreign nominee holder opened in the Russian depository in the amount equivalent to the value of obligations in foreign currency and calculated at the official exchange rate of the Central Bank of the Russian Federation established on the day."

In short, hostile state creditors are to be repaid in these rouble bank accounts from which the creditors must collect their money – if they can. Putin told Mishustin he had two days in which to gazette the list of hostile states. The list was issued the same day as order No. 430-r.

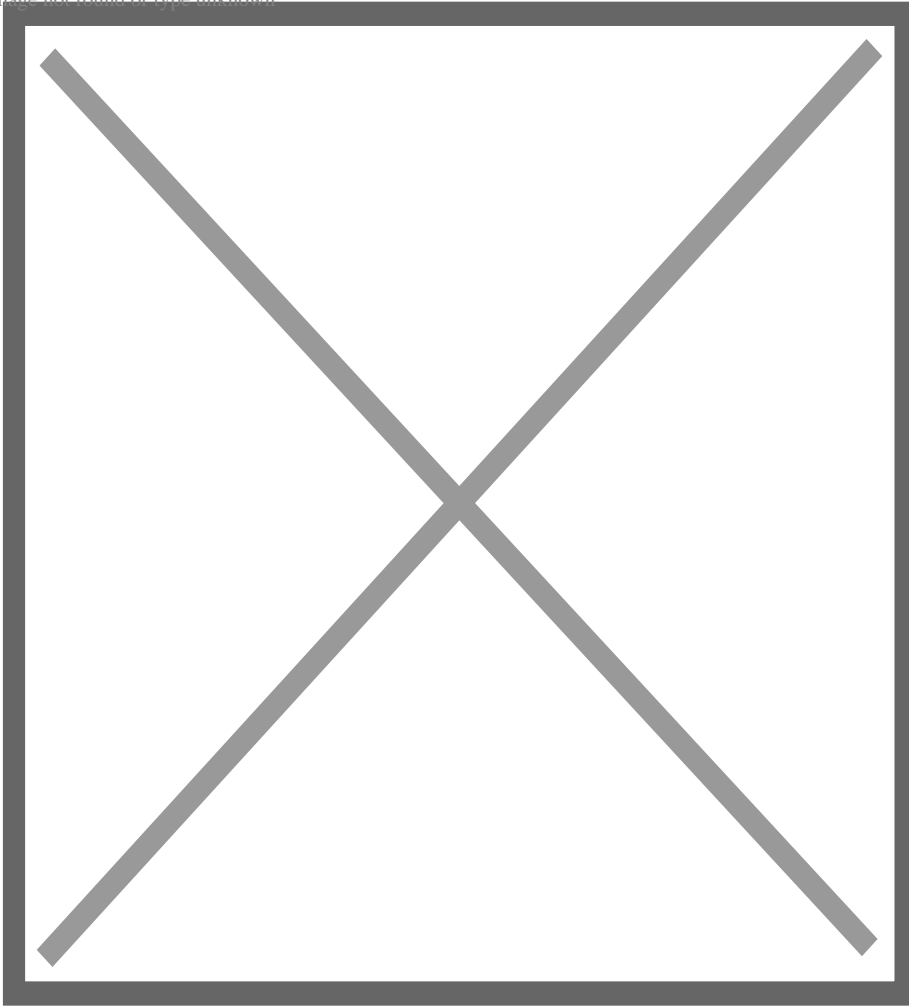
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Source: <http://static.government.ru/>

The hostile states include all the well-known offshore cash hideouts – New Zealand for Pugachev, the UK for Mints, the US for Belyaev, as well as Cyprus, the British Channel Islands, British Gibraltar, British Virgin Islands, Luxembourg, Liechtenstein, Switzerland, and the Netherlands. [Here they are.](#)

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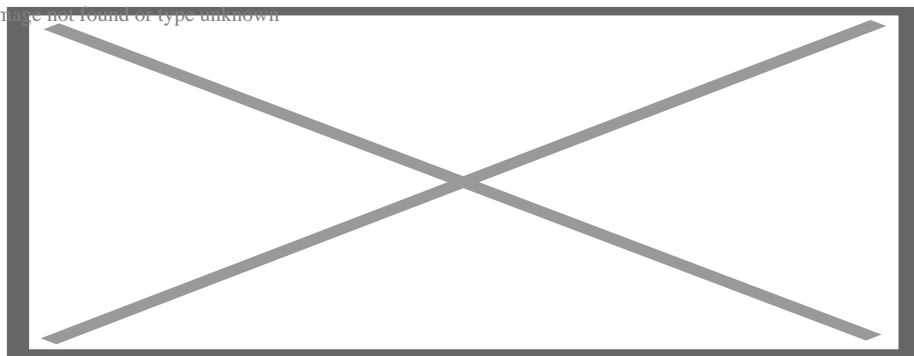
Source: <http://static.government.ru/>

Missing from the list of hostile states, and thus permitted for Russian debt repayment in their currencies are the independent islands of the Caribbean; the states of Central and South America (including the havens of Belize and Panama); the African states; the Arab states and Iran; the Asian states, including Pakistan, India, Myanmar, Laos, and China; and the independent Pacific island states including the Philippines, Fiji, Tuvalu, Nauru, New Guinea, Timor and Vanuatu.

While these decrees and orders acknowledge the Central Bank (CBR) as playing an administrative rule and rate-setting role, the real power to run the system, deciding which targets will be sanctioned, and how, has been moved from the CBR to the Foreign Investment Control Commission (CCFI).

In a fresh order from the prime ministry dated [March 7](#), the government has listed the current membership of the Commission.

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Source: <http://government.ru/info/44751/>

Administered by the Federal Anti-Monopoly Service (FAS), the CCFI was originally intended to regulate foreign penetration of strategic sectors of the Russian economy. In design this was comparable to the US Committee on Foreign Investment in the US (CFIUS); for details of how CFIUS has been used to strike at Russian investments from palladium mining to steel mills in the US, [click to read](#).

This is how the Russian commission began in [2008](#). Two years later, in 2010, the commission staff provided limited information about how many cases the secret chamber had reviewed; how many foreign investments had been approved, how many [rejected](#). Early in 2021 the commission [claimed](#) that since 2008 it had reviewed 280 applications and rejected 23 – fewer than one in ten..

Until now the CCFI was restricted to capital flowing *into* Russia from abroad. For that reason, it was of primary concern to the espionage, security and defence agencies. That's the reason FSB director Bortnikov and Defence Minister Shoigu have been members for a decade. The CFIUS in Washington has operated in much the same way, combining secret intelligence with equally secret corporate lobbying.

Russian capital *outflow* has depended on a very different power structure. Over the past thirty years the capital lost to Russia has totaled more than a trillion dollars; for details, [click to read](#).

No modern state or European empire has made a state policy of such profligacy.

The Russian government official who created and ran this system of domestic capital destruction has been Alexei Kudrin (lead image, front row, left). He was also a Kremlin official under Anatoly Chubais when the oligarch system was created by Chubais (back row, left), then chief of staff for President Boris Yeltsin in 1996, in order to save Yeltsin and steal the election of 1996. Under Putin since 2000, Kudrin, a Latvian by origin, was finance minister until 2011; he is currently head of the state auditor, the Accounting Chamber. Chubais, who is Jewish through his [mother](#), has directed the privatization of the state electricity system under Putin, and then Rusnano, the state high-technology investment holding. He is currently Putin's representative for international climate negotiations.

The two of them have been favoured by the US Government to take over the Kremlin; they still are. For the Chubais archive, read [this](#). For the Kudrin file, click [here](#).

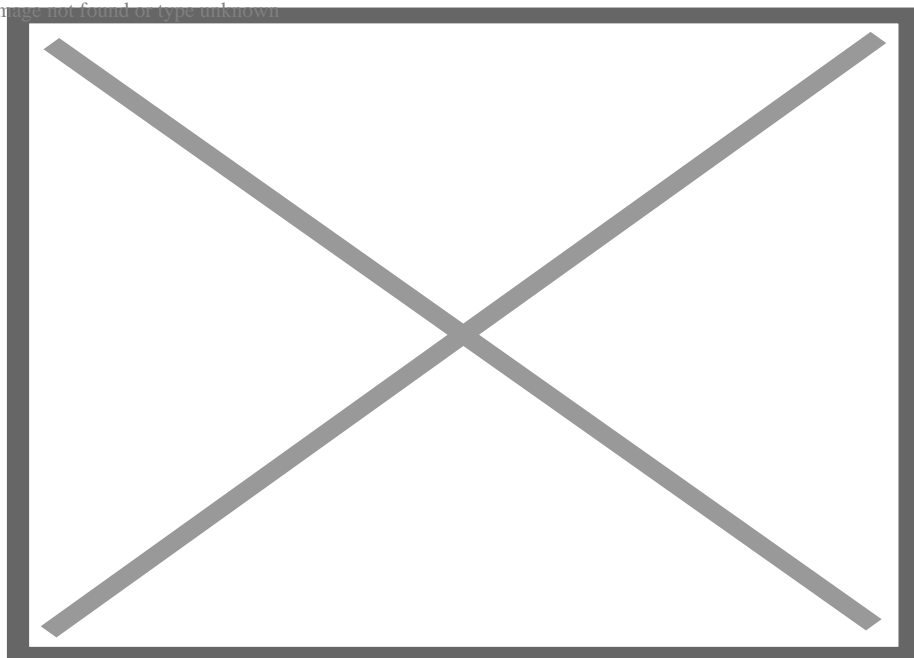
Nabiullina's career has been promoted by the two of them, and by their common ally, German Gref,

currently head of Sberbank; [click for his file](#). In Russian political shorthand, this group are the liberal reformers of the Yeltsin period; the pro-American and anti-military faction of the Putin period. They are among the most [distrusted](#) political figures in the country, according to the polls, which have ranked them together and close behind Alexei Navalny. They are unelectable.

As Kremlin appointees, however, they have dominated economic advice to Putin, protected the offshore capital exports of the oligarchs, and argued to cut the defence and security budgets. In effect, this group of officials has fought to prevent the accession of Crimea in 2014; to sabotage the rebuilding of Russia's strategic and tactical deterrents to US and NATO attack; and for fear of the financial consequences from Washington and Brussels, to stop the Ukrainian military operation. About this, so far they have said nothing in public.

A search of the Russian individual sanctions list at the US Treasury's Office of Foreign Assets Control has found "[no result](#)" for Chubais, Kudrin, Nabiullina, and Gref.

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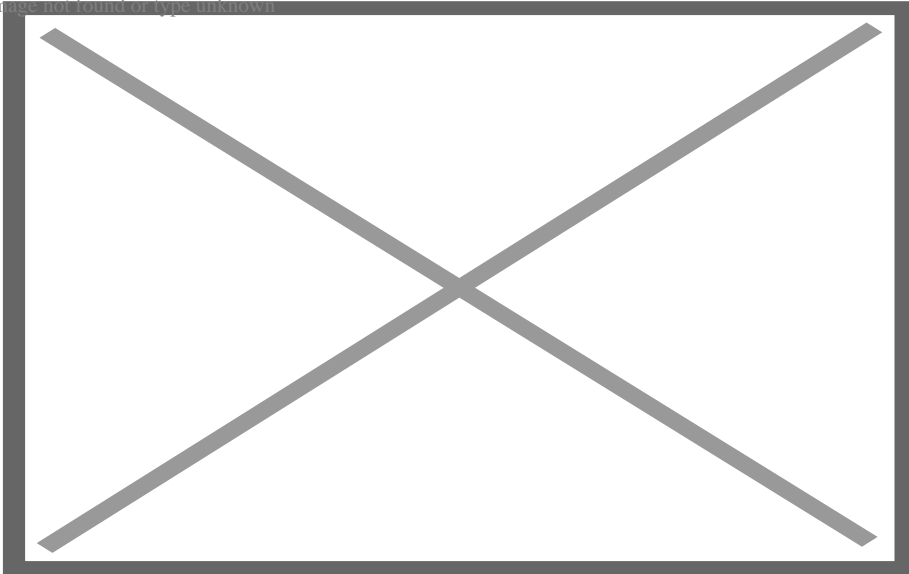


Source: <https://sanctionssearch.ofac.treas.gov/>

By contrast, Shoigu, Bortnikov, Glazyev and Delyagin have all been sanctioned by the US.

The Nabiullina group have been fighting to keep their power, and preserve the oligarchs' advantages. A March 4 [order](#) from the prime ministry created their rival to the CCFI. The text of the order No. 417-r calls it the "subcommittee on improving the sustainability of the financial sector and individual sectors of the economy in the face of sanctions". Deputy Prime Minister Andrei Belousov (no US sanction) is to chair this group which includes several of the ministry and Kremlin officials who are also members of the CCFI. Nabiullina is a member; Shoigu and Bortnikov are [not](#).

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Source: <http://static.government.ru/>

Also included in this new group are Alexander Shokhin (lead image, back row, extreme right), who heads the oligarch lobby group known as the Russian Union of Industrialists and Entrepreneurs; and Igor Shuvalov (back row, 3rd from left), the first deputy prime minister for business support between 2008 and 2018. Shuvalov, currently head of the state Vnesheconombank (VEB), was sanctioned by Washington last week, along with five of his personal companies, his wife Olga, his son Yevgeny with his company and jet, and his daughter Maria and her [company](#). Shuvalov has also just been sanctioned by the British government and a freeze [imposed](#) on his apartments neighbouring on Whitehall and Downing Street. Read the Shuvalov archive [here](#).

In the war between the Moscow committees, there are already casualties from the friendly fire of the hostile states.