



# GLOBAL REACH

## THE KREMLIN PLAYBOOK IN LATIN AMERICA



CENTER FOR  
THE STUDY OF  
DEMOCRACY

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The Russian invasion of Ukraine has served as a stark reminder for the democratic community to actively identify and counter the growing influence of global authoritarianism. Russia's aggressive actions have clearly outlined its strategy to undermine the rules-based international order, inspiring other authoritarian regimes to follow suit, and pressuring countries to either join them or be labeled "unfriendly". This has led to a divided and polarized global community.

Latin America has emerged as a particularly vulnerable target in this global power struggle. Russia and China have sought to establish long-term, asymmetrical dependencies with countries in the region, aiming to influence their foreign policy and democratic orientation.

This report provides a comprehensive background and general assessment of Kremlin's economic and political influence in Latin America.

Authors:

**Martin Vladimirov**, Director, Energy and Climate Program, Center for the Study of Democracy

**German Rueda Orejarena**, Analyst, Center for the Study of Democracy

**Daria Osipova**, Associated Fellow, Center for the Study of Democracy

Editorial Board:

**Dr. Ognian Shentov**

**Ruslan Stefanov**

**Dr. Todor Galev**

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## LIST OF ABBREVIATIONS

|              |                                                                                     |
|--------------|-------------------------------------------------------------------------------------|
| <b>ALBA</b>  | Bolivarian Alliance for the Peoples of Our America                                  |
| <b>Bpd</b>   | Barrels per day                                                                     |
| <b>BRICS</b> | Brazil, Russia, India, China, and South Africa                                      |
| <b>BVI</b>   | British Virgin Islands                                                              |
| <b>CSD</b>   | Center for the Study of Democracy                                                   |
| <b>EU</b>    | European Union                                                                      |
| <b>FATF</b>  | Financial Action Task Force                                                         |
| <b>FDI</b>   | Foreign Direct Investment                                                           |
| <b>GDP</b>   | Gross Domestic Product                                                              |
| <b>IDB</b>   | Inter-American Development Bank                                                     |
| <b>LNG</b>   | Liquefied Natural Gas                                                               |
| <b>MNE</b>   | Multinational Enterprise                                                            |
| <b>NRTC</b>  | Nuclear Research and Technology Center                                              |
| <b>OECD</b>  | Organization for Economic Cooperation and Development                               |
| <b>PDVSA</b> | Petróleos de Venezuela                                                              |
| <b>RUDN</b>  | Peoples' Friendship University of Russia<br>(Российский университет дружбы народов) |
| <b>SWIFT</b> | Society for Worldwide Interbank Financial Telecommunication                         |
| <b>UAF</b>   | Financial Analysis Unit                                                             |
| <b>UN</b>    | United Nations                                                                      |
| <b>U.S.</b>  | United States                                                                       |



## EXECUTIVE SUMMARY

Following its invasion of Ukraine, Russia is seeking safe havens for its extensive network of companies and enablers, facing increasing pressure from international sanctions within the EU. The restructuring of the economic relationship between Russia and the West has prompted the Kremlin to pursue allies beyond the continent.

Russia has shifted its focus to Africa and Latin America, where the Kremlin has cultivated its influence since the Soviet period. To understand better how Russia leverages its presence, it is crucial to assess the **different tools and mechanisms** employed by Russian companies and other entities involved.<sup>1</sup>

The Kremlin Playbook in Latin America has oscillated between the **direct pressure exerted by hard power instruments such as military ties and economic coercion**, and Russia's attempt to promote an alternative governance model based on fostering a positive appeal of the Kremlin's political narratives. Russia's increasing engagement in Latin America is a part of a broader strategy to assert its influence globally by targeting regions traditionally under Western influence.

In Latin America, Russia employs a combination of state capture, economic coercion, sharp power tactics, and information warfare to achieve its geopolitical objectives. This report examines the methods Russia has used to establish and expand its influence in Latin America by focusing on five countries including **Venezuela, Bolivia, Argentina, Brazil and Panama** that have been identified as increasingly vulnerable to stronger foreign authoritarian coercion.

**State capture** forms the core of Russia's strategy in Latin America, reflecting a systematic approach to influencing the political and economic landscapes of targeted countries. State capture refers to the infiltration of a nation's **governance and economic structures** through corruption, manipulation, and the establishment of deep ties with local elites and political leaders. In Latin America, Russia has successfully employed this tactic by forging relationships with governments and political factions that are aligned with its interests.

In Venezuela, for example, Russia has become a critical economic and military ally of the Maduro regime. Through massive loans, joint ventures in the oil sector, and the provision of military equipment and training, Russia has effectively positioned itself as a lifeline for the beleaguered Venezuelan government. This relationship not only provides Russia with a **strategic foothold in the Western Hemisphere** but also gives it considerable leverage over Venezuela's foreign policy decisions. Venezuela's economic dependence on Russian support has resulted in a foreign policy that is often aligned

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<sup>1</sup> Shentov, O., Stefanov, R., and Vladimirov, M. (2020) *The Kremlin Playbook in Europe*. (Center for the Study of Democracy); Shentov, O., Stefanov, R., and Vladimirov, M. Eds. (2019). *The Russian Economic Grip on Central and Eastern Europe*. (Routledge Contemporary Russia and Eastern Europe Series, London: 2019).

with Moscow's global agenda, including opposition to U.S. sanctions and diplomatic efforts against the Kremlin.

Similarly, in Nicaragua, Russia has forged close ties with the Ortega administration, providing economic assistance, military training, and intelligence support. This relationship has allowed Russia to establish a significant presence in Central America, where it can exert influence over regional security dynamics and counter U.S. interests. The pattern of state capture is evident in the way Russia has embedded itself in the economic and political structures of these countries, ensuring that **local elites and political leaders** remain beholden to Russian interests.

Russia's strategy of state capture is not limited to authoritarian regimes. In countries like Brazil and Argentina, Russia has sought to influence **political and economic elites through trade relationships**, joint ventures, and the cultivation of personal ties with key figures. These efforts aim to create a network of allies who can advocate for Russian interests within the political and economic spheres of their respective countries. By embedding itself within the governance structures of Latin American countries, Russia is able to influence policy outcomes and shape the region's alignment in global geopolitics.

### Leveraging Economic Ties

Russia has clearly expanded and diversified its economic presence in Latin America since the end of the Cold War. Unlike the Soviet Union, which was very engaged in Cuba but its ties to other countries in the region were limited, since the early 2000s and in accordance to its new assertive foreign policy, Russia has pursued a much more decisive strategy to reengage economically in attempt to gain political influence. To achieve political leverage over Latin American leaders, Russia has also partnered with China to increase the appeal and attractiveness of alternative international governance formats such as the BRICS. In turn, the engagement under the umbrella of new political alliances has become an instrument to further entrench Latin American countries in different economic entanglements with Russia and China.

Russia has maintained the closest political ties with the old Soviet allies and the Bolivarian Alliance for the Peoples of Our America (ALBA) group. However, more recently, the **most important trade partners** of Russia in Latin America have become Brazil, Mexico, Argentina, Chile and Ecuador, i.e. the countries in the region belonging to Western-leaning regional economic groups, devoted to free trade and market economy. Despite the publicly announced and widely covered Russian intentions to strengthen its trade cooperation with Latin American countries on the back of multiple bilateral agreements, Latin America is still not a strategic trading partner for Russia. However, this might have been changing recently as bilateral trade with Russia has seen an exponential growth in several countries.

By establishing and deepening economic relationships, particularly in key sectors such as energy, agriculture, and infrastructure, Russia seeks to create **dependencies that can be exploited for political leverage**. This economic strategy not only provides immediate financial benefits to Russia but also

helps to secure long-term influence in the region. These economic relationships are often reinforced by long-term contracts, joint ventures, and the provision of financing and technical assistance, making them difficult to unwind. This economic leverage is a key element of Russia's pursuit of wider influence over the domestic and foreign policy of countries in Latin America with the aim of countering the Western dominance in the region.

One of the most significant examples of this strategy is Russia's involvement in the **energy sector** across Latin America. Russian oil companies have increased their exports of petroleum products to Latin America seven-fold since the start of the war in Ukraine reaching a peak of around 300-330,000 barrels per day (bpd), around **5% of the Russian total daily oil sales abroad**. At an average Russian diesel price on the global market at roughly \$100 per barrel, Russia has been generating at least **\$12 billion in revenues annually** from its oil business in Latin America.

By the end of 2023, Brazil, which relied on Russia for approximately **40% of its diesel imports**, became the fifth largest importer of Russian fuel products. This dependency gives Russia considerable leverage over Brazil's energy market. In Venezuela, Rosneft controls the export of over 100,000 barrels per day, ensuring oil flows to India and China despite U.S. sanctions.

In **Bolivia**, Russia has invested heavily in the development of the country's gas and lithium resources. The establishment of a \$300 million Nuclear Research and Technology Center in El Alto, spearheaded by Russia's state-owned nuclear company Rosatom, exemplifies Russia's strategic economic engagement. This project, initiated under the Morales government, continued even after his departure, highlighting the depth of Russian influence in Bolivia's energy sector.

In **Argentina**, Russia has pursued opportunities in the oil and gas sectors, as well as in nuclear energy. While some projects, such as the proposed railway to connect the Vaca Muerta oil field to export terminals, have not materialized, the very prospect of Russian investment has allowed Moscow to establish a dialogue with key economic and political stakeholders in the country. This dialogue often extends beyond mere economic cooperation, touching on broader geopolitical issues where Russian interests are at stake.

**Agriculture** is another sector where Russia has sought to leverage economic ties for influence. Brazil's agribusiness, which makes up 25% of its GDP, relies heavily on Russian fertilizers, importing \$5.6 billion worth in 2022 alone, a 300% growth from 2020. Russia has become **the largest supplier of fertilizers to Brazil, gaining control over 40% of the market** by mid-2024. This dependency is not just economic; it also influences Brazil's foreign policy, as evidenced by its cautious stance on supporting sanctions against Russia. The fertilizer trade has become a critical tool for Russia to exert influence in the region.

Russia has limited investment in the Latin American region but still there are around **270 large and medium-scale Russian enterprises** operating roughly 280 subsidiaries across the whole region. Some of Russia's biggest state-owned and private entities are active in Latin America even though their

business activities are small, making up a fraction of their global revenues or labor force. The firms with Russian ultimate beneficial ownership in Latin America have registered around **\$10 billion per year in sales in Latin America**. Geographically, more than **75% of the Russian-controlled revenues are concentrated in Brazil** where Russia's petrochemical giants have aimed to expand their presence into domestic manufacturing and distribution.

The Russian corporate footprint in Latin America is focused in the **energy, natural resource extraction and fertilizer sectors**. The most active Russian companies have been the oil and gas majors, Rosneft, Gazprom and Lukoil, the nuclear energy state-owned monopoly, Rosatom, the petrochemical producers, PhosAgro, EuroChem, Acron, as well as the infrastructure and defense contractor, Rostec. Russia has also boosted its cooperation in aerospace technologies with Brazil, a major producer of commercial aircrafts. In Bolivia, Rosatom has shifted its focus from developing a nuclear research plant to the exploration of the country's vast lithium reserves.

In terms of financial assets, however, Russia has an enormous footprint in the **Caribbean offshore hubs** where some of the largest **125 Russian companies** have their parent companies registered. Around 80% of these companies are under one or another **sanction regime** in Europe or the U.S. making them an easy target for legal action outside the offshore zones. Offshore shell companies control close to **\$70 billion in Russian assets** at the end of 2023 **up more than 10% since the Russian invasion in Ukraine**. The British Virgin Islands (BVI), Panama, Curacao and the Cayman Islands are some of the biggest holders of Russian financial assets providing a key safe haven for Russian companies amid rising risks of global sanctions freezing their holdings.

Russia's use of offshore finance hubs in Latin America, particularly in Panama, has also served as a **key mechanism for evading international sanctions**. These hubs not only launder Russian money but also facilitate the circumvention of sanctions against authoritarian regimes in Latin America. For instance, **Russian firms use Panama for its ever larger shadow oil tanker fleet**, allowing it to continue exporting oil despite U.S. and EU sanctions.

### Exploiting Governance Gaps

Russia's influence strategy in Latin America also relies on exploiting governance gaps, such as corruption, lack of transparency, and weak rule of law. These vulnerabilities provide fertile ground for Russian influence operations, allowing Moscow to engage in activities that would be more difficult in countries with stronger institutions and regulatory frameworks.

In countries like Venezuela and Bolivia, Russia has capitalized on **governance weaknesses to secure lucrative contracts** and establish a significant economic presence. The lack of transparency in government procurement processes, for example, has allowed Russian companies to win contracts without facing significant competition or scrutiny. This is evident in the case of Venezuela, where Russian state-owned enterprises have secured numerous contracts in the oil and defense sectors through **opaque deals that often bypass standard regulatory procedures**.

In addition to economic exploitation, Russia uses governance gaps to expand its political influence. By providing support to political elites and factions that are sympathetic to its interests, Russia is able to embed itself within the political systems of Latin American countries. This support can take the form of financial assistance, strategic advice, military training and intelligence cooperation.

Russia's exploitation of governance gaps also extends to the **media and civil society sectors**. In countries with weak media regulations and low levels of press freedom, Russian media outlets and propaganda campaigns can operate with relative impunity, spreading disinformation and promoting pro-Russian narratives. Similarly, in countries where civil society organizations lack resources and independence, Russia can use cultural and academic exchanges to build influence and cultivate local allies.

### Sharp Power and Disinformation

The economic influence, which often underpins the Russian strategy as the product of the confluence of oligarchic and political interests, is amplified by a number of **sharp power instruments**. These include the use of targeted disinformation campaigns, the financing of civil society and cultural organizations aiming to change the public discourse in Russia's strategic favor and the **coopting of political movements** that could become intermediaries to ruling elites. The success of sharp power instruments relies heavily on the cooperation of local enablers— key figures who can become instruments of the Kremlin's agenda.

Russian state-controlled media outlets, such as RT and Sputnik, play a crucial role in shaping public perception by promoting narratives that align with Russian interests while undermining confidence in Western democracies. These outlets operate in Spanish and Portuguese, ensuring that their content reaches a broad audience across the region.

The Kremlin's media strategy focuses on promoting narratives that resonate with existing sentiments in Latin America, such as anti-Americanism, anti-imperialism, and skepticism toward liberal democracy. Russian media coverage portrays the United States as a hegemonic power that seeks to impose its will on other countries, echoing historical grievances in the region. Similarly, narratives that criticize Western interventions in the Middle East or highlight the failures of neoliberal economic policies are tailored to appeal to left-leaning audiences in Latin America.

In addition to traditional media, Russia employs digital platforms to amplify its disinformation campaigns. Social media networks such as Facebook, X, and Telegram are used to disseminate content that is designed to sow discord, create confusion, and polarize public opinion. By exploiting social and political divisions within Latin American societies, Russian disinformation campaigns aim to weaken democratic institutions and erode trust in the political process.

The impact of these sharp power tactics varies across the region. In countries like Venezuela and Bolivia, where governments are already aligned with Russian interests, these narratives find a receptive audience. However, in

more democratic and media-literate countries like Chile and Argentina, the influence of Russian disinformation is more limited. Nonetheless, the overall effect of these campaigns is to create an alternative narrative of global events that challenges the dominance of Western media and promotes a more favorable image of Russia.

The use of sharp power and disinformation is not limited to the media. Russia also engages in cultural diplomacy and academic exchanges to shape perceptions. Institutions like the Russkiy Mir Foundation and Rossotrudnichestvo promote Russian language and culture in Latin America through various programs and partnerships with local universities and cultural organizations. These initiatives aim to foster a positive image of Russia and cultivate a network of local influencers who can advocate for Russian interests.

By shaping public perception and manipulating information, Russia seeks to create an environment in which its actions are seen as legitimate and its geopolitical goals are supported. This manipulation of the information space is a key element of Russia's strategy to expand its influence in Latin America and counter Western narratives.

\* \* \*

The methods used by the Kremlin to expand its influence in Latin America were tried and tested first in Central and Eastern Europe, where it has gained a dominant position in strategic markets by forging corrupt relationships with local elites, locking governments into long-term, expensive infrastructure projects, and creating structural trade dependencies. Moscow has combined this economic power with Cold War-era security networks and renewed media offensives, all against the backdrop of increasing demonstrations of military power.<sup>2</sup>

The pattern in Latin America has been very similar despite the Kremlin's much more modest reach and overall success. With the exception of Venezuela and to a lesser degree Cuba and Nicaragua, Moscow has not always been able to penetrate strategic economic sectors, has implemented few large-scale projects, and is dwarfed by China in terms of trade and investment in the region. However, it has been able to take advantage of state-capture vulnerabilities, political corruption, and the strong fusion between political and economic power to advance large deals of questionable economic value. In some countries, including in Bolivia and Venezuela, these projects have been used to achieve an outsized political influence.

On the surface, the group of sharp power tools can appear harmless as they entertain specific exchange of ideas about the role of Russia in the region, but in practice they have successfully tried to change sociocultural narratives in many countries of the region. With seemingly little resources and only

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<sup>2</sup> Shentov, O., Stefanov, R., and Vladimirov, M. Eds. (2019). *The Russian Economic Grip on Central and Eastern Europe*. (Routledge Contemporary Russia and Eastern Europe Series, London: 2019)

a handful of actors, Russia has been able to negatively impact popular perceptions about Western values, national policy objectives, cultural realities, and historical truths. In a social environment devoid of profound analysis and in a time of globalized spread of (mis)information, the scope for wide-scale manipulation has been successfully exploited by pro-Russian forces with spillover effects on the domestic political space.

Weaknesses in public governance and society, including corruption and state capture, are what make the strategies of authoritarian influence viable in Latin America and elsewhere. Addressing these deficits will require a range of interventions by both national champions of reform and international partners:

- **Design strategies to counter state capture:** Latin American governments, in coalition with civil society and international partners, need to design and enforce strategies to counter state capture. A key element in these should be the implementation of regular state capture assessment diagnostics that would measure the level of capture (risks) in strategic economic sectors and identify key governance deficits which allow excessive market concentration. These diagnostics should be carried on a regional basis, for example as part of broader regional integration schemes such as Mercosur, the Pacific Alliance, and the Andean Pact, or regional organizations like OAS, so as to identify common trends and institutional gaps.
- **Flag high-risk deals:** Local civil society groups and investigative journalistic groups, with the support of international partners, should identify potential cases in which there is a risk of state capture, particularly in regulated industries with high social sensitivity, such as energy, health care, and media. Public procurement and large infrastructure projects are specific points of concern.
- **Diversification of supply sources and foreign capital flows:** Latin American governments should diversify away from their excessive reliance on the imports of Russian petroleum products and fertilizers, which have been leveraged by the Kremlin to achieve an outsized political influence. Latin American countries should reduce their exposure to corrosive capital coming from authoritarian states targeting structurally important sectors through non-competitive means. Foreign direct investment exposure should be assessed adequately by central banks and financial regulators, which need to regularly assess the true size and potential impact of capital inflows from Russia and China.
- **Strengthen ultimate beneficial ownership control:** In a related measure, anti-trust authorities, tax inspectorates, financial market regulators and national security agencies should work to establish **final beneficial ownership of FDI** so as to avoid market concentration, prevent money laundering, and the acquisition of critical assets by companies linked to authoritarian states.
- **Probe opaque investments:** National security agencies, antitrust authorities, and financial market regulators should strengthen their capacity to investigate money-laundering activities in cooperation with civil society

actors and whistleblowers. It is crucial that the agencies remain insulated from direct political meddling in order to avoid state capture vulnerabilities. These authorities should work to establish the final beneficial ownership of FDI inflows to prevent the acquisition of critical assets by unknown actors that could be promoting the strategic agenda of authoritarian governments.

- **Counter money laundering and sanctions evasion:** International partners should pressure offshore financial hubs in the Caribbean to block the continued transfer of the financial assets of Russian companies under sanctions to their jurisdictions in attempt to maintain access to the global financial system. Western sanctions authorities should also cooperate with Panama officials on designating Russia-controlled shipping companies, registered in the country, that are operating the largest fleet of shadow tankers shipping Russian crude around the world. On their part, Latin American governments need to strengthen their anti-money laundering legislation and work on the creation of independent institutions for financial intelligence and tax collection. Adequate controls have to be introduced to prevent cross-border smuggling of currency and close gaps in the use of offshore destinations for laundering illicit proceeds internationally.
- **Leverage all available sanctions instruments:** The United States should use more aggressively the *Foreign Corrupt Practices Act* as well as expand the scope of the *Global Magnitsky Act* to investigate high-level corruption in Latin America, in particular such that furthers Russian strategic interests.
- **Foster open competition:** Latin American countries need to increase transparency and competition in their economies to minimize opportunities for corrosive capital investments. Proposed intergovernmental agreements should be assessed through independent cost-benefit analyses and governed by strict transparency guidelines.
- **Build regional cooperation:** In many cases, the Russian and Chinese regimes have used a regional strategy in Latin America involving multiple states and different private and government entities, often exploiting the weakest links in terms of governance. It is important to introduce regional approaches for monitoring state capture vulnerabilities and for institutionalizing the enforcement of democratic governance standards. This could involve regular regionwide diagnostics that include a broad coalition of civil society, business, and policy actors.
- **Counter political disinformation:** National governments should use the existing legal and political mechanisms to first expose the true nature of information warfare run by Russian state-owned media outlets to undermine national unity and sow anti-Western sentiments, and then ban their operations in the region citing the United Nations Global Principles for Information Integrity. In addition, an enhanced policy response to prevent the capture of influential media outlets, and the introduction of early-detection mechanisms for disinformation campaigns, are critical for countering election meddling and attempts to promote social unrest. It is particularly important for civil society and public institutions in Latin

America to develop a public-private partnership to cracking down on the abuse of social media for political ends, including abuse by foreign powers.

- **Boost foreign investment from democratic sources:** As Latin America is still struggling to establish a sustainable economic development path, the weaponization of trade and capital by authoritarian states must be combated through a stronger policy of strategic investment by the United States and other democratic economies, which would carry with it the introduction of more competition and business transparency. Greater economic involvement by democratic powers would reduce the region's dependence on corrosive capital from authoritarian states, and would allow governments to prioritize financial transparency and the expansion of economic reforms.
- **Strengthen political party financing:** Political party financing regulations should be more strictly enforced in order to prevent subversive foreign funding. National security bodies should regularly publish assessments of foreign interference threats.



# STATE CAPTURE AT THE CORE OF THE KREMLIN PLAYBOOK

While Russia has started a physical war in Europe, it has been **on the offensive globally**, seeking to expand its influence through the full array of the *Kremlin Playbook* toolbox. Russia has spelled out its strategy to undermine the international rules-based order and has pushed other authoritarian regimes to fall behind it in support, dividing and polarizing the global community of states.

Within the geopolitical and geoeconomic shifts following the Russian invasion, countries in Latin America are facing pressure to take a stand on the conflict. Despite the overall condemnation of the Russian unprovoked aggression in global fora, most notably in the UN, many states have maintained and even deepened their political and economic ties with Russia. They have parroted some of the Russian disinformation narratives about the war and have signaled they are supporting the Kremlin's position that Ukraine, and by extension the West, is equally to blame for the conflict. Another objective has been to redirect Russian trade, investment, and more generally, capital flows outside Europe.

Latin America is emerging as a particularly vulnerable target in this global power struggle. Russia and China have sought to establish long-term, asymmetrical dependencies with countries in the region, aiming to influence their foreign policy and democratic orientation.

Relying on a feedback loop of state-friendly business and political interests, the Kremlin has successfully pursued a strategy of **state capture and sharp power** in Latin America. Russia has leveraged its informal oligarchic networks to gain a foothold in strategic regional markets including energy, infrastructure, natural resources extraction and defense.

## Understanding the Kremlin Playbook

For most of the 1990s, Russia's new political elite seemed to strive for a trusting relationship with US and European leaders. The latter reciprocated by facilitating Russia's gradual integration into the global political, economic, financial, and trade systems. It was logical to presume that Russia would continue to reform and adopt some version of an open democracy and market economy. After Vladimir Putin became president in 2000, however, the Kremlin's fixation on enhancing Russia's status as a global power led to the country's gradual estrangement from integration efforts. At the same time, Putin oversaw the consolidation of all the domestic networks of power in the public and private sectors, including in the judiciary and the media. With autocratic control effectively restored at home, the regime was in a position to continue its campaign by projecting antidemocratic power abroad.

The **fusion of state and private interests** in Russia fueled a vertically integrated strategy of political and economic expansion, with a special focus on the energy sector. The process began in the former Soviet Union, then

extended into Central and Eastern Europe and the Western Balkans. Finally, it was rolled out globally, with Moscow seeking reengagement with former Soviet channels of influence in the Middle East, Latin America, and Africa, and pursuing disruptive tactics in Western Europe and the United States.

The Kremlin's ability to wield state-owned and private economic entities as political instruments, swiftly and without visible deliberation, has allowed it to achieve an **outsized global influence**—still far short of Soviet stature, but above and beyond what modern Russia's modest resources would suggest.<sup>3</sup> The deployment of massive disinformation and propaganda campaigns using modern technologies has further enhanced its ability to exploit governance gaps and other vulnerabilities around the world at a fairly low cost.<sup>4</sup>

A mastery of "state capture" techniques lies at the heart of the Kremlin's strategy for international influence. State capture denotes the process by which private interests (captors) take advantage of critical vulnerabilities in public governance systems to achieve effective wholesale privatization of public functions, which allows them to extract undue advantages and key assets in pursuit of personal enrichment or political power.<sup>5</sup> Ultimately the captors could achieve the status of designated or chosen "free riders," meaning they are exempt from or in control of most rules that apply to other actors in a given field or sector. Yet captors may still appear to be a natural, formally legal part of the economic or governance system, providing them with a veil of legitimacy and plausible deniability, and allowing them to, for example, enter the international financial system as a private, independent player.

The Russian regime has successfully used its domestic system of state capture to engage with existing or aspiring captors in targeted countries and **dominate strategic markets such as energy, telecommunications, and banking**. Having achieved an economic foothold, the Kremlin's networks employ "corrosive capital" to further exploit local vulnerabilities, break down democratic governance institutions, and entrench themselves in the decision-making centers of the host country.

Corrosive capital refers to opaque financial flows from authoritarian states such as Russia and China that aim to undermine the rule of law and democratic governance in other countries. It can take the form of an ostensibly private investment or acquisition that appears detached from any political motive, an explicitly government-sponsored transaction that aims to advance the strategic interests of an authoritarian power, or an exploitation of existing state-capture practices in the target country to ensure the success of the authoritarian power's influence efforts.

Although the routes by which corrosive capital may enter a country are essentially innumerable, certain trends have emerged:

<sup>3</sup> Shentov, O, Stefanov, R, and Vladimirov, M. (2020). *The Kremlin Playbook in Europe*. (Center for the Study of Democracy, 2020).

<sup>4</sup> Stefanov, R. and Vladimirov, M. (2020). *The Kremlin Playbook in Southeast Europe: Economic Influence and Sharp Power*. (Center for the Study of Democracy, 2020).

<sup>5</sup> Stoyanov, A, Gerganov, A, and Yalamov, T. (2019). *State Capture Assessment Diagnostics*. (Center for the Study of Democracy, 2019).

- Russia, similarly to China, often sponsors **intergovernmental or commercial loans** that mimic traditional development assistance but feature nontransparent negotiations and hidden terms. The loans are channeled in ways that support state capture. For example, funds may be directed to specific companies with guaranteed high profit margins, which then support the reelection campaign of the incumbent political leadership.
- Large-scale **infrastructure projects** are favored as an opportunity to lock the target countries into a long-term, asymmetrical economic relationship that can be leveraged for future political influence. These projects similarly exploit and further entrench existing state-capture practices in key local institutions.
- Authoritarian governments in many cases remain in the background, operating through foreign direct investment (FDI) facilitated by **corporate entities based in offshore tax havens** with unclear ownership structures. These entities, which may ultimately be linked to a state company or a business magnate with close ties to the state, seek out strategic or particularly profitable sectors, those with high entry barriers like state licensing requirements, natural monopolies such as regional heating companies, or those that are highly dependent on state subsidies.

Corrosive capital from Russia and China takes advantage of key **governance weaknesses** in the target country, particularly unreliable rule of law and lack of independent oversight of government finances and decision making. These gaps are then sustained through the purposeful debilitation of anticorruption, antitrust, and public procurement laws and of their impartial enforcement in practice.

For the Kremlin, **propaganda and disinformation** have become crucial instruments for distorting public opinion in Latin America and shifting the policy agenda in a direction consistent with Russian foreign policy objectives. Multilingual state-sponsored news services such as RT, Sputnik, and Russia Beyond cater to and seek to attract local audiences that distrust the West and liberal democratic ideology.

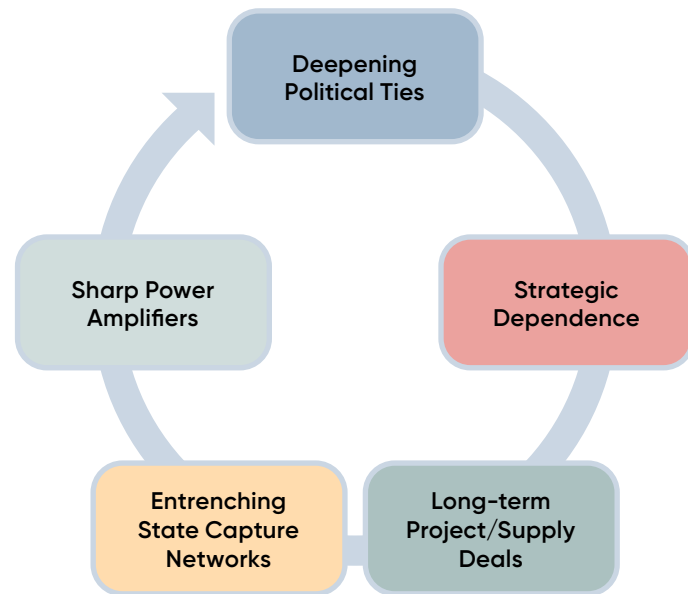
Cash-strapped mainstream media in Latin America could be more inclined to take advantage of the free content Sputnik and RT offer allowing for the amplification of the reach and impact of the disinformation campaigns. The latter tend to exploit deep-seated socio-economic grievances or ideological cleavages on the left-right political continuum that can fit well with, for example, the particular strategy of a politician that is willing to strengthen ties with Russia. The failed reelection campaign of the former Bolivian President Evo Morales in 2019 is a case in point.

### The Kremlin Latin American Toolkit

The Russian economic influence in Latin America is assessed through the lenses of five countries, Argentina, Brazil, Venezuela, Bolivia and Panama, which have been affected by recurring governance challenges that are common to many other states in the region. The assessment evaluates the size and scope of the Russian corrosive capital and sharp power directed at these five

countries, and, more generally, at Latin America. Most countries in the region feature **polarized political environments** in which illiberal practices have flared up over the last two decades. Despite the overall competitive nature of their electoral systems, powerful political factions have often captured the decision-making process for the benefit of specific regional, ethnic, or private interests.

**Figure 1. The Unvirtuous Cycle of the Kremlin's State Capture Strategy**



Source: CSD.

Although Latin America has not been the biggest recipient of Russian financial flows, the region has become vulnerable to the **politically-driven penetration by large and timely investments** (right when Moscow's allies needed them most, like, for example, the Rosneft loan to cash-strapped Maduro back in 2014) and by the growing structural trade dependencies in energy and agriculture. A better understanding of Russian activities in Latin America could also inform efforts to detect and counter the even greater authoritarian influence by China, which has also used similar instruments to project power in Latin America. However, while China is clearly the larger and more potent authoritarian power, the Russian state has been surprisingly adept at leveraging modest resources to advance its goals in the region, and its activities have received less attention.

Whereas Beijing has typically placed major loans and public debt at the center of its strategy, Moscow has offered **political support to governments that share its desire to offset U.S. influence**, and it has tried to develop business relationships with local oligarchic networks with the aim of promoting large-scale projects for its state-owned energy and mineral resource conglomerates.

The methods used by the Kremlin to expand its influence in Latin America were tried and tested first in Central and Eastern Europe, where it has gained a dominant position in strategic markets by forging corrupt relationships with local elites, locking governments into long-term, expensive infrastructure

projects, and creating structural trade dependencies. Moscow has combined this economic power with Cold War-era security networks and renewed media offensives, all against the backdrop of increasing demonstrations of military power.<sup>6</sup>

With the exception of Venezuela and to a lesser degree Cuba and Nicaragua, Moscow has not been able to become an indispensable economic power in other Latin American countries. Kremlin-linked companies have implemented few large-scale projects, and their corporate presence is dwarfed by China. However, the **Kremlin has been able to take advantage of the global shift of commodity trade** after its 2022 full-scale invasion of Ukraine to gain a strategic position in the oil, fertilizers and natural resource markets. Russia has successfully translated the strategic trade lock-in based on politically-driven discounts on imports to convince regional leaders to support its position on the war in Ukraine or at least to prevent the expansion of the bloc of sanctioning countries. In addition, the Kremlin tapped into state-capture vulnerabilities, political corruption, and the strong fusion between political and economic power in order to advance large deals of questionable economic value such as the nuclear power plant in Bolivia, which has been used to achieve an outsized political influence.

The pinnacle of the Kremlin Playbook in Latin America was achieved in Venezuela where Russia has become the de-facto guarantor of the Chavista regime of Nicolás Maduro. Russia has helped Venezuela avoid full economic isolation during the period of U.S. and EU sanctions against the country, and has mobilized a coalition of like-minded authoritarian states including China, Iran, Cuba and even Turkey to provide international legitimacy of the regime. This is likely to be enough to help Maduro cling to power despite stealing the presidential vote in August, 2024.<sup>7</sup> Venezuela emerges as another piece on the chessboard that has become the global struggle between Western liberal democracies and revisionist authoritarian powers. Russia has been on the forefront offering economic support for the country's failing oil industry and military aid (including by sending Wagner mercenaries) to prop up the security of Maduro. In exchange, Russia has locked-in the state-owned oil and gas company, PDVSA (Petróleos de Venezuela), in a debt and technology dependence that allows Rosneft and Gazprom to gain a long-term foothold in the second largest oil reserves in the world.

While the Kremlin has used similar strategies in Argentina and Brazil, it has tried to adapt them to local conditions. There the political decision-making is more dispersed, and transfers of power between rival political blocs have been more frequent, making the implementation of large-scale, long-term projects extremely difficult. In addition, the scale of the proposed projects requires financial resources that Russia simply does not have in an era of domestic economic retrenchment. Yet, the two countries' excessive reliance on agricultural exports for sustaining the growth of their economies have provided Russia with a new tool of economic influence. Russian fertilizer

<sup>6</sup> Shentov, O., Stefanov, R., and Vladimirov, M. Eds. (2019). *The Russian Economic Grip on Central and Eastern Europe*. (Routledge Contemporary Russia and Eastern Europe Series, London: 2019)

<sup>7</sup> McCoy, T., "Left and right have denounced Venezuela's Maduro. Not the authoritarians.", *Washington Post*, August 3, 2024

giants have become the biggest suppliers to the South American agroindustry striking long-term deals with domestic players that have close ties to the government. The development of these strategic relationships was directly backed by Kremlin officials and have contributed to Brazil and other Latin American countries' refusal to support energy and fertilizer sanctions against Russia.

At the 15th BRICS Summit in August 2023, the group invited several countries, including Argentina, and Bolivia is expected to be invited in 2024 with a focus on lithium investment. Venezuela has also expressed willingness to join the group, and its membership could become a political instrument to help Maduro avoid international isolation and gain at least some sort of degree of legitimacy on the international arena after the disputed elections in August, 2024.

This expansion of BRICS is also viewed as an opportunity to enhance economic cooperation within the group. The leaders of BRICS have committed to collaborate actively in promoting trade, investments, and innovation, aiming to reduce their dependence on Western markets.

Last but not least, Russia has strategically leveraged Latin America as an offshore finance hub to obfuscate the ownership of its corporate networks, facilitating a range of **illicit financial activities**. This strategy involves the use of complex corporate structures and shell companies in countries like Panama, a notorious haven for opaque financial dealings, to obscure the true ownership of Russian assets. By doing so, Russia has been able to circumvent international financial regulations and avoid detection, making it easier to channel funds back into Europe and Russia, a practice known as "round-tripping."

This financial obfuscation extends beyond just moving capital; it also involves the registration of Russia's **vast oil and gas tanker fleet under Latin American flags**. By reflagging these vessels, Russia can evade international sanctions aimed at curbing its energy exports, thereby maintaining a steady flow of revenue despite global efforts to restrict its economic activities. This tactic not only undermines the effectiveness of sanctions but also helps sustain Russia's key global energy market position. Moreover, Russia's integration into the Latin American financial system has provided it with a secure base from which to manage its economic interests globally. This includes securing investments in critical sectors such as energy and mining.

These activities have made Latin America a crucial element in Russia's broader strategy to project its power internationally, using the region as a springboard for financial maneuvers that help sustain the Kremlin's geopolitical ambitions even in the face of escalating global sanctions.

# RUSSIAN ECONOMIC FOOTPRINT IN LATIN AMERICA

Russia has clearly expanded and diversified its economic presence in Latin America since the end of the Cold War. Unlike the Soviet Union, which was very engaged in Cuba but its ties to other countries in the region were limited, since the early 2000s and in accordance to its new assertive foreign policy, Russia has pursued a much more decisive strategy to reengage economically with Latin America in attempt to gain political influence. To achieve leverage over Latin American leaders, Russia has also partnered with China to increase the appeal and attractiveness of alternative international governance formats such as the BRICS. In turn, the engagement under the umbrella of new political alliances has become an instrument to further entrench Latin American countries in different economic entanglements with Russia and China.

Russia has maintained the closest political ties with the old Soviet allies and the ALBA group. However, more recently, the most important trade partners of Russia in Latin America have become Brazil, Mexico, Argentina, Chile and Ecuador. Despite the publicly announced and widely covered Russian intentions to strengthen its trade cooperation with Latin American countries on the back of multiple bilateral agreements, Latin America is still not a strategic trading partner for Russia. However, this might have been changing recently as bilateral trade with Russia has seen an exponential growth in several countries.<sup>8</sup> On the one hand, this trend is a signal that there has been an ongoing realignment of structural trade ties between Russia and the rest of the world as Russian companies seek to find alternative commercial partners to the West. On the other, Latin American countries are taking advantage of the relatively lower prices of Russian commodities after the start of the war in Ukraine to boost their agricultural and manufacturing exports. In addition, Latin American companies increasingly see Russia as a growing market for their products where the competition of Western firms is declining.

The strengthening of economic ties could be also the result of the ongoing attempts by Kremlin-linked companies to **gain market share in strategic sectors** across the Latin American region. The biggest Russian energy majors including, Rosneft, Lukoil, Gazprom and Rosatom, among others, have accelerated their efforts to gain a foothold in the oil, gas and mineral extraction sectors.<sup>9</sup>

Russian economic influence in Latin America can also be partially related to the **operation of organized crime rings linked to Europe**. Such channels could have benefited from Soviet-era state-sponsored smuggling channels for drugs and arms. Russia has used official diplomatic channels to ship drugs from the continent, and sell crude oil and gold abroad via intermediaries.<sup>10</sup>

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<sup>8</sup> Báez, J. and Miles, R., “[Virtual Russian Influence in Latin America](#),” Center for Strategic and International Studies, May 9, 2018.

<sup>9</sup> Carmo, M., “[Por que Putin está se aproximando da América Latina](#),” Globo, February 19, 2022.

<sup>10</sup> Parraga, M., “[Exclusive: After U.S. sanctions, Venezuela seeks to collect some oil payments via Rosneft](#),” Reuters, April 23, 2019.

The most notorious case has involved the Russian Embassy in Buenos Aires, Argentina, which has served as a base for the shipment of 389 kg of cocaine (more than 850 pounds) in 2016.<sup>11</sup> The Russian government appeared to try to cooperate with its Argentinian counterparts to investigate the ultimate destination of the drug shipment. Yet media reports have discovered that the Russian government has used its logistics infrastructure to enable the drug-smuggling channels.

In addition, **Russian banks** have played an important role in facilitating the movement of illicitly-gained funds from the Maduro regime to Europe. One of Russia's largest banks, Gazprombank, alone is being investigated over a transfer of \$1.2 billion from PDVSA, the national oil company.<sup>12</sup> A small joint Russian-Venezuelan bank, Evrofinans Mosnarbank, has also been placed under U.S. sanctions for circumventing sanctions and allowing the Maduro regime to handle payments to PDVSA and other state companies' suppliers.<sup>13</sup>

Generally, Bolivia and Argentina have both been marked as major source of precursor or essential chemicals used in the production of illicit narcotics, as well as major money laundering countries. Bolivia remains the third largest producer of cocaine in the world and has not undertaken sufficient efforts to meet its obligations under the international counternarcotics agreements. Argentina is also considered a large producer of chemical precursors and thus vulnerable to the production of illegal narcotics. Transnational criminal organizations use Argentina as a transshipment point for Andean cocaine to Europe and other markets. Domestic cocaine processing and consumption are growing concerns, and the consumption of domestically processed cocaine base is prevalent in poorer neighborhoods.

## Structural Economic Ties

### Trade

Despite the near doubling of the total imports from Russia in the past decade, Russian trade with the region is small, representing only 2% of its entire trade with the world and around 0.7% of the respective Latin America's commercial ties (around \$20 billion).<sup>14</sup> Latin America's trade turnover as share of GDP has remained marginal at between 0.1% and 2%, with the notable exception of the surge in commerce between Bolivia and Russia in 2017 and 2018, when the former's bilateral trade surplus reached almost 8% of GDP.<sup>15</sup> Brazil represents the largest trading partner of Russia in the region, accounting for the lion's share of Russian trade with Latin America, around 75% of the total.

<sup>11</sup> Hodge, N., "The drug smuggling scandal Russia wants to wish away," CNN, March 1 2018.

<sup>12</sup> Hess, M., "Russia in Venezuela: Geopolitical Boon or Economic Misadventure?," Foreign Policy Research Institute, January 30, 2019.

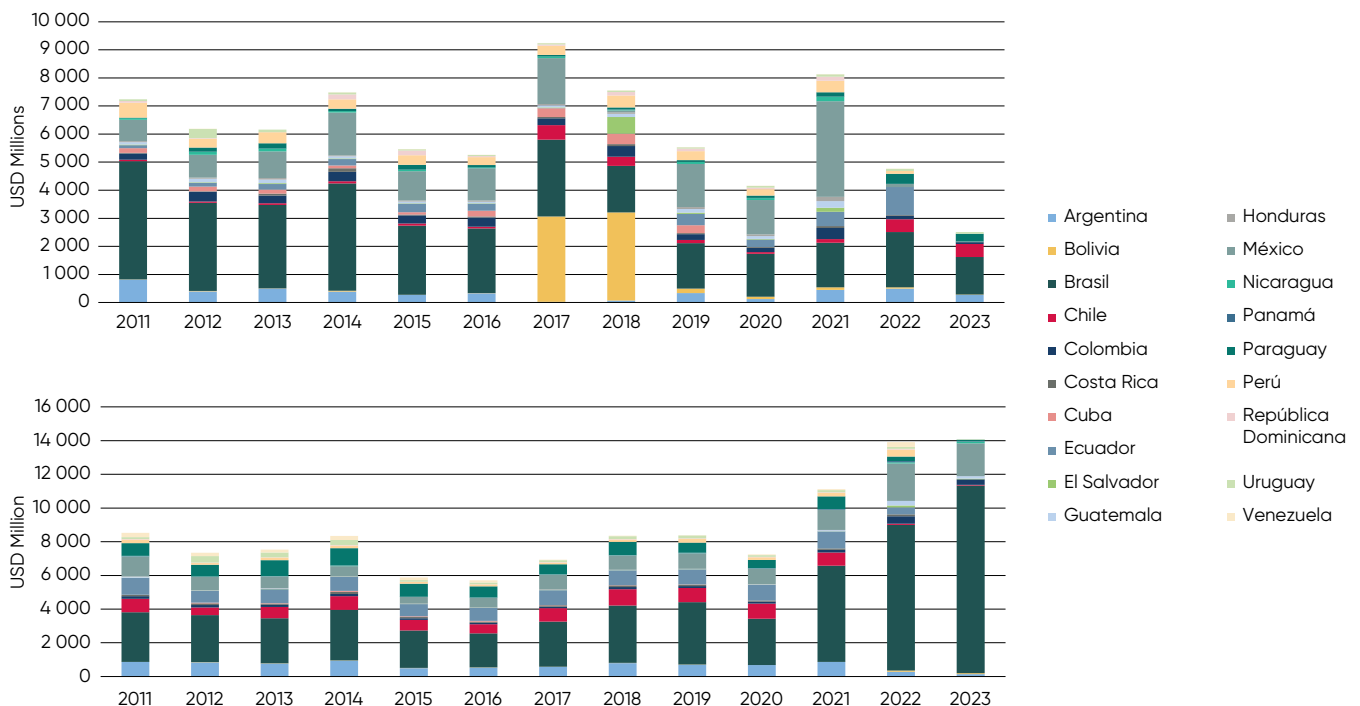
<sup>13</sup> U.S Department of the Treasury, "Treasury Sanctions Venezuela's State-Owned Oil Company Petroleos de Venezuela, S.A.," January 28, 2019.

<sup>14</sup> Leksyutina, Y., "Russia's Economic Outreach in Latin America," Center for the Study of Global Economic Futures, August 23, 2021.

<sup>15</sup> Perhaps, in an effort to boost trade between the two economies, the governments of Bolivia and Russia have announced the intention of using rubles to pay for Bolivian imports, through banking operations facilitated by Bolivian state-owned Banco Unión. This announcement coincided with the plummeting of Bolivia's currency reserves to minimum levels and severe dollar shortages. The proposed ruble's use in payments for Bolivian purchases of Russian products also appears to follow the policy that promotes the use of the Chinese yuan in commercial transactions between Bolivia and China.

However, some of the countries in the region including Venezuela, Nicaragua, Peru, and Mexico are heavily dependent on Moscow for the **imports of arms and military equipment**.<sup>16</sup> Brazil is also a major importer of Russian fertilizers, and the whole region has increased the purchase of refined oil products in the past couple of years. Russia is also a major market for Brazilian, Mexican and Argentinian food products.<sup>17</sup> The Kremlin has regularly taken advantage of this exposure to pressure governments around the world to yield on strategic issues. Most recently in early February, 2024, Russia banned the import of bananas from Ecuador (allegedly for sanitary reasons) on the back of the latter's decision to transfer arms, including Soviet-era helicopters, rocket launchers, grenade launchers, and anti-aircraft missile systems, to Ukraine. Additionally, cooperation was notable in technology for mining resource exploitation, infrastructure construction, and the development of hydroelectric and nuclear energy.

**Figure 2. Latin American Exports (Graph 1) to and Imports (Graph 2) from Russia (USD Million)**



Source: United Nations COMTRADE Data.

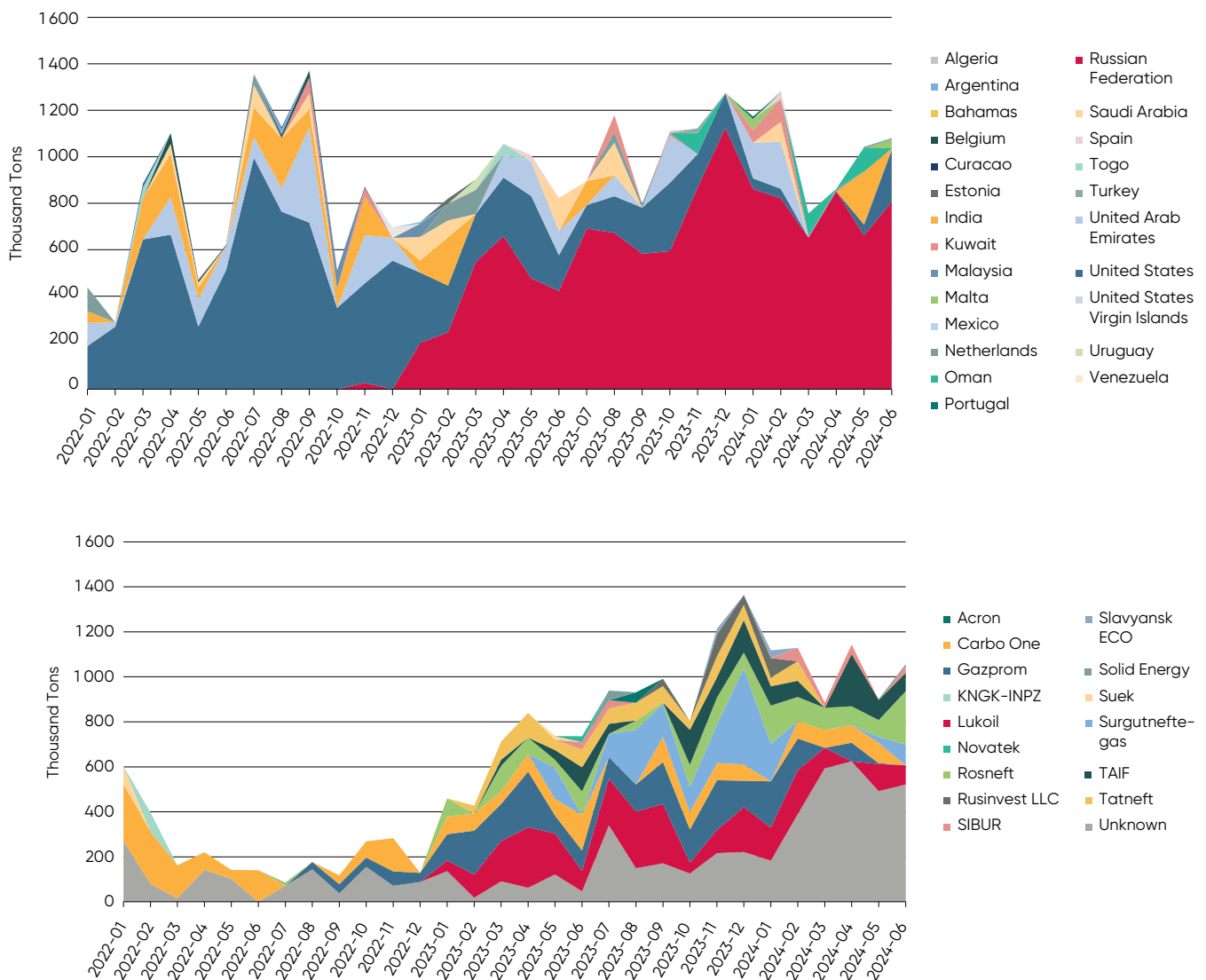
The bilateral trade relations have been dependent on the structure of the demand in the two sides. Russia has not only increased the imports of agricultural products from Latin America, which are Russia's traditional trading items from the region, but has also expanded the purchases of manufactured goods, mostly from Brazil, including processing equipment, passenger cars and telecommunication equipment. On the other hand, Latin

<sup>16</sup> Dall'Agnol, A., Zabolotsky, B., Mielniczuk, F. (2019) *The Return of the Bear? Russian Military Engagement in Latin America The Case of Brazil*. (Military Review, March-April 2019).

<sup>17</sup> Galuber, J., et. al., "Can agricultural exports from Southern Cone countries make up for global supply disruptions arising from the Russia-Ukraine war?," International Food Policy Research Institute, March 14, 2022.

American countries have also been important buyers of Russian oil products and fertilizers with Argentina, Brazil and Mexico, taking advantage of the fall in prices after the invasion began to boost imports.<sup>18</sup> More than 90% of Brazil's foreign purchases of diesel came from Russia, and close to a third of all fertilizers the country uses for its vast agricultural sector, especially nitrogen at a steep discount to boost soya crops. In fact, Russia has almost completely replaced the U.S. as the main supplier of diesel to Brazil (Figure 2).

**Figure 3. Petroleum Product Exports to Brazil by country and by Russian supplier (2022-2024)**

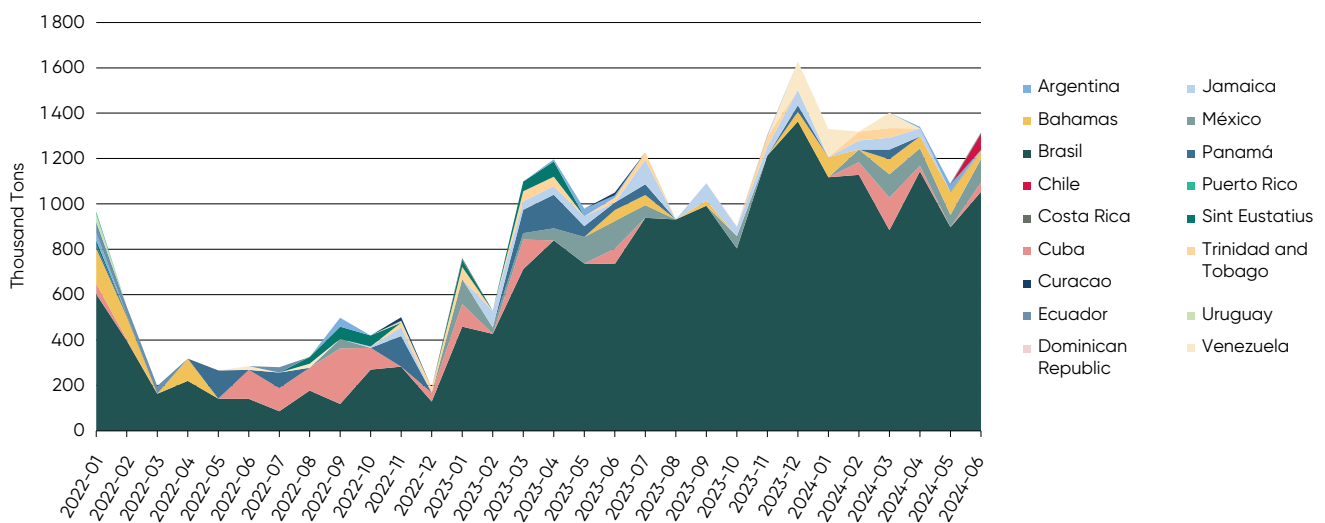


Source: CSD based on KPLER data.

<sup>18</sup> MacDonald, S., "Russia's Latin American Policy and the June 2023 Rebellion," Global Americans, July 7, 2023.

In fact, **Russian oil companies have increased their exports of petroleum products to Latin America seven fold** since the start of the war in Ukraine reaching a peak of around 300-330,000 barrels per day (bpd), around 5% of the Russian total daily oil sales abroad. At an average Russian diesel price on the global market at roughly \$100 per barrel, Russia has been generating at least \$12 billion in revenues per year from its oil business in Latin America.

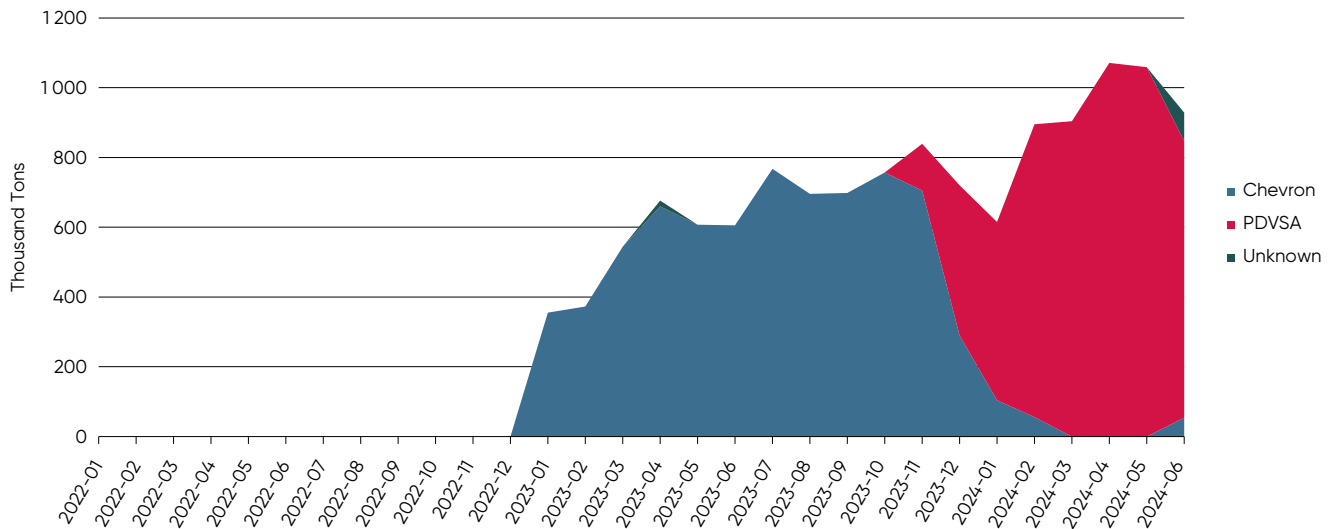
**Figure 4. Imports of Russian Petroleum Products by Recipient Country in Latin America (2022-2024) in thousand tons**



Source: CSD based on KPLER data.

Russia has not only been a major exporter of refined oil products to Latin America, but also a **key trading intermediary in the oil sector**. Subsidiaries of the Russian state-owned oil company Rosneft have facilitated the export of Venezuelan crude, and thus, helping the Venezuelan oil major, PDVSA, evade international sanctions and continue selling to China and India. Before the alleviations of the U.S. sanctions the Russian company used to be responsible for the shipping and marketing operations of the bulk of Venezuelan oil exports replacing the traditional international traders, Trafigura and Vitol, which have walked away from the trade in Venezuelan crude for fear of secondary sanctions.

Rosneft also operates five oil fields in Venezuela through joint ventures with PDVSA producing around 100,000 bpd. During the U.S. sanctions period, most of that crude was sold to the Rosneft-owned refinery, Nayara, in India. However, after the U.S. lifted its sanctions against Venezuelan oil imports, PDVSA renewed crude oil sales to the refineries in the Mexican Gulf worth around 250,000 bpd in 2024, and some crude entering the U.S. from Venezuela could be potentially sold by the Russian company (more detailed overview of the Russian footprint in the Venezuelan oil industry is in the sections below).

**Figure 5. Venezuelan Oil Exports to the U.S. by company supplier**

Source: CSD based on KPLER data.

Russia has not only become a major petroleum products exporter to Latin America but has also **increased supply of coal** to the region – from around 45,000 tons per month in 2022 to 65,000 tons in 2024. Russia is also selling between 60 and 100,000 tons per month of iron ore. Both products are key ingredients to the growing steel and construction sectors in Latin America, and although, Russia is a marginal player, its sales come at enormous discounts of around 50-60% for coal.

The second most important element of Latin America's import dependence on Russia has been **fertilizers**. The Russian invasion of Ukraine upended the global market for fertilizer products as prices spiked and global agricultural producers scrambled to secure cheaper supplies. Latin American countries have been especially vulnerable to the market crisis as food exports represent a major share of their GDP. This is especially true for Brazil and Argentina, some of the world's biggest exporters of soya. The agribusiness makes up 25% of the Brazilian GDP and 30% of all of its exports.<sup>19</sup> Despite this significance, much of Brazil's soil is naturally infertile, necessitating substantial fertilizer use to maintain high agricultural productivity. Brazil imports 80% of its fertilizers, including key nutrients like potash, nitrogen, and phosphates.<sup>20</sup>

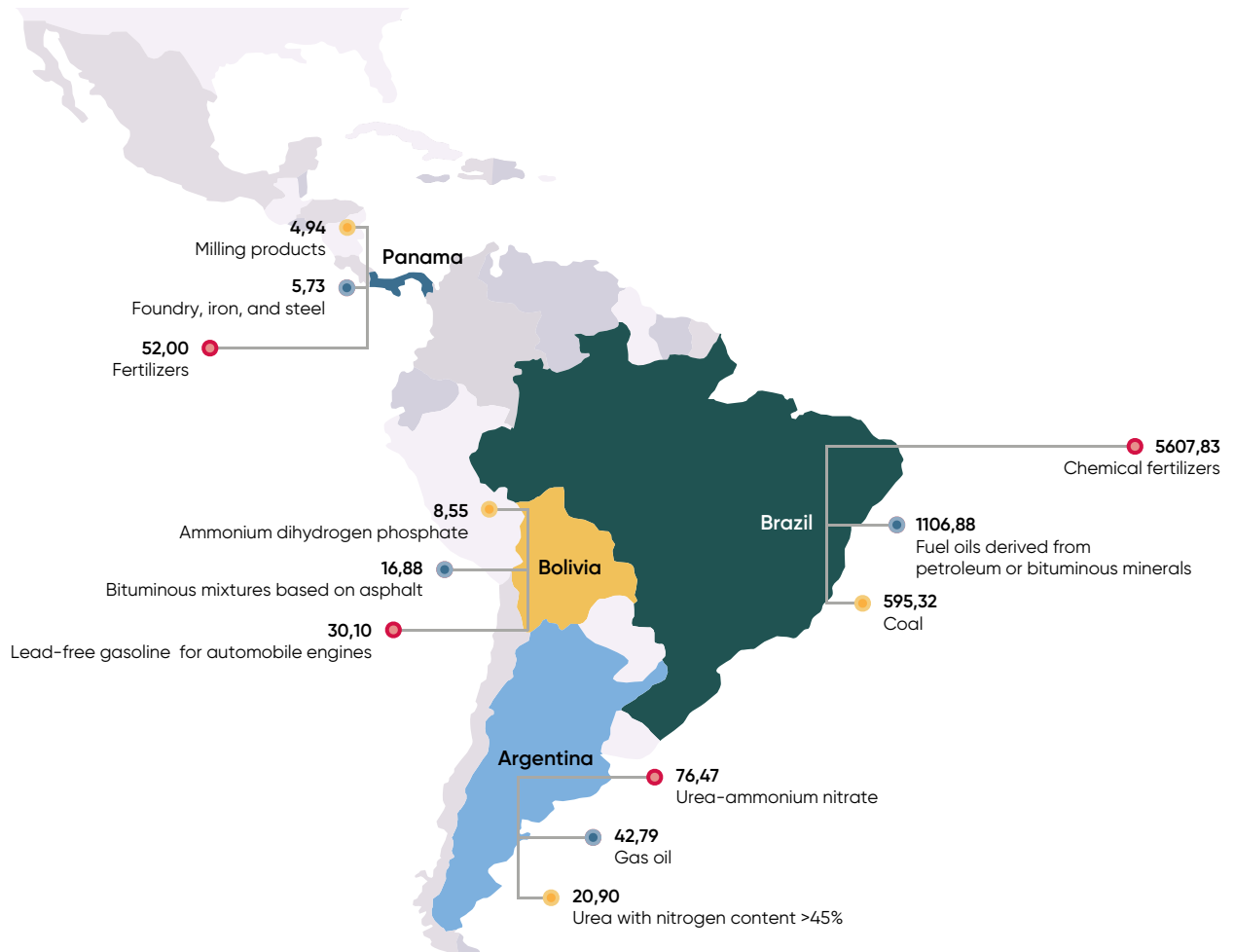
Russia has taken advantage of the market instability by significantly boosting the exports of these products, providing a discount of between 20 to 30%.<sup>21</sup> Russia's share of the global potash and phosphatic markets rose from 18 to 20% and from 14% to 17% between 2021 and the end of 2023. Global urea exports also rose by 15% as Russia maximized the use of shipping outlets on the Baltic and Black Seas.

<sup>19</sup> Helou, T., "Brazil's Reliance on Russian Fertilisers: A Vulnerability Turned Geopolitical?," United Nations University, Institute on Comparative Regional Integration Studies, June 15, 2022.

<sup>20</sup> Ibid

<sup>21</sup> Gurkan, E., "Russia profits from coal exports despite discounted prices," Anadolu Agency, October 20, 2022.

Figure 6. Top imports from Russia in 2022 (USD Million)



Source: United Nations Conference on Trade and Development.

Brazil was by far the biggest importer of Russian fertilizers, gobbling up \$5.6 billion worth of products in 2022, a 300% growth from 2020. Although the potassic, mineral and chemical fertilizers purchase from Russia dropped to around \$4 billion in 2023, Russia's share of the Brazilian imports of fertilizers has expanded from around a quarter of the total in 2021 to around 40% in mid-2024. Brazil is the biggest market for Russian fertilizers in the world, making up 25% of Russia's global sales.

Given this dependency, Brazil finds itself in a precarious position. Fertilizer shortages or price hikes could severely impact Brazil's agricultural output, with profound economic consequences. This situation parallels Russia's historical use of natural gas supplies to influence European countries, demonstrating a pattern of leveraging resource dependencies for political gain. Former president Jair Bolsonaro's visit to Russia in mid-February 2022, just before the invasion of Ukraine, underscores the importance of fertilizer supply in Brazil's foreign policy. This visit prioritized discussions on maintaining fertilizer imports, signaling the critical nature of this commodity. Brazil's cautious stance on the Ukraine conflict can be partly attributed to its need to secure continuous fertilizer supplies from Russia.

Despite voting to condemn the war at the United Nations General Assembly, Brazil has refrained from direct and robust condemnation of Russia in other forums, including the United Nations Security Council (UNSC). Brazilian diplomats have focused on the humanitarian aspects of the conflict without explicitly blaming Russia, highlighting concerns over global food security and increased prices of essential commodities, including fertilizers. In fact, six Latin American countries, including Brazil, lobbied strongly to exclude sanctions from the West's sanctions list.<sup>22</sup>

### Investment

In the 2000s and 2010s Russian companies increased their foreign direct investments (FDI) around the world more than 200% reaching roughly \$350 billion on the eve of the full-fledged invasion of Ukraine in 2022. However, this boom of Russian outward FDI largely ignored Latin America, with most investments concentrated in the European Union, European tax havens, the post-Soviet space, and the United States. If the FDI stocks from the Caribbean Islands tax havens are excluded from the calculation, Russian investment in the region has been just around \$100 million at the end of 2021 when the Russian Central Bank stopped publishing foreign investment data. The geographical remoteness of Latin America from Russia, language barriers, lack of awareness among potential investors about business opportunities in the region, and competitive pressure from Western and local investors have contributed to the small scale of Russian FDI in Latin America.<sup>23</sup>

However, determining the true extent of the Russian capital inflows in Latin America is difficult as in many countries data for Russian investments is confidential (most notably Venezuela, Cuba and even Mexico). In Venezuela, over the last 20 years, the Russian government and state-owned companies have invested no less than \$17 billion, mainly in the form of loans for the country's oil industry.<sup>24</sup> Investments are also **often channeled through offshore-based shell companies** to obfuscate its ultimate beneficial ownership.

The lack of clear understanding about the **true size of Russian FDI stocks** in Latin America is also visible in the discrepancy between the investment data from the Russian central bank and from national authorities. The Russian central bank tends to track all investment flows, originating in Russia, even if they are facilitated through third countries. For example, according to the national Brazilian statistical authority, Russian FDI stocks stand at only \$3 million, unlike the official Russian FDI figures where investment stocks in Brazil reached \$2 billion in 2022.<sup>25</sup> The Latin American countries are receiving large volumes of FDI from Netherlands, Luxembourg and Switzerland that are hosting the trade and investment subsidiaries of some of the largest Russian multinationals operating outside of Russia. Hence, it is likely that the true size of the Russian FDI stocks in the region is much greater.

<sup>22</sup> Samora, R., "South American nations push to exclude fertilizer from Russia sanctions," Reuters, March 10, 2022.

<sup>23</sup> Kuznetsov, A.V. (2022). *Russian Direct Investment in Countries of Latin America*. (Russian Academy of Sciences. 92 Suppl 9: S859–64).

<sup>24</sup> Parraga, M. and Ulmer, A., "Special Report – Vladimir's Venezuela: Leveraging loans to Caracas, Moscow snaps up oil assets," Reuters, August 11, 2017.

<sup>25</sup> Kuznetsov (n 27).

### Box 1. Indirect Russian Investment

A good example for an indirect Russian foreign direct investment scheme has been the activities of the Swiss-registered mining company Solway Investment company, co-founded by Aleksandr Bronstein, who grew up in the Estonian Soviet Republic, and then founded a company in Estonia in the 2000s that was heavily involved in investments in Russia, Ukraine and across South East Europe. In the past 20 years, the company was involved in tens of large-scale acquisitions of mining sites and processing plants around the world including one of the largest single investments in Guatemala, the acquisition of the Guatemalteca de Niquel nickel producer in 2011 for \$170 million.<sup>26</sup> Although the company announced that all investment ties with Russia were severed amid a large-scale investigation into possible money laundering operations worth almost \$2 billion<sup>27</sup> involving Solway and the Estonian branch office of the Swedish lender, Swedbank, the ties with the Kremlin must have been strong since the Russian foreign ministry's director for Latin America personally announced the nickel deal in Guatemala in 2011.<sup>28</sup>

On the eve of the war in Ukraine, Russia held around \$2.6 billion in FDI stocks in Caribbean tax havens down from \$78 billion in 2013, most of which are located in the British Virgin Islands. Other major hubs for parking Russian assets have been Belize, Bermuda, Curacao and the Cayman Islands. Russian FDI stocks have made between 10 and 20% of the total FDI received by these tax havens. Despite the decline in the exposure of Russian firms to countries with preferential tax regime outside of Europe (still Cyprus, Netherlands, Luxembourg and Ireland play a critical role), Russia has used the Caribbean corporate service providers and local banks to enable tax avoidance and to hide the ultimate beneficial ownership of capital flows around the world, including directed to other Latin American economies. The Panama Papers scandal and the increased scrutiny into Kremlin-linked illicit money flows have led to the gradual decline in Russian FDI stocks in Caribbean offshore tax havens, most notably in the British Virgin Islands (BVI), which used to be one of the main roundtripping vehicle for Russian investments into the EU and the U.K.

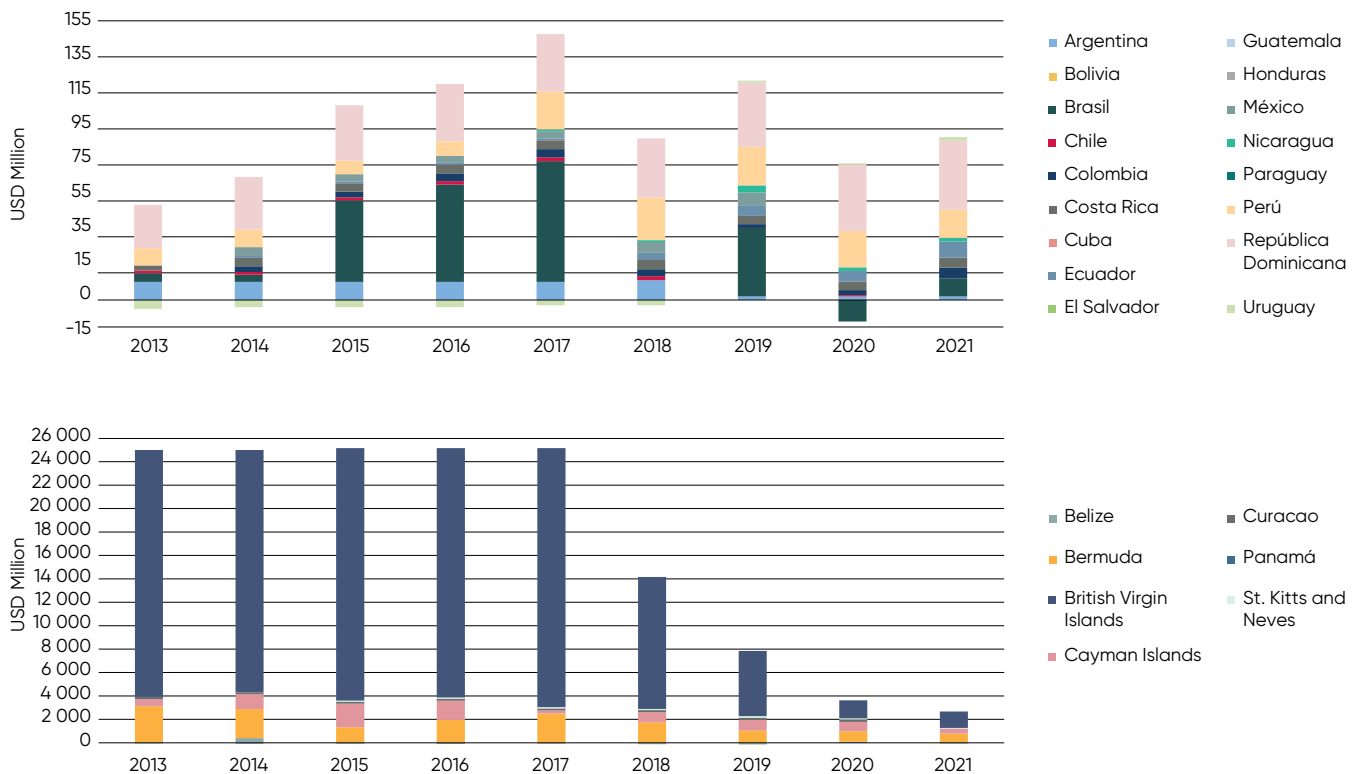
In terms of sectoral distribution of the Russian FDI stocks in the region, most Russian investments are focused on the exploitation of natural resources, information and communication technologies, the automotive, nuclear, and aerospace industries. Russian companies have been investing in the bauxite mines of Jamaica, Guyana, and Peru, as well as in oil and gas exploration and production projects, led by Gazprom, Lukoil, and Rosneft, in Mexico,

<sup>26</sup> Komersant., "Solway начинает промышленную добычу никеля в Гватемале" ("Solway begins industrial nickel extraction in Guatemala"). April 10, 2013.

<sup>27</sup> Dyfvermark, J., Kakuli, L., and Shedrofsky, K., (2022). *Mining Secrets: Solway-Linked Companies Moved Nearly \$2 Billion in Suspicious Funds*. (Organized Crime and Corruption Reporting Project).

<sup>28</sup> Ibid.

**Figure 7. Russian FDI Stocks in Latin America (USD Million) – Latin America excl. Caribbean (Graph 1) and Caribbean Tax Havens (Graph 2)**



Source: CSD based on data from the Russian Central Bank.

Argentina, Bolivia, Brazil, Cuba, and Venezuela.<sup>29</sup> For example, Lukoil has expanded its presence in various Mexican oil and gas projects since 2015, and in February 2022 acquired a 50% stake in the Area 4 offshore oil project in the Gulf of Mexico for \$685 million, which is expected to yield 115,00 bpd when fully developed.<sup>30</sup>

Russia has also directed investment flows to the critical metals and minerals sector. Bolivia, for example, has granted the Russian state-owned nuclear energy company, Rosatom, the opportunity to develop the country's lithium deposits, which is expected to attract at least \$600 million in Russian investment.<sup>31</sup> Russia's petrochemical industry has also been increasing investments in Latin America at least since 2010. The Russian companies, Uralkali and Uralchem, have tried to expand their presence in the production and distribution of fertilizers in Brazil.

The cooling of relations with the West may push more Russian companies to explore opportunities in Latin America, but overcoming the historical backlog and competitive pressures will be critical to achieving significant economic

<sup>29</sup> Chaguaceda, A., and Herrera, A., "Russia in Latin America: the illiberal confluence," The London School of Economics and Political Science Blog, July 28, 2022.

<sup>30</sup> Kiselyova, M., and Soldatkin, V., "Russia's Lukoil completes purchase of stake in offshore oil project in Mexico," *Reuters*, February 25, 2022.

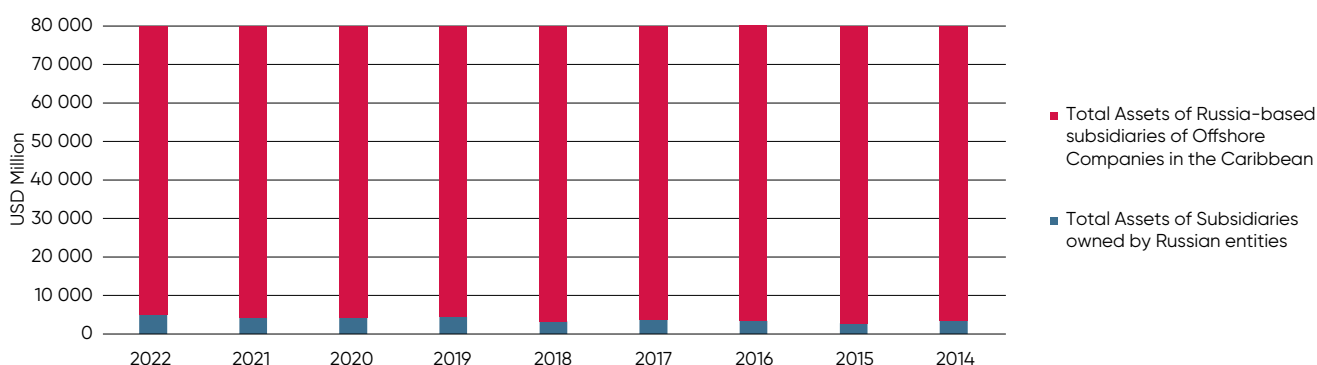
<sup>31</sup> Gerden, E., "Rosatom to invest \$600 million in Bolivian lithium mining," *Resource World*, August, 2023.

engagement in the region. Without much more direct business involvement by Russian multinationals in strategic sectors of Latin America, a full-fledged Russian pivot to the region is unlikely. As it will be discussed in more details in the sections on the Russian corporate presence in different vulnerable sectors, since the Russian invasion of Ukraine, Russia has increased the integration export activities with ongoing capital investments.

## Russian Corporate Footprint

Similar to the region's investment ties to Russia, the corporate footprint of Russian companies in Latin America is also limited. There are around 270 large and medium-scale Russian enterprises operating roughly 280 subsidiaries across the whole region. Some of Russia's biggest state-owned and private entities are active in Latin America even though their business activities are small, making up a fraction of their global revenues or labour force. The firms with Russian ultimate beneficial ownership in Latin America have registered around \$10 billion in sales in Latin America, which is less than 5% of their parent companies' global revenues. Geographically, more than 75% of the Russian-controlled revenues are concentrated in Brazil where Russia's petrochemical giants have aimed to expand their presence into domestic manufacturing and distribution. Although there is only limited available data about the Russian companies' activities in the region, they are employing around 3000-4000 people mostly in Brazil, Venezuela, Bolivia, Mexico and Argentina, which is less than 1% of the total employees working for the Russian majors in their global and domestic operations.

Figure 8. Russia-owned Assets in Latin America in USD Million



Source: CSD based on corporate databases.

In terms of financial assets, however, Russia has an enormous footprint in the **Caribbean offshore hubs** where some of the **largest 125 Russian companies** have their parent companies registered. Around 80% of these firms are under one or another sanction regime in Europe or the U.S. making them an easy target for legal action outside the offshore zones. Offshore shell companies control close to \$70 billion in Russian assets at the end of 2023 up more than 10% since the Russian invasion in Ukraine. The British Virgin Islands (BVI), Panama, Curacao and the Cayman Islands are some of the biggest holders of Russian financial assets providing a key safe haven for Russian entities amid rising risks of global sanctions freezing their holdings.

The Russian corporate footprint in Latin America is focused in the energy, natural resource extraction and fertilizer sectors. The most active Russian companies have been the oil and gas majors, Gazprom and Lukoil, the nuclear energy state-owned monopoly, Rosatom, the petrochemical producers, PhosAgro, EuroChem, Acron, as well as the infrastructure and defense contractor, Rostec.

Figure 9. Russian companies in Latin America



Source: CSD based on corporate databases.

With the exception of Brazil and the fertilizer supply and production expansion of Russian private firms there, in most cases, the Russian corporate footprint is limited to the announcement of a strategic agreement with the government or a large local company. Yet, the **Kremlin has been skillful in leveraging these preliminary deals** to 1) create the impression that Russia is a major economic player in the country, and 2) attach geopolitical conditions to their implementation. The latter becomes an instrument of pressure against the government in power to adopt a pro-Russian foreign policy position and, thus, advance Russia's strategic interests.

Between 2001 and 2022 there have been at least 500 economic agreements between Russia and different Latin American countries, most of which are vague expressions of investment interest in Venezuelan projects.<sup>32</sup> The

<sup>32</sup> Davydov, V. (2010). *Rusia en América Latina (y viceversa)*. Nueva Sociedad 226, Marzo – Abril de 2010, ISSN: 0251-3552.

Russian state-owned companies have been most active in Venezuela in the past decade where Rosneft, Gazprom and Rostec have tried to acquire lucrative oil and gas exploration and production assets or facilitate long-term arms supply deals.<sup>33</sup>

While Russia's energy sector investments have captured most of the publicity around the Kremlin's corporate footprint expansion, Russian companies have more quietly expanded their presence across different areas, which are crucial for the structure of the Latin American economy. A key example has been the growing role that Russian firms play in supplying the region with fertilizers. They take advantage of the excessive dependence of the agribusiness in Brazil and Argentina on the import of cheaper fertilizers to maintain their global competitiveness.

The region contributes 14% to global agricultural production and 23% to agricultural exports. Latin America produces 20% of tropical fruits, 17% of corn (8% of global production comes from Brazil), 56% of soybeans (35% from Brazil alone), 49% of sugarcane (43% from Brazil alone), 46% of coffee (32% from Brazil alone), and 21% of bananas (5.8% from Brazil alone and 5.6% from Ecuador alone).<sup>34</sup> Agricultural production would not be sustained without the massive use of chemical fertilizers. Meanwhile, Russia produces 14% of globally traded urea, 11% of phosphate, while 41% of potassium come from four countries alone – Russia, Belarus, China, and Canada.<sup>35</sup>

#### Box 2. Russia's petrochemical expansion

Russian fertilizer companies have large footprints in Latin America, particularly Brazil. To expand in the region, Russian fertilizer businesses have mostly been acquiring local distributors, starting from the mid-2010s. EuroChem is the only one that has been able to enter local fertilizer production in the early 2020s. To get a competitive edge, Uralkali acquired a minority stake in a local port to speed up distribution. PhosAgro in turn appears to be the one with the most political leverage. Andrey Guryev, the former head of PhosAgro, is the president of the Russian Fertilizers Producers Association and the chairman of the Russia-Brazil Business Council. He is also known as a close associate of Putin and as such got sanctioned by the US OFAC.

Russian majors are trying to enter all elements of the fertilizer supply chain by not only entrenching and expanding the dominance over the imports but developing local production and distribution entities that can capture the profit from selling on the domestic wholesale markets. The large-scale

<sup>33</sup> Cardozo, R., "El compromiso militar entre Rusia y Venezuela," Deutsche Welle, March 14, 2023.

<sup>34</sup> Jacto., "Agricultura América Latina: ¿cómo está la productividad?," July 8, 2022.

<sup>35</sup> Hebebrand, C., and Glauber, J., "The Russia-Ukraine war after a year: Impacts on fertilizer production, prices, and trade flows," International Food Policy Research Institute Blog, March 9, 2023.

merger and acquisition deals between the large Russian and local fertilizer producers are often backed up by intergovernmental agreements initiated by the Kremlin, which looks to use the fertilizer dependence as a crucial conduit for expanding its political influence in the region.

At the same time, Russia's increasing corporate presence in Latin America represents an opportunity for local companies to expand their market share domestically. In their partnership with Russia, they are taking advantage of preferential prices for purchasing raw materials, the financing of joint investment projects, and the exploitation of high-demand resources.

Russian companies have also been heavily involved in **major infrastructure projects** for building railways, ports, and other strategic transportation and energy infrastructure in Argentina, Brazil, and Bolivia. Although many of these projects never come to fruition as either funding is not available or governments fail to implement them on schedule, Russia uses the preliminary agreements to gain a long-term foothold in the country's strategic infrastructure planning. These large-scale initiatives are usually closely related to the local business and political elites enabling Russia to leverage its partnership in projects to achieve an outsized influence on domestic politics.

Russian automotive companies KAMAZ, UAZ, and AvtoVAZ used to export their vehicles to Latin America in the Soviet times and in the 1990s / 2000s, but appeared to have eventually suspended these sales only to resume them in the late 2010s / early 2020s. Notably, in its expansion plans, AvtoVAZ has been considering purchasing / leasing ships to facilitate its exports to Africa and Latin America. AvtoVAZ also publicly called for the Russian government to subsidize transportation costs up to 100% to facilitate exports to distant markets such as Latin America.

Overall, it seems like **logistics and distribution** are key areas that Russian industrial companies target when expanding to Latin America. Setting up local production, however, seems to be challenging.

There are also quite a few Russian tech companies growing their presence in Latin America, particularly Brazil, including with the support of the OFAC-sanctioned Skolkovo research institute. Some of these tech companies provide services to Russian companies such as Rosatom, Gazprom, Lukoil, Sberbank, VTB, Aeroflot, RZhD, etc. These tech firms mostly specialize in online education, fintech (including micro financing), cybersecurity, advertising, e-commerce, and enterprise software. The expansion to Latin America primarily began in the late 2010s. The earliest market entry was done by Russia's Softline in 2008 in Venezuela. It should also be noted that OFAC-sanctioned Kaspersky Lab (Russia's most prominent cybersecurity firm) is operating in Latin America; in at least the late 2010s, Kaspersky provided its products to the Brazilian Air Forces pursuant to a \$2.7 million contract. Some of the reasons for the Russian expansion to Latin American tech markets include lower competition, cheaper costs, and high growth potential.

# STRATEGIC ECONOMIC VULNERABILITIES

To improve the understanding of the Kremlin Playbook in Latin America, the current assessment of the strategic exposure to the Russian economic footprint in the region focuses on five of most vulnerable countries to foreign authoritarian influence and to enabling illicit financial flows in the region:

- **Venezuela:** the most obvious case of the state capture driven Kremlin Playbook for expanding Russian influence in the region. The Kremlin has leveraged the country's dependence in strategic economic sectors such as energy, mining, finance, and defense to maintain significant political influence and using the country as a hub for sanctions evasion.
- **Bolivia:** member of the ALBA group, which has seen an expansion of the Russian economic footprint taking advantage of local governance deficits.
- **Brazil and Argentina:** two of Russia's largest trade partners in Latin America, which have been a strategic gateway for the Russian economic influence across Latin America. Brazil also plays a crucial role in amplifying Russia's political narratives as part of the resurgence of the BRIC alliance.
- **Panama:** the Central American country has been used by members of Russia's political and social elite to engage in illicit activities through its opaque financial system.

## Energy: The Cornerstone of the Russian Economic Strategy

Latin America boasts abundant fossil fuel and renewable energy resources, along with critical minerals. While renewable energy sources have yet to attract significant Russian interest, the Kremlin prioritizes the oil and gas sectors where Russian companies have a lot of experience and knowhow.

Russian corporate presence in Latin America's oil and gas sector include key players such as Gazprom, Rosneft, Lukoil, and Surgutneftegas, alongside other affiliated enterprises. Venezuela stands out as a focal point for Russian oil and gas investment interests, with approximately 23% of bilateral agreements from 2004 to 2023 and 19% of agreements from 2014 to 2023 focused on this sector. These deals encompass joint ventures, acquisitions, investments, loans, debt renegotiations, oil field allocations, crude oil trading, and cooperation agreements.

### Venezuela: The Crown Jewel in Russia's Latin America Oil Strategy

The Russian-Venezuelan partnership in the energy sector, has attracted significant attention as it builds upon strengthening political-diplomatic ties. Russia's strong involvement in the Venezuelan oil and gas sector dates back to 2008 and the establishment of the National Oil Consortium, comprising Gazprom Neft, Lukoil, Rosneft, TNK-BP, and Surgutneftegas, aiming to join the development of Venezuela's vast oil reserves (by some estimates the

largest in the world). Rosneft is currently the only remaining, active Russian entity in Venezuela but it holds considerable influence over the day-to-day operations of PDVSA. Although Rosneft sold its assets to Roszarubezhneft – a shadow company closely linked to Rosneft’s CEO, Igor Sechin, which the Kremlin created overnight to evade US sanctions, de facto, it is fully controlled by Rosneft.

The lifting of the U.S. sanctions on PDVSA, which has led to the sharp increase in crude exports to American refineries in the Gulf of Mexico (up to 250,000 bpd), may have opened the way for Rosneft to sell small volumes of crude oil into the U.S. market as before the lifting of sanctions Rosneft used to control 75% of Venezuelan oil exports through its trading and shipping intermediaries. This can happen because of U.S. sanctions loophole allowing crude oil or petroleum product imports from non-Russia-based producers/refiners even if the owners of the oil are partially or wholly under Russian control. Rosneft also exports a significant portion of Venezuelan oil to India, China and Cuba.<sup>36</sup>

The government of Hugo Chavez and then of Nicolás Maduro gradually gave up the sovereignty of the Venezuelan oil and gas sector to Russia. Venezuela signed joint venture agreements with Rosneft until 2050 for the exploration and production of the country’s largest reserves in the Junin 6 field and the Orinoco Oil Belt, attracting potentially over this period investments worth \$20 billion.<sup>37</sup> Furthermore, in 2017, Venezuela awarded Rosneft exploitation rights for the Mejillones and Patao offshore gas fields through a 30-year license issued by the country’s petroleum ministry.

The decision came as Venezuela was struggling to make ends meet as the country’s economy was engulfed in a run-away inflation. To help avert a balance-of-payments crisis, Rosneft made a \$6 billion advance payment for oil supply until 2019.<sup>38</sup> Russia ships the Venezuelan oil primarily to the Nayara refinery in India, in which Rosneft has a 49.13% stake. This facility currently plays a major role as a hub for Russian crude oil sales after the G7 and the EU imposed a ban on Russian oil imports. A big chunk of the refined products processed in India is then reexported back to the West.

In exchange for the long-term oil exploration and production deals, Rosneft provided PDVSA with financial resources and technical expertise.<sup>39</sup> Rosneft has also helped PDVSA evade the U.S. sanctions imposed in 2019, providing a crucial lifeline to the Maduro regime. The Russian company has not only instituted a deal with PDVSA, in which it accepts crude oil as payment for the Venezuelan company’s debt, but has also liked its loan exposure to the obtainment of the US refinery, CITGO, one of the largest refining facilities in the US. Rosneft has also helped PDVSA avoid US and EU sanctions by selling Venezuelan oil on the world market at steep discount and assisting in

<sup>36</sup> Portal Portuario, “Venezuela: Exportaciones de petróleo aumentan en 2023 ante alivio de sanciones de EEUU,” January 4 2024.

<sup>37</sup> Aradas, A., “Rusia y Venezuela firman millonario acuerdo energético,” BBC, April 3 2010.

<sup>38</sup> Lowe, C., “Venezuela asigna licencias para desarrollar campos de gas a rusa Rosneft,” Reuters, December 17 2017.

<sup>39</sup> Alandete, D., “Rusia obliga a Maduro a ceder el control del petróleo de Venezuela,” ABC Internacional, January 17 2020.

managing shipments through Russian-owned tankers. Rosneft's delivery of gasoline and oil diluent to Venezuela has, moreover, helped PDVSA avoid collapse. The regime of Nicolás Maduro and the Kremlin considered the transfer of the PDVSA to Rosneft as an instrument of last resort.

While the U.S. tried to clamp down on the sanctions evasion techniques and target Rosneft's assets in Venezuela directly, the Russian state-owned company was able to sever its direct ties from its business with PDVSA by selling its business through a number of joint ventures to an opaque entity, Roszarubezhneft, under direct control from the Kremlin and led by a former KGB colleague of Igor Sechin, Rosneft's CEO.<sup>40</sup>

### **Box 3. The Russian debt lock-in leads to the loss of Venezuela's biggest asset**

PDVSA used a 49.9% stake in Citgo, a major US refiner, as collateral for one of the Rosneft loans worth \$1.5 billion in 2016. This raised concerns in the U.S. as it potentially gave Russia significant control over a key U.S. asset. The risk of Venezuelan default after the US imposed sanctions on the Venezuelan oil company and the potential complete acquisition by Rosneft led to the appointment of a new governing board of CITGO in 2019, which prevents the Maduro regime from accessing CITGO's profits and providing the then interim government of Juan Guaido control over the company's operations.<sup>41</sup> After years of litigation and only after the Maduro regime returned the loan via in-kind oil transfers, in 2023, Rosneft gave back the shares in CITGO to the PDVSA's U.S. subsidiary, PDV Holding, which has been managed by the Venezuelan opposition. However, the attempt by the new managers of PDVSA's U.S. assets to use the enormous profits of the refinery to service Venezuela's total external debt has opened the way for a U.S. court to invite creditors with claims to PDVSA and Venezuela, worth more than \$20 billion, to bid for the prized assets. In this way, it is very likely that one of the country's most profitable business with potential to bulwark the recovery of the economy after years of recession and hyperinflation will be slipping away from Venezuela. This could make the regime of Maduro even more reliant on Russia for economic support, and is likely to deepen the control that Rosneft has on the country's oil industry.

Roszarubezhneft now oversees five oil development projects: Petromonagas (Rosneft's participation – 40%); Petroperija (Rosneft's participation – 40%); Boquerón (Rosneft's participation – 40%), Petromiranda (Rosneft's participation – 51%) and Petrovictoria (Rosneft's participation – 51%), where

<sup>40</sup> Ulmer, A., and Parraga, M., "Exclusive: Russian firm asks Venezuela to match Chevron oil-for-debt deal", Reuters, June 27 2023.

<sup>41</sup> López, M., "Citgo recuperó el certificado de acciones en garantía que estaba en posesión de Rosneft," Efecto Cocuyo, June 26 2023.

Rosneft has invested up to \$9 billion between 2010 and 2019.<sup>42</sup> Hence, the company produces around 103,000 bpd in Venezuela and also possesses the rights to trade a substantial portion of Venezuelan crude oil exports.

#### Box 4. The Restart of the Oil Connection

With the international sanctions, the deepening of the economic crisis and the precipitous decline in oil production managed by PDVSA, Rosneft might have decreased its presence in Venezuela's energy sector, but it has become even more involved in desperately trying to protect its remaining assets in the country despite PDVSA's dire financial state. Following Russia's invasion of Ukraine, Russia ceased oil marketing and financial intermediation for the Venezuelan company amidst allegations of embezzlements by intermediaries in oil sales.

During two meetings in October and December 2022, high-level Russian and Venezuelan government delegations failed to reach an agreement for the renegotiation of PDVSA's debt commitments in the joint ventures with Russia.<sup>43,44</sup> The previous debt restructuring plan involved the resizing of PDVSA, the sale of operational control in some joint ventures, and more Russian investment in the sector. The plan, however, did not imply any significant changes in the production activities of the joint ventures with Russia. In this context, in 2022, Roszarubezhneft asked PDVSA to assume control over the exports from their joint ventures.<sup>45</sup> PDVSA rejected the Russian request, which could be related to PDVSA's worries about the ongoing negotiations with the U.S. on lifting the oil sanctions against Venezuela.

Despite this setback, Russia and Venezuela announced a 10-year energy cooperation agreement in 2022 whereas key Russian policymakers PDVSA reviewed its memorandums of understanding with Rostec's ODK Engineering for the maintenance of pumping turbines, with the Russian Geological Exploration Holding (Rosgeologiya) for the prospecting of new deposits, and with the Karpinski Geological Research Institute for geological studies, consultations, and employee training.

<sup>42</sup> Lowe, C., and Sagdiev, R., "How Russia sank billions of dollars into Venezuelan quicksand," Reuters Investigates, March 14 2019.

<sup>43</sup> SwissInfo., "Venezuela y Rusia organizan una firma de acuerdos para diciembre en Caracas," October 13 2022.

<sup>44</sup> As part of the Russian delegation to the XVI CIAN in 2022, the following participated: Yuri Borisov, Deputy Prime Minister of Russia and co-president of the CIAN; Sergey Melik, Ambassador; Alexander Fomin, Deputy Minister of Defense; Timur Maksimov, Deputy Minister of Finance; Vyacheslav Babich, Deputy Director of the Federal Service for Military-Technical Cooperation; Anastasia Vinogradova, Advisor to the Deputy Prime Minister of the Russian Federation; Elena Kudryavtseva, Deputy Director of the Department for Latin America of the Ministry of Foreign Affairs of the Russian Federation; and Mikhail Dorofeev, Vice President of "Promsvyazbank" SAP.

<sup>45</sup> Ulmer, A., and Parraga, M (n 44)

In 2023, Russia went on the offensive trying to reinvigorate the commercial relationship with PDVSA. In March, Igor Sechin visited Venezuela to meet with the Venezuelan Minister of Petroleum Tarek El Aissami to negotiate the increase of Rosneft's oil production in Venezuela. The minister, however, left the office in a few days due to the exposure of the PDVSA-Cripto scandal.<sup>46</sup> The Russian diplomatic pressure coincided with the ongoing sanctions relief talks with the U.S., which in November 2023 issued licenses to PDVSA for six months that did not include joint ventures with Russia.

In February 2024, Russian Foreign Minister Sergei Lavrov visited Caracas and held meetings with Nicolás Maduro and Delcy Rodríguez (Vice President and Minister of Economy and Finance). Days later, a Russian tanker arrived in Venezuela with 1.7 million barrels of Urals light crude oil, raising concerns about Venezuela becoming a new transshipment hub for Russian oil being sold to the west.<sup>47</sup> This was the first observed shipment of Urals crude to Venezuela in at least five years.

Currently, Gazprom and PDVSA are also discussing cooperation in new gas projects in Venezuela, signaling the diversification of the collaboration beyond oil. PDVSA reports that Russian companies are interested in restarting oil cooperation with Venezuela, especially in production, refining, modernizing the power grid, and supplying petrochemical products.<sup>48</sup> Since PDVSA transferred its European headquarters to Moscow, Russia has gained enormous strategic leverage over Venezuela's most important company and driver of future economic growth.<sup>49</sup> This leverage has been and will continue to be used as a gateway for the expansion of the Kremlin's political influence in the country and, by extension, in the whole region.

## A Post-invasion Energy Expansion

### Oil

Russian oil companies have also grown their presence as **key suppliers of refined fuel products** to Latin America. Traditionally, Latin America sourced its diesel, gasoline and jetfuel from the United States and local processing facilities. However, refinery closures in the United States and a focus on lighter, cleaner fuels have reduced their exports of heavier products often

<sup>46</sup> Source 1 in Venezuela: In general, this visit was rather strange as in theory Rosneft was not present in Venezuela. As part of this investigation, the office that previously served as Rosneft's headquarters in Venezuela was visited, where employees stated that Rosneft was not in the country and that the company in charge of the joint ventures was Cyprus Limited, a subsidiary of Roszarubezhneft. The employees refused to provide any information about its activities.

<sup>47</sup> Su, S., "Russia Ships Urals Oil to Venezuela, Expanding Pool of Buyers," Bloomberg, February 20, 2024.

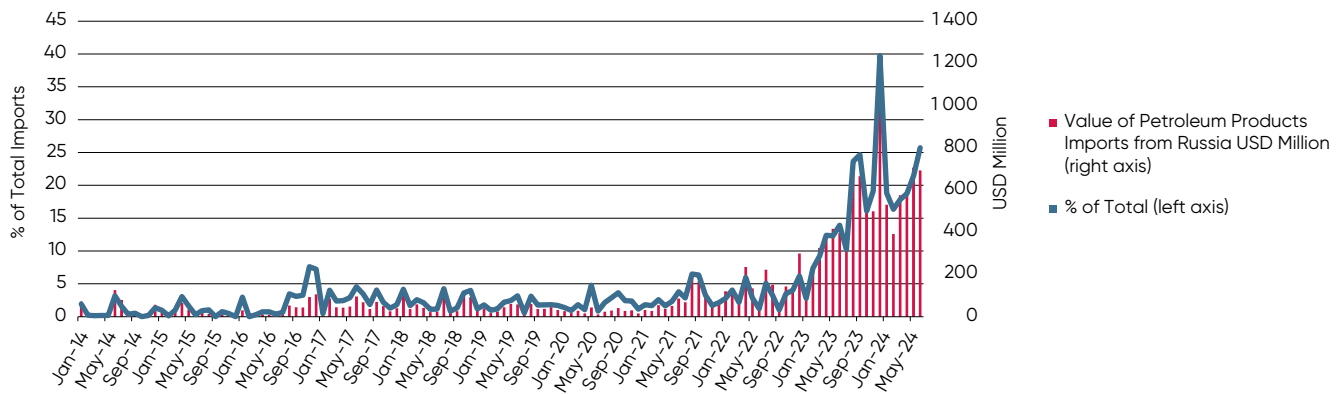
<sup>48</sup> Banca y Negocios, "PDVSA: Empresas rusas „están interesadas en relanzar la cooperación petrolera“ con Venezuela," Banca y Negocios, September 19 2023.

<sup>49</sup> Thoene, U., et al. (2023). *Russia in Latin America: Why support Venezuela in a crisis?*. Int Soc Sci., 73: 627–639.

used in Latin America. Russian processing facilities can offer oil products at competitive prices due to lower production costs and huge government subsidies. This is particularly attractive for Latin American countries seeking to keep the fuel costs for its consumers at below-market rates.

Data from January 2022 to June 2024 reveals that Latin America imported over 25 million tons of Russian refined products (roughly 215,000 bpd), up around 300% in comparison with 2021. By the end of 2023, Brazil, which gobbles up around 80% of the Russian fuel exports to the Latin American region, became the fifth largest importer of Russian fuel products due to its dependence on diesel purchases.<sup>50</sup>

**Figure 10. The Growing Dependence of Brazil on the Import of Russian Petroleum Products**



Source: CSD based on the Customs Agency Statistics of Brazil.

Russian influence in the energy sector extends beyond Venezuela to other oil and gas-producing countries in Latin America, albeit to a lesser extent. In Argentina, Russia has expressed interest in various projects, including the building of hydro dams, LNG plants, the development of conventional and shale gas fields, and the takeover of oil and gas transportation and storage infrastructure. Most of these attempts at oil and gas investments have come to nothing but have still exposed the Russian strategy of locking countries in large-scale strategic projects.

Gazprom and Lukoil have tried, on a number of occasions, between 2014 and 2023 to obtain access to the development of Argentina's oil and gas sector in partnership with the state-owned company, YPF. Lukoil worked in close tandem with a network of businesses and politicians with close ties to the then governments of the Kirchner family to enter the country's wholesale and retail refined products market. In 2008, Lukoil was gearing to make a \$500 million investment in constructing a fuel-storage facility and a pipeline to the major fuels exporting terminals of Argentina. In return, Enarsa, a state-owned company established by Nestor Kirchner, agreed to a five-year commitment to purchase Lukoil's liquid fuels for the new Manuel Belgrano power plant in Campana, a city in the Buenos Aires province. In 2017, Lukoil Pan-Americas

<sup>50</sup> Eixos, "Brasil se torna um dos cinco maiores mercados de refinarias russas," September 7, 2023.

tried to facilitate a \$80 million capital investment and a \$100 million convertible debt offer as part of OP Investments' strategic plan to inject \$300 million into the Indalo Group. Later in 2018, Lukoil supplied fuel to Oil Combustibles, which belonged to this group.

The preparation of the deals involving Lukoil revealed how Russian businesses can exploit an existing informal network of influence, involving politically well-connected private interests, to bypass competitive procedures in a crucial sector for Argentina's economy. Large-scale investment deals can undermine the local business environment when state institutions or companies establish non-transparent partnerships with politically-exposed intermediaries from Russia and the targeted country that can leverage the specific joint venture to achieve an outsized political influence. These enablers may obscure and distribute hidden profits or mask the transfer of corrupt funds for political purposes—a strategy that comes directly from the Kremlin playbook.

Apart from Rosneft and Lukoil's activities in the oil sector, a new Russian firm has joined the race for the abundant fossil fuel resources of Latin America. In April 2023, Wintershall Dea, formerly linked with the Russian oligarch Mikhail Fridman, unveiled a substantial oil discovery in the Gulf of Mexico. With estimates ranging between 200 and 300 million barrels of oil equivalent, this find underscores Russia's ongoing attempt to position itself as a major oil and gas player in Latin America.<sup>51</sup>

### Natural gas

In natural gas, the Russian state-owned giant, Gazprom, has been heavily involved in the exploration of large gas blocks in Southern Bolivia including the Ipati, Aquio, and Acero blocks together with the French company, Total. Despite promising initial exploration results, the joint venture working on the fields did not report the discovery of commercially viable gas reserves.

In the gas sector, Gazprom first, then the Russian state-owned railway company, RZD, and finally Novatek have been making inroads to join the development of the Vaca Muerte shale gas deposits in the Patagonian region. First, in 2014, Gazprom pushed for a deal with the Argentinian government to acquire a \$1 billion stake in the exploration of the field. Subsequently, in 2020, the Russian government expressed interest in joining the reconstruction of part of the 800 km railway between Vaca Muerta and the port of Bahia Blanca that will help move the oil to export terminals on the Atlantic Ocean.<sup>52</sup> Then, in 2021<sup>53</sup>, Gazprom entered into a confidentiality agreement with Pampa Energía (that had already invested \$1.1 billion in expanding the production capacity of around 8% of the Vaca Muerta shale), owned by Argentine businessman Marcelo Mindlin, to participate in the Gas Plan and enhance production in the Neuquén formation. Finally, in 2023, Novatek, Russia's largest LNG producer

<sup>51</sup> Solís, A., "Petrolera de oligarca ruso anuncia descubrimiento de 200 millones de barriles en México," Bloomberg, April 25, 2023.

<sup>52</sup> Portal oficial del estado argentino, "Lissalde se reunió con la Embajada Rusa por el interés en invertir en la construcción de vías y trenes a Vaca Muerta," January 31 2020.

<sup>53</sup> Genoud, D., "En sociedad con Mindlin, el gigante ruso Gazprom desembarca en Vaca Muerta," El Diario AR, May 11, 2021.

offered YPF a new technological solution for the liquefaction of the shale gas that could transform Argentina in a major LNG exporter in the near future. However, discussions were halted without any indication that the agreement will go through.<sup>54</sup>

Gazprom has had a bigger success in Bolivia where the Russian company has entered the country's energy sector through its joint venture with Total in the Acero natural gas block that has invested approximately \$130 million in the exploration of an extensive area of 700,000 hectares.<sup>55</sup> In 2016, the partnership with Russia on the development of the country's fossil fuel reserves deepened through a \$370 million investment agreement for the exploration of the Vitiacua, La Ceiba, and Madidi fields.<sup>56</sup> There has been only limited progress in developing these exploration assets since then. Former President Evo Morales also actively fostered natural gas ties with Russia that were based upon close cooperation with the state-owned Yacimientos Petrolíferos Fiscales Bolivianos (YPFB). The former director of YPFB, Manuel Morales Olivera, is currently under investigation for negotiating contracts with Russian energy companies.<sup>57</sup>

### Nuclear Energy

In Latin America, although only Argentina, Brazil and Mexico have a developed nuclear energy sector, there are another 16 research reactors in operation (five in Argentina, four in Brazil, two in Mexico, two in Peru, one in Chile, one in Colombia, and one in Jamaica), in which the Russian state-owned nuclear company, Rosatom has shown direct interest.

Russia and Argentina have been discussing potential collaboration in further developing the country's nuclear industry over the past 15 years. Russia has been determined to build a new nuclear power plant in Argentina but talks have gone nowhere, partially also because of the strong competition from China. In 2015, under Fernández de Kirchner, Nucleoeléctrica Argentina SA and Rosatom signed an agreement for the construction of a fourth nuclear plant in Argentina. But Rosatom's participation has so far not materialized, as the Macri administration later signed agreements with Beijing to construct a plant at the Atucha site, known as Atucha III. Rosatom nevertheless kept its prospects alive by reaching a new cooperation agreement with Macri in 2018, during the Group of 20 summit in Buenos Aires. Since then, the Russian government has continued discussing collaboration on nuclear power projects, but has not received a firm commitment from the next administration of President Alberto Fernández, who defeated Macri in the 2019 election. With the election of Javier Milei, who has taken a firm anti-Russian stance, it is very unlikely that Russia would be able to gain strategic foothold in the Argentinian nuclear sector even as Russia has tried to propose other forms

<sup>54</sup> Periódico Más Energía, "Gigante ruso Novatek propuso a Argentina construir una planta de GNL," June 9, 2023.

<sup>55</sup> BBC News, "Bolivia: Senado da luz verde a entrada de la rusa Gazprom," September 13, 2013.

<sup>56</sup> Mendoza, S., "Alerta. Sanciones a Rusia pueden afectar al sector energético de Bolivia," Los Tiempos, March 14, 2022.

<sup>57</sup> Los Tiempos, "Evo posesiona al cuarto presidente de Yacimientos", March 24, 2007

of nuclear cooperation including in cutting-edge small modular reactors and floating nuclear power plants.<sup>58</sup>

#### Box 5. Nuclear Energy as an Instrument of Political Influence in Bolivia

An intergovernmental agreement signed between Russia and Bolivia in 2016 authorized the Russian state-owned nuclear energy firm Rosatom to construct a \$300 million Nuclear Research and Technology Center (NRTC) at 4,000 meters above sea level in the town of El Alto. Rosatom began developing the project in 2017<sup>59</sup>, but actual construction did not start before a meeting between Presidents Vladimir Putin and Evo Morales in July 2019. In fact, the NRTC was never formally approved by Bolivia's Legislative Assembly, nor was a feasibility study conducted. The government ushered the development of the country's nuclear energy capacity by establishing the Bolivian Atomic Energy Agency (ABEN), which coincided with the initiation of the El Alto project one year earlier. In March 2023, the first radiopharmaceuticals were supplied that can provide treatment to 5,000 patients a year in Bolivia.<sup>60</sup> In October that year, Rosatom and the Bolivian government inaugurated the second stage of the Center, expecting to significantly increase the output of the facility.<sup>61</sup>

After Morales left office following the disputed October 2019 presidential election, the interim government suspended the project, but the works on the project has accelerated under the new Arce administration. By March 2023, the first radiopharmaceuticals were supplied that can provide treatment to 5,000 patients a year in Bolivia.<sup>62</sup> In October that year, Rosatom and the Bolivian government inaugurated the second stage of the Center, expecting to significantly increase the output of the facility.<sup>63</sup>

<sup>58</sup> Since 2013, JSC Isotope, a subsidiary of Rosatom, had been supplying Argentina with Russian-manufactured radioisotope molybdenum-99. Initially, until 2018, the exchange through Argentine pharmaceutical company Laboratorios Bacon was irregular and limited to supplying radioisotopes for the technical service period of Argentine reactors, that is, when local production was suspended for maintenance. However, in 2018, the cooperation deepened as Laboratorios Bacon signed a new two-year contract with Rosatom that envisaged weekly supplies for the use in nuclear medicine. Yet, once the contract ended in 2020, the laboratory began receiving supplies from the Canadian Huayi Isotopes Co. and the German Eckert & Ziegler. Rosatom's import of radiosopes to Argentina is further limited as the RA-10 reactor in Ezeiza, Buenos Aires province is expected to be put into operation in 2024, ensuring self-sufficiency in medical radioisotopes not only for the country but also for neighboring countries, eliminating the need to import them.

<sup>59</sup> Rosatom., "Rosatom firmó el contrato para la construcción del Centro de Investigación Nuclear en Bolivia," September 19, 2017.

<sup>60</sup> Associação Brasileira de Energia Nuclear., "Bolívia produz primeiros radiofármacos," March 15, 2023.

<sup>61</sup> Sputnik., "Bolívia inaugura 2ª etapa do centro de pesquisa nuclear mais alto do mundo, com apoio da Rosatom," October 25, 2023.

<sup>62</sup> Associação Brasileira de Energia Nuclear (n 63).

<sup>63</sup> Sputnik (n 64).

Sergey Kiriienko, the former president of Rosatom and current deputy head of the Russian presidential administration, has closely coordinated the nuclear company's business strategy with the Kremlin's foreign policy goal of increasing its political influence in Bolivia.

Because the Kremlin's business and political interests in Bolivia were so closely intertwined with Morales's presidency, Moscow did not hesitate to lend support as the Bolivian leader faced a difficult reelection bid in 2019. Rosatom dispatched political strategists in January of that year in an effort to boost the incumbent's fading popularity.<sup>64</sup> These spin doctors, trained in managing local political campaigns in Russia, focused on social media and the blogosphere, amplifying Morales's campaign messages and attempting to smear or discredit his opponents.<sup>65</sup>

The Russian regime's political preferences became particularly evident in the aftermath of the October presidential election.<sup>66</sup> Despite indications from the first-round vote that Morales would have to face a runoff against his main challenger, he claimed an outright victory amid signs of fraud, triggering large street protests and outbreaks of violence. After losing the support of the security forces, Morales was forced to resign in November. The ouster triggered a forceful response from Russian state media outlets and Russia-linked social media users in Bolivia. The U.S. State Department revealed that social media accounts used to support Russian interests in Bolivia became extremely active, publishing more than 1,000 posts on the topic each day.<sup>67</sup> The Kremlin continued to call the episode a coup d'état, even as it recognized the interim government as essential for a peaceful transition in Bolivia and signaled that it would expand economic cooperation with the country.<sup>68</sup>

It is in Bolivia where Russia has achieved a much greater influence over the development of the country's nascent nuclear industry. Similar to many countries where Rosatom has become active, the company has been very skillful in locking countries into long-term energy infrastructure deals with questionable economic feasibility. Its success in developing a nuclear research facility in Bolivia is a vivid example of this strategy, which comes straight out of the Kremlin playbook for Central and Eastern Europe. There,

<sup>64</sup> Roman Badanin et al., "How Russia Secretly Helps Evo Morales to Win the Fourth Election," Proekt, October 23, 2019.

<sup>65</sup> Ibid

<sup>66</sup> Robinson, A., "Analysis: Russian Media Come Out in Force Behind Bolivia's Ex-Leader," BBC Monitoring, November 15, 2019.

<sup>67</sup> "[U.S.] State Department analyses found that the most shared tweet among Russian-linked accounts in the 24 hours after Mr. Morales's resignation was one by the former president himself — denouncing a "coup" that he said had taken over. That tweet has since been deleted, but not before it was shared more than 85,000 times." For more, see: Jakes, L., "As Protests in South America Surged, So Did Russian Trolls on Twitter, U.S. Finds," *New York Times*, January 20, 2020.

<sup>68</sup> Gómez, D., "Rusia pone el foco en Bolivia y en unas elecciones en las que el MAS va unido y la oposición dividida," *ALnación*, February 3, 2020.

Moscow has exploited structural market deficits, the lack of independence among regulators, and widespread shortcomings in the management of local state-owned enterprises to lure host countries into costly and unnecessary energy infrastructure projects. Moscow has facilitated these types of projects by recruiting powerful local brokers with offers of government-sponsored business opportunities and premium returns. Cultivating these networks of influence not only advances the Kremlin's strategic business interests, but also contributes to its foreign policy goals. In effect, the projects leave host countries in a condition of long-term technological and financial dependence on Russia, as in most cases the financing for the project— even when it comes from the Russian state—is underwritten by guarantees from the host government.

#### Box 6. Informal corporate networks in the energy sector

Panama's GDP nearly doubled in the past 10 years to \$83.38 billion in 2023.<sup>69</sup> This galloping economic growth was supported with the surging electrical generating capacity, especially in hydro due to the country's abundant water resources.<sup>70</sup> As of 2021, hydro power was the largest source of electricity generation in Panama – at 69%. The country's hydro energy production more than doubled between 2011 and 2021 on the back of \$1 billion investments in the construction of 16 hydroelectric projects.<sup>71, 72</sup>

Russia has a deep footprint in the growth of Panama's energy sector. First Gazprom in mid-2000s considered building a gas pipeline connecting Panama, Venezuela, Argentina, and Brazil.<sup>73</sup> Then Panama's President Martin Torrijos extended an invitation to Lukoil to participate in several energy projects.<sup>74</sup> Although none of these have panned out, Russia gradually positioned itself as an energy partner to the country.

The big breakthrough came in the late 2000s when Energolatina, S.A. – a Panamanian company with ties to now US-sanctioned Russian power equipment manufacturer JSC Power Machines – began working on hydro power projects in the Chiriqui Province. Energolatina was formed in 2008 as a subsidiary of Moscow-headquartered Energomashexport Corporation LLC ("Energomashexport") that supplies electromechanical equipment for thermal and hydroelectric power plants in Europe and Latin America.<sup>75</sup> Energomashexport in turn

<sup>69</sup> World Bank national accounts data, and OECD National Accounts data files. [GDP \(current US\\$\) – Panama](#). License: CC BY-4.0.

<sup>70</sup> Liu, D., Liu, H., Wang, X., and Kremere, E., eds. (2019). [World Small Hydropower Development Report 2019: Case Studies](#). (United Nations Industrial Development Organization; International Center on Small Hydro Power).

<sup>71</sup> International Energy Agency, "Panama: Energy supply."

<sup>72</sup> Heat Exchanger World Publisher, "Hydroelectric projects started in Panama," April 14, 2011.

<sup>73</sup> Neftegaz, "Панама для «Газпрома»" (Panama for "Gazprom"), September 13, 2006.

<sup>74</sup> Oil and Capital, "O Panamá convidou a LUKOIL e outras empresas russas a participar em projetos energéticos," July 9, 2007.

<sup>75</sup> Energomashexport Corporation, "Engineering Procurement Construction."

was founded in 2005 by former managers at the large Russian power equipment manufacturer JSC Sylovie Mashiny (“Power Machines”), owned by billionaire Alexey Mordashov.<sup>76</sup> Power Machines has been sanctioned by the U.S. since 2018 for conducting business with Technopromexport LLC, which was designated that same year for operating in Crimea.<sup>77</sup>

Since its founding in 2008, Energolatina has built connections with the Russian Embassy in Panama, the Chiriqui Province local government, and the Coordination Council of Russian Compatriots Living in Panama. The exact impact of Energolatina’s operations in Panama with regards to Russia is difficult to measure, but there is little doubt that even if it operates independently from the Russian government, Energolatina serves as a point of entry for Russia’s economic influence in the region. Energolatina’s indirect links to JSC Power Machines, a sanctioned entity, also raise questions about the effectiveness of the international sanctions regime.

Overall, Energolatina keeps a low public profile but among its biggest projects are the supplies of hydropower turbines to support the construction of the Bajo de Mina, Baitun, San Andrés, and San Lorenzo hydroelectric power plants in Panama, which attracted more than \$300 million in total investments.<sup>78,79,80,81,82</sup> Energolatina has partnered with another large Russian power generating equipment company in the Baitun hydroelectric power plant project – Electrotyazhmash-Privod LLC, which is 95 percent-owned by the UAE-registered Fiberline Corp.<sup>83,84</sup>

Based on common directors (specifically, Energolatina CEO Baatar Vladimirovich Takaev and Yury Igorevich Vereemenko, who was deputy CEO of Energomashexport as of at least 2009), it was possible to link several other Panamanian entities to Energolatina, such as Hidro-tecnia Holding S.A. (formed in 2015), Triest S.A. (formed in 2012), and Consorcio OH-EL S.A. (formed in 2023), which appear to be joint ventures with local power equipment companies, as well as Energolatina Panamá Investment S.A. (formed in 2022), Energolatina’s investment vehicle.

<sup>76</sup> Energomashexport Corporation., “About the company.”

<sup>77</sup> U.S Department of Treasury., “Treasury Sanctions Additional Individuals and Entities in Connection with the Conflict in Ukraine and Russia’s Occupation of Crimea,” January 26, 2018.

<sup>78</sup> Energomashexport Corporation., “Baitun hydroelectric power station.”

<sup>79</sup> Energomashexport Corporation., “Hydroelectric power station “Bajo de Mina.”

<sup>80</sup> Reuters., “Slim’s CICSa to build \$250 mln projects in Panama,” August 9, 2007.

<sup>81</sup> Morgan & Morgan., “Morgan & Morgan advised MMG Bank Corp. and Desarrollos Hidroeléctricos, Corp. in a US\$37 million syndicated loan for the development of the San Andrés hydroelectric project,” June 18 2013.

<sup>82</sup> Cofidis., “Grupo Cuerva Expands in Panama with Cofidis Support,” November 4, 2011.

<sup>83</sup> Privod., “About the company.”

<sup>84</sup> Центр стратегических разработок., “Гидроэнергетика России и зарубежных стран” (Hydropower in Russia and Foreign Countries) December 2022.

Vereemenko himself was identified as a director of several other low-profile companies that could be linked to Energolatina, such as Desarrollo Energetico Latinoamericano, S.A. and Pananergo S.A., both based in Panama; Ecuador-based Hydroproject Engineering S.L.; and similarly named, Spain-based Hydroproject Engineering S.R.L. Vereemenko's family members have also been linked to some of these entities, including his presumed son, Anton Veremeenko, who is the editor-in-chief of Noticia.ru, a news website for Russians in Spain, and the sole director and owner of similarly named, Montenegro-based Noticia DOO.<sup>85</sup>

The corporate structure of the Energolatina businesses reveals that one of the ways in which Russian entities evade sanctions is by using their current / former managers as de jure owners of their subsidiaries. In addition, Energolatina has made use of local enablers. Panama-based professional services firm Rivera Bolívar y Castañedas is listed as a registered agent for Energolatina and several of its affiliates.

Energolatina can also be an example of how Russia can leverage its corporate presence to be active in extending Russia's soft power influence. Energolatina reveals also how Russian companies do not simply do business in foreign countries but also build strong engagement with local communities. Energolatina has been active in supporting civic and cultural initiatives in Panama, as well as local industry associations, thus aiding Russia in establishing relations with Panama. For example, in 2018, Energolatina together with the Russian Embassy in Panama gifted the Yuri Gagarin monument to the Panamanian government.<sup>86</sup> In the same year, Energolatina and Russia's Glavzarubezhstroy won a tender contract for the development of the Metropolitan Park of David.<sup>87</sup> 2018 was a notable year for the Russian-Panamanian business ties since in June the Russian Chamber of Commerce and Industry organized the very first Russian Panamanian Business Forum, with the participation of then Panamanian President Juan Carlos Varela.<sup>88</sup> This forum marked the first ever visit of Panamanian president to Russia.

In May 2019, the Russian Ambassador to Panama, Evgeny Boykov, visited the Chamber of Commerce of Chiriquí, as well as Energolatina's office, to discuss issues ranging from economy to culture, including Russian-Panamanian cooperation.<sup>89</sup> Most recently, in April 2023,

<sup>85</sup> Noticia., "About the project."

<sup>86</sup> Embassy of the Russian Federation in the Republic of Panama., "Press release of the Russian Embassy in Panama in connection with the opening of the bust of Yuri Gagarin and the photo exhibition of the Russian cosmonaut S.N. Ryazansky," April 12, 2018.

<sup>87</sup> Chamber of Commer and Industry of the Vladimir Region., "Три задачи ТПП РФ на панамском направлении" (Three tasks of the Russian Chamber of Commerce and Industry in the Panama direction), June 16, 2018.

<sup>88</sup> Chamber of Commer and Industry of the Vladimir Region., "15 июня в ТПП РФ состоится Российско-панамский бизнес-форум с участием Президента Панама Хуана Карлоса Варелы" (On June 15, the Russian-Panamanian Business Forum will be held at the Russian Chamber of Commerce and Industry with the participation of Panamanian President Juan Carlos Varela), June 13, 2018.

<sup>89</sup> Embassy of the Russian Federation in the Republic of Panama., "Sobre la visita del Embajador Evgeny Boykov a la provincia de Chiriquí," May 10, 2019.

Energolatina signed a participation agreement with the XII Industrial Energy and Water Symposium.<sup>90</sup> Then, in a few months, it became a member of the Industrial Union of Panama.<sup>91</sup> Energolatina is also a member of the National Committee for the Promotion of Economic Cooperation with Latin American Countries (CN CEPLA).<sup>92</sup>

In addition, Triest, S.A., a presumed affiliate of Energolatina, is managed by Konstantin Korchuganov,<sup>93</sup> who is the first secretary of the Coordination Council of Russian Compatriots Living in Panama<sup>94</sup> and is married to Madelaine Mitchell Rojas Garcia, the executive director of the Panama Space Science Innovation Center.<sup>95</sup>

In Brazil, Rosatom consolidated its presence with the opening of an office in Rio de Janeiro in 2015, serving as the regional headquarters for Latin America. In addition, the Russian company signed a medical isotope supply agreement to expand collaboration with the Institute of Energy and Nuclear Research (Ipen). In 2022, ENBPar and Rosatom signed an MoU that deepened cooperation in the construction, operation, and dismantling of new nuclear plants based on Russian technologies in Brazil. Brazil aims to add between 8-10 GW of new nuclear capacity in the next three decades with the support of Rosatom.<sup>96</sup> On the back of the agreement, the Russian company has announced that it mulls joining the tender for the construction of the Angra 3 nuclear plant in 2022, scheduled for completion in 2026.<sup>97</sup> In addition, in December 2022, INB and Rosatom signed an agreement for the supply of enriched uranium between 2023 and 2027 for the Angra 1 and 2 facilities, with total installed capacity of around 2 GW.<sup>98</sup> Rosatom has also strengthened ties with the other state-owned nuclear firm, Nuclep by signing an agreement in September 2023 for the future manufacturing of small modular reactors in Brazil.<sup>99</sup>

<sup>90</sup> Sindicato de Industriales de Panamá (Instagram: Idustriales.pa.), “Simposio Industrial de Energía y Agua,” April 15, 2023.

<sup>91</sup> Sindicato de Industriales de Panamá (Instagram: Idustriales.pa.), “¡Energolatina S. A. se suma al Sindicato de Industriales de Panamá!,” August 9, 2023.

<sup>92</sup> National Committee for the Promotion of Economic Cooperation with Latin American Countries „NC SESLA“, “Список членов НК СЭСЛА” (List of members of the NC SESLA).

<sup>93</sup> Konstantin Korchuganov (LinkedIn Page).

<sup>94</sup> Ksorspanama., “КООРДИНАЦИОННЫЙ СОВЕТ ОРГАНИЗАЦИЙ РОССИЙСКИХ СООТЕЧЕСТВЕННИКОВ, ПРОЖИВАЮЩИХ В ПАНАМЕ. КСОРС.” (Coordinating Council of Organizations of Russian Compatriots Living in Panama. KSORS).

<sup>95</sup> Centro de Innovación en Ciencias Espaciales de Panamá.

<sup>96</sup> World Nuclear News., “Brazil’s ENBPar and Rosatom agree to cooperate,” October 5, 2022.

<sup>97</sup> Rosatom., “Rossa Rosatom avalia participar de leilão de energia nova este ano.”

<sup>98</sup> Associação Brasileira para Desenvolvimento de Atividades Nucleares., “Rosatom assina contrato para comercialização de urânio para usinas brasileiras a partir de 2023

<sup>99</sup> Petronoticias., “Nuclep e Rosatom Energy Project assinam acordo na conferencia de visando o crescimento do mercado da energia nuclear no Brasil,” September 26, 2023.

## The race for the natural resources of the future

In recent years, Russian mining companies have been interested in joining the “lithium rush” in Bolivia. The country together with Argentina and Chile hold the largest reserves of the precious metal used in battery technologies, electric vehicles and renewable energy electricity generation facilities. Although China has been the leader in investments in the lithium (and general the metal mining industry) resources across Latin America, in 2015 Russia joined the race for the lithium reserves.<sup>100</sup> During a meeting in Moscow between the leaders of the two countries in July 2019, a bilateral agreement was signed to enable Russian cooperation in the exploration of Bolivian lithium deposits.<sup>101</sup>

Then, on June 29, 2023, Rosatom’s Uranium One Group signed a two-year \$450 million agreement with the Bolivian state-owned Yacimientos de Litio Bolivianos (YLB) for the construction of a pilot plant with Direct Lithium Extraction (EDL) technology in the salt flats of Uyuni in Potosí.<sup>102</sup> The planned production capacity of the plant is 25,000 tons per year, which can be further increased based on additional exploration of the resource base.<sup>103</sup> Other reports indicate that the implementation of the lithium carbonate production project foresees investments of up to \$1 billion. The launch of the first stage of the project is scheduled for 2025, with the plant reaching a 25,000-ton production capacity in 2027.<sup>104</sup>

Uranium One Group is one of the two international companies chosen by YLB; the other company is CITIC Guoan of China, which will build another pilot plant with the capacity to produce 1,000 tons of lithium carbonate per year in the Uyuni and Pastos Grande salt flats.<sup>105</sup> Both companies were selected from a list of companies that presented technical, financial and economic viability proposals. However, the selection process lacked transparency, as no qualification and selection report had been made public. Nor has it been possible to obtain copies of the agreements signed with the aforementioned companies. As such, both the scope and specific terms of the said agreements remain unclear.

In late January, 2024, YLB unexpectedly launched another international bid call for the development of evaporite deposits in the salt flats of Bolivia, specifically the salt flats of Coipasa, Uyuni, Pastos Grandes, Capina, Cañapa, Chiguana, and Empexa in the cities of Oruro and Potosí. In May, YLB indicated that 21 companies, including Uranium One Group and another Rosatom’s company Lithium One Bolivia, had been granted participation in the third phase of the selection process.<sup>106</sup> The participation of the two Russian companies, both linked to Rosatom, confirms the Kremlin’s interest in the exploration of lithium

<sup>100</sup> Milosevich-Juarsti, M. (2019). *Rusia en América Latina: repercusiones para España*. Real Instituto Elcano.

<sup>101</sup> Emol., “Rusia apuesta por el litio boliviano: Morales y Putin firman acuerdo de cooperación económica en Moscú,” July 11, 2019.

<sup>102</sup> France24., “Bolivia firma acuerdo con estatal rusa por \$450 millones para explotar litio,” December 14, 2023.

<sup>103</sup> Rosatom., “Uranium Mining.”

<sup>104</sup> Agencia Boliviana de Información., “Uranium One Group invertirá \$us 450 millones en la planta piloto de litio con tecnología EDL en Uyuni,” December 13, 2023.

<sup>105</sup> Los Tiempos., “Gobierno firma convenios con empresas de China y Rusia para explotar el litio,” June 29, 2023.

<sup>106</sup> Flores, Y., “Quedan 21 firmas en carrera para desarrollo del litio en Bolivia,” La Razón, May 16, 2024.

## Diversifying the Kremlin's Business Portfolio

and other minerals in Bolivian brines. However, to win the bid, Rosatom and its subsidiaries will compete with Chinese companies like China Machinery Bolivia Branch Corporation, Qinghai Citic Guoan Science, and Xian Lanshen New Materials and Technologies, as well as other Asian, European, and South American companies. The ongoing bidding process also lack transparency, and there are a few doubts that the process is truly competitive and fair. This is where preferential connections with the governments of Russia and China can make their full weight felt.

### Agriculture and Fertilizers

As described in the section on structural economic ties between Russia and Latin America, a significant part of the bilateral trade consists of the export of food and beverages produced in Latin America with the input of cheaper Russian fertilizers. The region's dependence on the Russian imports of these petrochemicals has been leveraged by the Kremlin to gain influence over the governments' strategic and foreign policy orientation. This has been especially visible in Brazil, which played a critical role in helping Russia accede to the World Trade Organization (WTO) in 2012 as a way to strengthen its agricultural exports to the vast Russian market.

In 2022, Brazil also lobbied strongly to ensure that fertilizers are excluded from the international sanctions regime against Russia with the argument that this would undermine the security of global food supply. Between 2010 and 2019, Brazil consolidated its position as the world's largest importer of fertilizers, buying approximately 85% of its needs from abroad.

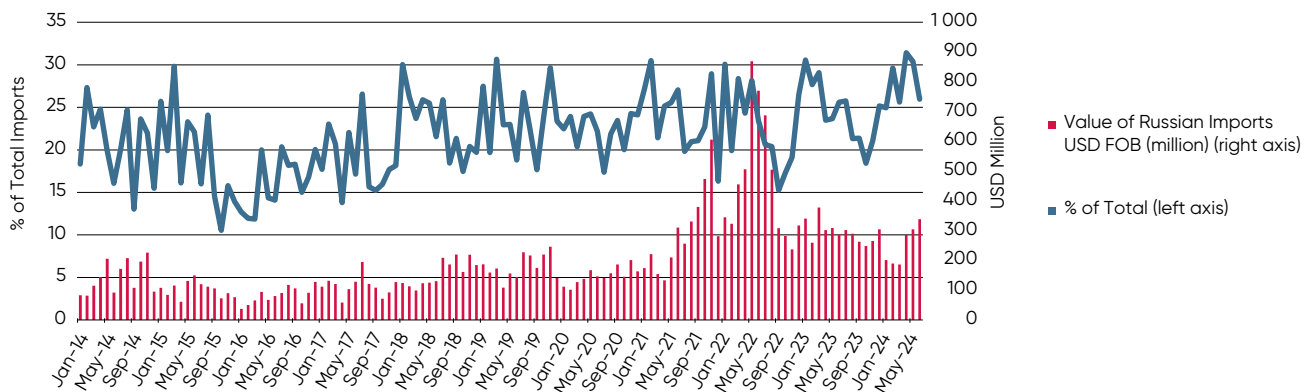
In this context, Russia pursues a determined strategy to remain both a major market for Latin American food products and the main supplier of fertilizers capturing the market share of the U.S. In this way, the food/fertilizer nexus is a win-win for Russia, which due to its role as a major producer of natural gas (the main feedstock for fertilizer), has an enormous advantage in producing nitrogenous fertilizers cheaply, as well as controlling 20% of global potassium reserves<sup>107</sup>, also a major input in the agro-industrial process. In 2022 and 2023, Brazil seized the opportunity to buy cheaper fertilizers from Russia as a result of the war in Ukraine. Brazilian buyers paid around \$640/t, between 15 and 20% for Russian urea less than the price of its European competitors.<sup>108</sup>

In a strategy to fully take control over the supply of fertilizers, Russia has set its sights on acquiring domestic production units. The Russian companies, Uralkali, Acron and EuroChem, have been the main drivers behind the attempt to consolidate the trade and manufacturing segments of the fertilizer business with Brazil. Despite five years of negotiations between Acron and the Brazilian company, Araucaria Nitrogenados, the Russian firm has so far failed to acquire the largest production unit of the Brazilian entity.<sup>109</sup> Uralkali has had the biggest success when in 2021 it acquired 100% of UPI Norte, a

<sup>107</sup> Gielow, I., "NUCLEAR – Lula retoma agenda nuclear com a Rússia, ponto de atrito com os EUA," Defesanet, April 19, 2023.

<sup>108</sup> CTI Fracht, "Qual a importância dos fertilizantes russos para o Brasil?," September 25, 2023.

<sup>109</sup> Interfax, "Acron unable to buy fertilizer plant in Brazil from Petrobras," April 28, 2022.

**Figure 11. Brazilian Imports of Russian Fertilizers in the past decade**

Source: CSD based on the Customs Agency Statistics of Brazil.

shareholder of FertGrow S.A. and the largest fertilizer distributor in Brazil. EuroChem bought 80% of Fertilizantes Heringer in 2023<sup>110</sup> building upon the company's earlier acquisitions of Fertilizantes Tocantins in 2020 and the Serra do Salitre phosphates project in 2021.<sup>111</sup> EuroChem is poised to invest around \$2 billion in the latter project, which will cover 15% of the Brazilian demand when the plant is complete in 2024.<sup>112</sup> EuroChem now employs around 1400 people in Brazil, making it one of the biggest Russian companies in Latin America.

Between 2018 and 2023, Bolivia had also been importing increasing amounts of fertilizers from Russia, mainly urea compounds and diammonium phosphate, totaling \$12.12 million, which accounts for 52.11% of Bolivia's total fertilizer imports. Acron has also signed a deal with the Bolivian government during Evo Morales' visit to Russia for the sale of 2.2 million cubic meters per day of Bolivian natural gas from 2023. Acron has also been planning the creation of a joint company to trade urea from the Bulu Bulu plant in Bolivia and the Nitrogen Fertilizer Unit (UFN-III), located in Tres Lagos with the national oil and gas company, YPFB, participating with 12% share.<sup>113</sup> Since 2017, the Bulu Bulu plant has been the biggest domestic producer of urea and ammonia, part of Evo Morales' industrialization efforts. The plant also started exporting to Brazil, Argentina, Paraguay and Uruguay at a very competitive cost of \$281 per ton even as Bolivia imported fertilizers from Russia at a price around 40% higher than this. Acron's intention to acquire the Bulu Bulu facility came as the firm's production got paralyzed first due to the COVID-19 pandemics and then due to technical problems, which could explain the high levels of Russian urea imports since then.

<sup>110</sup> Cruz, P., "Após leilão, EuroChem passa a deter 80% das ações da Heringer," Globo Rural, June 28, 2023.

<sup>111</sup> EuroChem., "EuroChem signs agreement to purchase controlling share in Brazilian distributor Fertilizantes Heringer," December 21, 2021.

<sup>112</sup> InfraRoi., "EuroChem obtém licença ambiental para produzir fertilizantes em MG," January 10, 2024.

<sup>113</sup> Agencia EFE., «Bolivia y la rusa Acron acuerdan crear una empresa para vender urea en Brasil,» October 15, 2019.

In addition, Acron has partnered with the Bolivian gas producer, YPFB, to deliver around 800 million cubic meters of natural gas to the Russian company's Três Lagoas fertilizer plant in the Brazilian state of Mato Grosso do Sul. The Bolivian government boasted about this contract as a great achievement of the Evo Morales government, as it was "the first private contract for the sale of Bolivian gas."<sup>114</sup> Around the same time, Acron also sought to acquire a shareholding stake in the Três Lagoas fertilizer plant from its major owner, Brazilian state-owned Petrobras, but without success, which eventually undermined YPFB's own participation in the project.<sup>115</sup>

Argentina has also increased its agricultural trade with Russia. In the 2014-2015 period, the Argentinian government proactively sought to promote the expansion of the sale of farmers' goods to Russia signing agricultural trade agreements worth around \$2 billion. Many of these deals never materialized, and agricultural exports to Russia hover around \$450 million per year. Yet, over the last decade Russia became the second-largest market for Argentinian beef, exported primarily by firms with no license to sell to China, still the biggest export destination.<sup>116</sup> The devaluation of the Argentine peso in early 2002 made many Argentine goods highly competitive and attractive for Russian importers. This extended beyond groceries to various industrial and retail items, such as agricultural machinery, seamless steel pipes, clothing, footwear, cosmetics, medicines, medical devices, household and sports articles.

In addition, in 2019, a Memorandum was signed between the Agriculture Secretary, Luis Miguel Etchevehere, and Russia's Deputy Minister of Agriculture, Sergey Levin, establishing a permanent agreement in agricultural biotechnology and biosafety that allowed 25 Argentine fishing companies to enter the Russian market, adding to the 28 already authorized.<sup>117</sup> As the case of the Russian ban on the import of Ecuadorian bananas clearly showed, this type of exposure can be used skilfully by Russia to try to change the country's key foreign and strategy policy decisions, especially in a period when Russia tries to actively weaken the global unity behind the support for Ukraine.

Within the small bilateral trade between Russia and Venezuela, the purchase of fertilizers from Russia met 80% of the needs of the Venezuelan agricultural sector, after the decline of the Venezuelan petrochemical company Pequiven and the expropriation of the Spanish agricultural company Agroisleña.

## Offshore Finance for Russian Global Economic Integration

Latin America has seen a significant increase in capital inflows, driven by various factors such as globalization, economic liberalization, and the search for new investment opportunities. These capital inflows have played a crucial role in shaping the region's economic landscape, influencing growth, development, and financial stability. However, alongside these inflows, the role of offshore jurisdictions has become increasingly prominent.

<sup>114</sup> Reuters, "Bolivia strikes gas deal to supply Russian fertilizer giant in Brazil," July 12 2019.

<sup>115</sup> Pionatti, R., "Reativação da UFN3 awakens anxiety, expectation and sleep in three Lagoas," April 28, 2024.

<sup>116</sup> Instituto de Promoción de la Carne Vacuna, "La carne argentina pisa fuerte en Rusia," 2019.

<sup>117</sup> Transporte y Comercio Exterior, "Rusia habilitó la importación de 25 nuevas empresas pesqueras argentinas," May 7, 2018.

Offshore hubs, often characterized by favorable tax regimes, lenient regulations, and high levels of financial secrecy, have served as conduits for capital flows into and out of Latin America. They are typically located in regions such as the Caribbean and Central America, and have provided opportunities for investors and corporations to minimize tax liabilities, facilitate cross-border transactions, and protect assets from scrutiny or seizure. Entities registered in offshore destinations have acted as intermediaries for investments in sectors ranging from banking and finance to real estate and natural resources. However, the influx of capital through offshore channels has also raised concerns about corporate ownership transparency, accountability, and the potential for illicit financial activities.

Against this backdrop, understanding the dynamics of capital inflows and the role of offshore jurisdictions is essential for comprehending the patterns of the Russian economic influence in Latin America. This section explores the implications of these trends, particularly focusing on the vulnerabilities within the banking and offshore finance sectors to external influences, including those from Russian investment and capital.

#### **Box 7. Panama as a hub for registering ships linked to oil smuggling**

Even after years of sanctioning the sale of Venezuelan oil, leaked documents in 2022 revealed that PDVSA has continued selling crude illegally by using Russian trading intermediaries and over 200 vessels flying Panamanian and Malaysian flags with falsified documents and employing tactics to hide their geolocations. Among the fleet used by Venezuela are also 28 supertankers capable of transporting up to 2 million barrels per individual journey. Despite US sanctions, Venezuela have exported illicitly more than 360 million barrels of crude oil and refined products, constituting approximately two-thirds of its total exports.<sup>118</sup> Around  $\frac{3}{4}$  of this volume has been done by Russian entities, many of which have facilitated the transactions using Panamanian-flagged ships and shell companies.

The commodities boom in the 2000s has made Latin America extremely attractive as a destination for foreign direct investments. Most of the capital inflows went into large-scale projects for fossil fuel deployment and mineral resource extraction. Latin American governments have been seeking the capital necessary to develop their large potential for oil and gas production, while global energy majors have sought to diversify their portfolio away from regions with stronger geopolitical tensions such as the Middle East or Ukraine.

Although understanding the size and scope of the Russian capital movements as part of this surge in investment in Latin America is very difficult, it can be safely deduced that after the imposition of sanctions against Russia first after

<sup>118</sup> Parraga, M., and Saul J., “Exportaciones petroleras venezolanas fluyen con el uso de documentos falsos y barcos ligados a Irán,” Euronews, November 30, 2022.

the Crimean annexation in 2014 and then after the full-scale invasion in 2022, Russia has begun to diversify its investment portfolio away from Europe, and the Caribbean tax havens are becoming an effective alternative to the traditional Europe-based hubs.<sup>119</sup>

Russia has moved around \$1 trillion of wealth out of the country since 1991, and at least half of the funds have ended up in offshore jurisdictions or tax avoidance hubs including most prominently Cyprus, the British Virgin Islands, Netherlands, Luxembourg and Switzerland.<sup>120</sup> Studying the Russian capital flows in Europe-linked destinations has been easier as the investments are concentrated under the control of some of Russia's largest companies that operate their day-to-day business activities through these offshore entities. However, tracing Russian capital movements in Central America and Caribbean tax havens has been much more difficult due to the stricter financial secrecy laws and the opaque nature of many of the transactions.

While holding assets in offshore companies for international business purposes is not illegal, it can serve as a conduit for money laundering and organized crime activities. A notable example has been the case of a former PDVSA executive and ex-Venezuelan deputy minister, who were implicated in laundering embezzled funds through Banca Privada de Andorra, utilizing Panamanian firms to acquire luxury properties in the Caribbean. The OpenLux Project exposed a dozen cases linked to PDVSA, allegedly involving the siphoning of \$2 billion with untraceable whereabouts.<sup>121</sup> These schemes, highlighted by the Panama Papers and similar projects, underscore the challenge of identifying ultimate beneficial owners who remain concealed while moving capital globally. In the case of Panama, it is speculated that a secondary confidential registry holds such information.

The most recent case intertwining the Caribbean region with Russian illicit financial flows refers to the Paxum Bank which facilitated a \$8 million loan to Trump Media & Technology Group, the operator of Truth Social, a social media associated with former US President Donald Trump. Paxum Bank is registered in Dominica, and is linked to the Russian citizen, Anton Postolnikov, an apparent relation of Aleksandr Smirnov, an ally of Russian President Vladimir Putin, who worked for Putin's government until 2017 and now runs the Russian-controlled maritime company Rosmorport. The transactions have attracted scrutiny from the US Department of Justice (DOJ) over potential money laundering activities. The loan transaction seems suspicious also because the Paxum Bank's business interests are linked to the porn and sex trafficking industry.

<sup>119</sup> Since 2022, wealthy Russians have increased demand for Caribbean passports, as seen in Grenada with the lifting of the ban on Russian nationals under an investment program requiring a minimum of US\$150,000.

The Straits Times, "Wealthy Russians seen fuelling demand for Caribbean island's passport," November 12, 2022.

<sup>120</sup> The Washington Post, "Three dozen tycoons met Putin on invasion day. Most had moved money abroad," May 3, 2022.

<sup>121</sup> Lares, V., and Jaccard, N. (2021). *Trail of Venezuela's Stolen Billions Leads to Caribbean Luxury Properties*. (Organized Crime and Corruption Reporting Project, December 1, 2021).

**Box 8. Improving the governance of the financial system**

Panama, long known as a tax haven, has been striving to shed this reputation through a series of significant reforms aimed at increasing fiscal transparency and aligning with international standards.

Panama has implemented several measures to combat financial crimes, particularly focusing on money laundering and the financing of terrorism. In 2016, Panama eliminated banking secrecy for tax purposes, allowing the exchange of information with other countries under specific agreements. This reform has significantly aided investigations into money laundering and tax evasion.

To align with international efforts, Panama has adopted the standards set by the Financial Action Task Force (FATF). This includes implementing measures such as customer identification, background checks, and the reporting of suspicious transactions.

Additionally, Panama established specialized institutions to strengthen its financial oversight. The Financial Analysis Unit (UAF) was created to receive, analyze, and report financial information related to illicit activities. Furthermore, the Superintendency of Banks of Panama (Superbancos) was designated as the supervisory authority responsible for overseeing the financial system's compliance with anti-money laundering and counter-terrorism financing regulation.

Panama's commitment to reform continued with the enactment of Law 129 of 2020, which established a single registry for the ultimate beneficial owners of legal entities. This registry is designed to make it harder for individuals to hide behind anonymous corporate structures, thus increasing transparency. Following this, Law 254 of 2021 was introduced to further enhance international tax cooperation and meet the recommendations set by the FATF. This law strengthens the country's framework against money laundering and terrorist financing, key concerns for any jurisdiction seeking to clean up its financial image.

In addition, to combat tax evasion, Panama launched a Fiscal Transparency Project. This initiative aims to dismantle opaque financial structures that facilitate tax evasion and improve the overall transparency of the financial system. Despite its good intentions, the project has faced some criticism, especially regarding its implementation and effectiveness.

Panama has also signed multiple agreements to exchange tax information with various countries, aligning its practices with the standards set by the Organization for Economic Cooperation and Development (OECD). Additionally, the country has implemented the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, further demonstrating its commitment to international cooperation in tax matters.

Despite these efforts, Panama remains on several international tax haven lists, including the EU's one. The continued inclusion is primarily due to perceptions of insufficient implementation and enforcement of the new laws. Panama still exhibits behaviors typical of a tax haven, suggesting that there is still much work to be done in terms of effective law enforcement and regulatory oversight.

### Offshore Paradise

The most systematic attempt for investigating the role of Caribbean offshore tax jurisdictions has been a series of investigative reports by the ICIJ consortium of investigative journalism, which starting with the Panama Papers in 2016, began exposing how politicians and business leaders have used Caribbean tax havens to enable money laundering operations, hide the origin of their wealth and evade taxes.

The Panama Papers revealed 4,197 offshore-registered firms, connected to Russia in 58 jurisdictions, including Panama, the Bahamas, Belize, British Anguilla, the British Virgin Islands, and Uruguay. The Paradise Papers, published in 2017, shed light on another 46 Russia-linked offshore entities, all located in Caribbean tax havens; and the Pandora Papers, in 2021, revealed 44 offshore entities, most of which again with Caribbean jurisdiction.<sup>122</sup>

#### Box 9. Panama: an attractive offshore tax haven

Despite the size of its economy, Panama is a significant international banking, financial, and commercial hub. The country hosts more than 90 banks and financial institutions, around 50 of which are licensed to conduct international banking activities.

Panama's banking and financial system operates without a central bank or a monetary authority to regulate the money supply or determine the country's monetary and exchange rate policies. The absence of a central bank means there is no lender of last resort. While Panama has an official national currency, the balboa, it is only a unit of account and circulates in fractional denominations. In practice, the balboa is pegged to the U.S. dollar, which serves as the primary currency for all economic transactions in the country.

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<sup>122</sup> International Consortium of Investigative Journalists., "Offshore Leaks Database."

**Table 1. Structure of the Panama's Financial System at the end of 2022**

|                                          | Number of Institutions | Total Assets (\$ billion) | Share of Total Assets (%) | Share of GDP(%) |
|------------------------------------------|------------------------|---------------------------|---------------------------|-----------------|
| <b>Banks</b>                             | <b>56</b>              | <b>135.7</b>              | <b>90.1</b>               | <b>192</b>      |
| General license banks                    | 42                     | 119.4                     | 79.3                      | 169             |
| o/W State-owned                          | 2                      | 21                        | 1.4                       | 30              |
| o/W Domestically-owned                   | 13                     | 39                        | 25.8                      | 55              |
| o/W Foreign-owned                        | 27                     | 59.4                      | 39.5                      | 84              |
| International license banks              | 14                     | 16.3                      | 10.8                      | 23              |
| <b>Non-bank Financial Intermediaries</b> | <b>1,351</b>           | <b>14.8</b>               | <b>9.9</b>                | <b>20</b>       |
| Insurance and reinsurance                | 54                     | 3.6                       | 2.4                       | 5               |
| Securities companies and pension funds   | 179                    | 5.0                       | 3.3                       | 7               |
| Cooperatives                             | 536                    | 2.4                       | 1.6                       | 3               |
| Other financial entities                 | 582                    | 3.8                       | 2.5                       | 5               |
| <b>Total</b>                             | <b>1,407</b>           | <b>150.5</b>              | <b>100.0</b>              | <b>212</b>      |

Source: Superintendency of Banks of Panama (SBP).

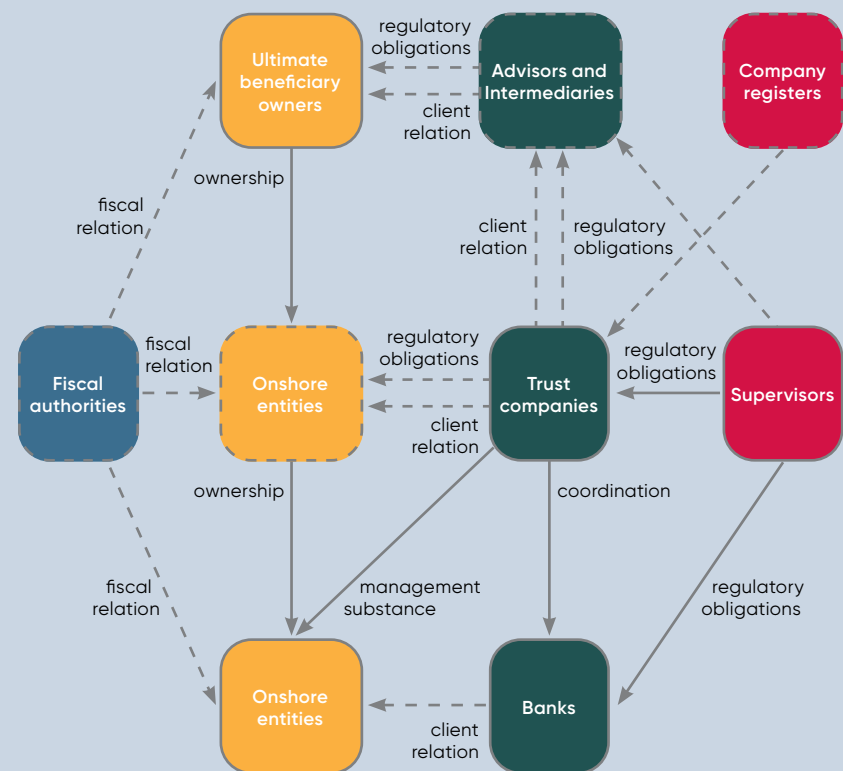
The oversight of the financial system is managed by the Financial Coordination Council (CCF). Panama's financial system includes commercial banks, development banks, housing savings and loan associations, securities firms, leasing companies, insurance companies, pension funds, and financial cooperatives. Each group of institutions has its own supervisory system, and the CCF coordinates the oversight of all these entities.

Panamanian legislation has been favorable to the establishment of companies, particularly those focused on commercial and financial services. These services are part of a broader logistics and service platform, where key roles are played by the Panama Canal, the Colon Free Zone, the ports of Colon and Balboa, 19 free zones (11 of which are concentrated in Panama and Colon), Panama's international airport, which serves as a hub with connections to major destinations across the Americas, and the extensive network of financial and commercial entities.

Panama's financial system has been meticulously engineered to serve as a tax haven, facilitating the concealment and transfer of illicit wealth for authoritarian figures and powerful leaders worldwide. The origins of this system date back to the early 20th century when Panama was established primarily to support the maritime industry by providing "flags of convenience." This allowed oil tankers and mineral ships to be registered in Panama, enabling companies to avoid hefty taxes by declaring profits in a jurisdiction that did not impose an income tax. Over time, this framework evolved into a sophisticated mechanism for laundering money, where profits from various industries, particularly oil and gas, could be legally concealed from tax authorities in the U.S. and Europe.

Unlike other tax havens, Panamanian International Business Companies (IBCs) can operate both inside and outside Panama while still enjoying tax exemption on foreign income.<sup>123</sup> This is because Panama uses a territorial tax system, so only income generated within Panama is subject to tax. However, all Panamanian IBCs must pay a yearly government license fee. In addition, Panama provides multinational clients innovative schemes for concealing the corporate ownership of the assets parked in the country. One of these strategies is the use of foundations. These act like trust structures with a separate legal identity, similar to a limited company. Foundations have a board but no shareholders. They can benefit charities, individuals, or specific causes. Panama allows easy foundation creation with a modern legal framework. A foundation is formed with a public charter (limited information required) and private regulations that detail beneficiaries and operations. This privacy is a key advantage, as foundations are not widely offered in other tax havens.

**Figure 12. Typical Offshore Corporate Management Structure**



**Source:** Role of advisors and intermediaries in the schemes revealed in the Panama Papers, Directorate-General for Internal Policies, European Commission<sup>124</sup>

<sup>123</sup> In 2016, Panama had 370,000 International Business Companies, the third largest number in the world after the British Virgin Islands and Hong Kong. Schjelderup, G., "How Panama Became a Tax Haven," NHH Bulletin, April 13, 2016.

<sup>124</sup> De Groen, W. P. (2017). *Role of advisors and intermediaries in the schemes revealed in the Panama Papers*. Study for the PANA Committee, Directorate-General for Internal Policies, European Commission

The process of incorporating a corporation in Panama begins with the drafting of the articles of incorporation. This document must be signed by at least two subscribers, who accept one share of the corporation, though they are not necessarily the final owners. In practice, it is common for the subscribers to be lawyers acting as resident agents, representing the true owners. Once the articles of incorporation are signed, the subscribers may renounce the shares they subscribed to or keep them temporarily for administrative reasons, as requested by the client. The articles are then registered with the Public Registry of Panama, formalizing the creation of the company.

To maintain a registered company in Panama, it is mandatory to have a resident agent, typically a lawyer or law firm. This agent handles legal formalities and maintains contact with Panamanian authorities. Additionally, companies must meet certain annual maintenance requirements, such as paying a commercial license fee and renewing their registrations.

One attractive feature of the Panamanian system is the flexibility in capital requirements. It is not necessary for the share capital to be available as liquid funds in a Panamanian bank account, which facilitates the incorporation process without the immediate need to mobilize funds. Additionally, Panamanian companies have the freedom to engage in any legal business, conduct international operations, and establish their offices anywhere in the world.

Panama takes the privacy of offshore clients seriously. The law guarantees confidentiality for information related to offshore trusts. Trustees, agents, and anyone involved in setting up a trust are legally obligated to keep this information secret. If they break this law, they could face criminal penalties. Similar confidentiality rules apply to foundations in Panama. Everyone involved in setting up a foundation (lawyers, members, agents, bankers) must keep the information private.

Panama should not be seen as the ultimate destination for the Russia-linked investment flows but as a conduit for rerouting money flows to other countries and as a haven for storing the proceeds from illicit economic activities through special purpose vehicles set up by firms, one of the most notorious being Mossack Fonseca.

The Panama Papers revealed how the Panama's financial sector has been used for these objectives by a number of influential Russian policy-makers and business owners. The leaked documents implicated several prominent Russian oligarchs and politicians in offshore dealings. Associates of Russian President Vladimir Putin were identified in the Panama Papers, suggesting connections to offshore companies and transactions. While the documents themselves did not necessarily prove wrongdoing, they raised questions

about potential conflicts of interest and the transparency of financial dealings among Putin's inner circle. Some of the offshore transactions involving Russian entities revealed in the Panama Papers raised suspicions of corruption. This included instances where offshore companies were allegedly used to facilitate bribery, money laundering, and other illicit activities.

#### Box 10. Caribbean Tax Havens as the Kremlin's Personal Treasuries

One of the revealed documents point to a \$103 million transaction, facilitated by Bank Rossiya, and executed by the Sandalwood Continental Limited, a company registered in the British Virgin Islands by Mossack Fonseca. It was one of many financial operations that pieces together how Sandalwood emerged as a pivotal entity within a network allegedly connected to Vladimir Putin. Oleg Gordin, purported owner of Sandalwood, maintained extensive lines of credit with the Russian Commercial Bank (RCB) in Cyprus, totaling nearly \$800 million.<sup>125</sup> Notably, significant loans were extended in 2009 (approximately \$600 million) and 2010 (at least \$350 million), raising questions due to the lack of collateral and regular payments associated with these transactions.<sup>126</sup> Sandalwood also transferred interest payment rights, amounting to millions of dollars, to various companies, including one linked to Sergey Roldugin, a renowned cellist and reputed godfather to Putin's eldest daughter. The company associated with Roldugin reportedly received \$1 for every \$8 million in interest payments, with Roldugin allegedly acting as a frontman within a broader network of individuals close to Putin, channeling at least \$2 billion through offshore entities.<sup>127</sup>

Bank Rossiya, regarded as Putin's bank, facilitated loans to Sandalwood that diverged from conventional banking norms, contributing to the establishment of an extensive offshore company network. These entities were utilized to transfer assets to Roldugin and conduct transactions through banks in Russia, Cyprus, and Switzerland. Notable figures implicated in the documents include Yuri Kovalchuk, a Putin confidant, and Arkady Rotenberg, a prominent Russian businessman and co-owner of Stroygazmontazh, the nation's largest pipeline and power plant construction firm. Both individuals were involved in the creation of offshore companies and the movement of finances across multiple jurisdictions.<sup>128</sup>

<sup>125</sup> Bernstein, J., et al., "All Putin's Men: Secret Records Reveal Money Network Tied to Russian Leader," International Consortium of Investigative Journalists, April 3, 2016.

<sup>126</sup> Ibid.

<sup>127</sup> Bernstein, J., et al., "Todos los hombres de Putin: la red de dinero 'offshore' conectada al presidente ruso," El Confidencial, April 3, 2016.

<sup>128</sup> Colás, X., "Vladimir Putin, implicado en los Papeles de Panamá," El Mundo, April 3, 2016.

## Roundtripping through Panama

In 2022, the “Panama Papers” database expanded, linking more than 11,000 entities to Russia.<sup>129</sup> Among the revelations were details regarding offshore companies owned by the influential Russian oligarch Gennady Timchenko, as well as the brothers Boris and Arkady Rotenberg, close associates of Putin. The Rotenbergs, who have built a multi-billion-dollar industrial and construction empire, were shown to have ties to offshore companies in the British Virgin Islands and Cyprus.<sup>130</sup> In addition, several of the Russian biggest banks used to operate through financial structures in Panama, including the following:

- **Sberbank**, Russia’s largest bank, has used offshore companies to invest in luxury properties in the United Kingdom and Cyprus.
- **Alfa Bank**, the biggest Russian private bank, has also employed offshore financial structures to conceal wealth.
- **VTB**, another state-owned bank, has been accused of using offshore companies for money laundering and tax evasion.
- **Gazprombank**, the financial arm of Gazprom, has been implicated in using offshore financial structures to hide assets.
- **VEB**, the foreign trade and investment bank of Russia, has also been accused of using offshore companies to conceal wealth.

Based on Russian corporate records searches, 726 Russian companies with Panamanian owners have been identified. 624 out of those were terminated between 2002 and 2024, with over 60% of the terminations happening during the period after 2016, when the Panama Papers were leaked. Notably, despite the leak and subsequent massive company registration terminations, there have been not a single related criminal case filed in Russia. Russia’s Prosecutor General’s office reportedly explained this with Panama’s unwillingness to cooperate.<sup>131</sup>

As of July 2024, there are 74 active companies operating in various industries but primarily in real estate (22), retail (12), maritime (9), and financial services (5). The majority of these companies are small-sized and have limited public profiles, but several are quite prominent, with links to Russian state-owned entities and oligarchs, as well as some Ukrainian nationals in exile, which shows that, despite the Panama Papers leak, Panama remains on Russia’s radar as a jurisdiction for hiding its businesses. What’s more, there is a multitude of Panamanian professional services firm that help Russians register their businesses in the offshore jurisdiction. For the 74 active Russian companies with Panamanian owners, there have been

<sup>129</sup> Sadek, N., et al., “ICIJ reveals more than 800 Russians behind secret companies in landmark expansion of public offshore database,” International Consortium of Investigative Journalists, April 11, 2022.

<sup>130</sup> Blum, P., Obermaier, F., and Obermayer B., “Panama Paper the secrets of hidden money. Putin’s rich friends,” Sueddeutsche Zeitung, November 7, 2017.

<sup>131</sup> Shleynov, R., “С Панама выдачи нет” (There is no extradition from Panama), Novaya Gazeta, May 28, 2019.

25 such professional services firms identified. The most frequently used agents included Cambra La Duke & Co. (11), Morgan y Morgan (8), Quijano y Asociados (7), and Shirley & Associates (6).

The largest Russian company with Panamanian ownership by assets is Publishing House AST LLC. As of December 31, 2023, it had RUB 10.3 billion (\$115 million) in assets. Since 2019, it has been sanctioned by Ukraine for producing publications of anti-Ukrainian content. More specifically, AST's major shareholders (with stakes greater than 10%) are Panama-based Promirex Corp. (24%), Seychelles-based International Commercial Company MRK Alliance SA Limited (24%), and Cyprus-based Pasilo Investments Limited (42%). Although no ultimate beneficial owners (UBOs) can be identified, according to Russian news media, in 2013, Publishing House AST LLC was acquired by competitor Publishing House Eksmo, whose owner is believed to be its co-founder Oleg Novikov, who has been on Ukraine's NSDC state register of sanctions since 2022.

The second largest company by assets is the Saratov-based independent oil production company Yukola-Neft LLC, with RUB 8.4 billion (\$95 million) of assets as of December 31, 2023, followed by Vladimir-based waterborne dispersions production company Akrilan LLC, with RUB 3.8 billion (\$43 million) of assets. Notably, Akrilan LLC is the portfolio company of the OFAC-sanctioned, Russian state-owned nanotechnology company Rusnano. According to Rusnano's most recent publicly available annual report, as of June 2019, Rusnano held a 70-percent stake in Akrilan LLC. However, as of July 2024, Russian corporate records list three shareholders for Akrilan LLC: Russia-based Vladakril LLC (69%), Belize-based Trimdon Management Ltd. (11%), and Panama-based Beleg International Investments Inc. (12%). Interestingly, Vladakril LLC is 99 percent-owned by Akrilan LLC, suggesting a circular ownership. It is likely that, behind these obscure ownership structures, Akrilan LLC remains majority-owned by Rusnano, in which case it should also be subjected to OFAC sanctions pursuant to the 50 percent rule.

Finding enough evidence to get Akrilan LLC sanctioned may be an insurmountable task, but it is much easier to identify companies operating in Russian-occupied territories of Ukraine that have complied and registered with Russian authorities. According to Russian corporate records, there are four such companies that have Panamanian shareholders and remain unsanctioned.

Donetsk-based retailer Legaplace LLC and real estate firm Biznes Donbassa LLC are majority-owned by Ukraine-based Fav-Ukraina LLC, in turn owned by the parents of Dmytro Volodimirovich Svyatash. According to Ukraine's *Ekonomichna Pravda*, in June 2024 the Kyiv City Prosecutor's Office sentenced Svyatash in absentia to 12 years in prison for justifying Russia's war against Ukraine in 2022 and fraud in the amount of UAH 2.2 billion (\$53 million) that dated back to 2008-2014 when Svyatash took on a \$50 million credit line to finance his businesses that assembled and sold cars from Russia but then failed to pay it back.<sup>132</sup> In addition, Svyatash has been under Ukraine's National

<sup>132</sup> Volokita, V., "Суд назначил 12 лет тюрьмы экс-надепу-«регионалу»" (Court sentences former „Regional” MP to 12 years in prison), *Epravda*, June 10, 2024.

Security and Defense Council's sanctions since November 2023.<sup>133</sup> The two Donetsk-based companies have the same minority shareholder, Panama-registered Firemark Resources Corp., whose registered agent is Cambra La Duke & Co. and whose UBO is unclear.

Apart from the abovementioned companies, there is also the Crimea-based non-alcoholic beverage and mineral water producer Crimeaecolife LLC, headed by Gennady Vitalyevich Rudenko, who was previously the head of the administration of the Nizhnegorsky District of Crimea. Panama-based Carina Commerce S.A. is the sole shareholder of the Crimean entity and has Midland Counselors as its registered agent. As of December 31, 2023, Crimeaecolife LLC's assets stood at RUB 141.4 million (\$1.6 million).

Trading House Oda LLC is another company based in Crimea. It is 75 percent-owned by Panama-registered Rich Sea Inc., whose registered agent is Lopez, Morales and Chiari and whose UBO is unclear. As of December 31, 2023, it had RUB 13.86 million (\$155,000) in assets. No other information related to Trading House Oda LLC was found.

In addition, Moscow-based real estate management firm Ananda LLC is 99 percent-owned by Panama-registered Nepal Industries Ltd. S.A. and 1 percent-owned by Olga Ellion, who, according to Russian news source Sobesednik.ru, is the niece of Ihor Kaletnik, the former head of the State Customs Service of Ukraine. He fled from Ukraine to Russia after then President Yanukovich was ousted in February 2014.<sup>134</sup> Panama-based Gerli & Co. has also served as a registered agent for Nepal Industries Ltd. S.A.

The above five companies are an example of how Ukrainian nationals have sided with Russia and have been using offshore companies to shield themselves from public scrutiny and potential sanctions.

Prominent Russian businessmen also make use of Panamanian companies to structure their companies.

Russian billionaire Samvel Karapetyan has an interest in Kaluga-based Bryansk Capital LLC via his Tashir Capital, which has reportedly been a long-time subcontractor of Gazprom. Bryansk Capital LLC's other shareholders include Panama-based Sakari Participation Inc. and Cyprus-based Stramendo Limited. The company had RUB 2.8 billion (\$32 million) in assets, as of December 31, 2023, and appears to be engaged in real estate activities.

There is also Yulia Vildanovna Yancheva, the widow of Pyotr Yanchev, former head of Balkar Trading (the biggest trader of Russian oil in the mid-1990s). Yancheva is now the CEO of Russia- and Switzerland-based oil trading company Dukkar Group, presumably having inherited her late husband's assets. Via Panama-based Dukkar Commodities S.A., Dukkar Group holds stakes in three Russian companies: Vaicount-Trust LLC, Septimouniversal

<sup>133</sup> Open Sanctions., "Dmitry Svyatash."

<sup>134</sup> Yezhov, S., "Соратник Януковича обеспечил семью пентхаусами в Москве и бизнесом в Лондоне" (Yanukovich's ally provided family with penthouses in Moscow and a business in London), Sobesednik, November 25, 2020.

LLC, and Splinter Service LLC, with total assets worth RUB 282.3 million (\$3 million).

#### Box 11. Russian direct footprint in Panama's fintech sector

Russia has been also trying to enter Panama's nascent but rapidly growing fintech sector via a local super-app Punto Pago, developed by a Russian national and invested in by several venture capital firms with links to the large Russian retail brokerage firm FINAM. Punto Pago is notable for its already 30% fintech market penetration in Panama and its clients including the country's major transportation companies such as Metro de Panama, Panapass, and Metrobus. Panama's fintech sector, however, remains largely unregulated, creating room not only for innovation, but also for potentially illicit activities.<sup>135</sup> With Panama developing into a digital hub, more Russians, who are known for strong backgrounds in IT, are considering a move to Panama. Punto Pago's founder Andrey Gorsky noted in one of his interviews that in the past few years, Punto Pago had been hiring increasingly new specialists coming from leading Russian and CIS IT companies.

Through its super-app, the company issues virtual debit and credit cards, offers buy-now-pay-later (BNPL) solutions, facilitates utility payments, and hosts an online marketplace for electronics, clothes, and other goods, with door-to-door delivery services. In addition, Punto Pago maintains and operates more than 1,290 physical kiosks, which function as payment and processing terminals, as well as charging stations.<sup>136,137</sup> Punto Pago primarily operates in Panama, although in recent years, it has expanded its services to include money transfers from Panama to Colombia, the Dominican Republic, and Nicaragua as an alternative to Western Union.<sup>138</sup> Punto Pago also appears to have kiosks in Colombia and certain unspecified operations in Costa Rica.

The management of the platform includes Andrey Gorsky, who is the company's founder and CEO. Board members are Alexey Garyunov, general partner at Palo Alto, California-based venture capital firm FinSight Ventures and former deputy CEO for investments at FINAM, and Victor Remsha, founder at FINAM and general partner at Finsight Ventures, as well as Roman Pavlushko, former CTO at the large Russian ad website Avito.<sup>139</sup>

<sup>135</sup> Vives, P., "The legal nothingness of fintech in Panama," Lexology, July 4, 2023.

<sup>136</sup> Punto Pago Inc.

<sup>137</sup> Financial Technology Partners., "FinTech CEO Interview: Punto Pago, Andrey Gorsky," August 7, 2023.

<sup>138</sup> Mastercard and Payments and Commerce Market Intelligence., "The future of remittances in Latin America: Digitalization, multiple rails, and the strategic role of partnerships," March 2024.

<sup>139</sup> Financial Technology Partners (n 139).

Gorsky reportedly moved to Panama in 2009. Having observed the lack of digitization in Panama and Latin America at large, he decided to develop a fintech solution in Costa Rica, Panama, and Colombia, but eventually focused on Panama due to the more developed investment community.<sup>140</sup> In a January 2024 interview with Russia's Forbes, Gorsky said that every month new specialists from leading Russian and CIS IT companies were coming to Punto Pago.

In 2023, Punto Pago had a 30% fintech market penetration in Panama, with 1.6 million monthly active users and 110 business clients. The company has 35 full-time employees. According to third-party corporate information aggregators, Punto Pago reported a revenue of \$3 million for an unspecified fiscal period. In January 2022, the company raised \$978,000 in funding from investors, including Broocknell Ventures, FinSight Ventures, Kichinvest, and SPC Smalls—all of which are indirectly linked to large Russian brokerage FINAM.<sup>141,142,143</sup> In June 2024, the startup network F6S ranked Punto Pago No. 13 among top 17 software companies and startups in Panama.<sup>144</sup>

Punto Pago is part of the Russian payment system Delta Telecom (dba DeltaPay), which had been controlled by FINAM since 2008 following a \$6 million investment.<sup>145</sup> Delta Telecom, however, does not appear to be operational since around 2020. Punto Pago has representative offices in Colombia and Costa Rica.<sup>146,147,148</sup> Punto Pago also partnered with Panama-based bitcoin wallet company Coinapult to allow Coinapult's customers to buy bitcoin at Punto Pago's kiosks around Colombia.<sup>149</sup> Punto Pago reportedly has 300 kiosks in Colombia.<sup>150</sup> This link with Coinapult is not the only Punto Pago's engagement in crypto. In 2018, Kryp Network, which makes cryptocurrency ATMs, reported that it had signed a letter of intent to cooperate with Punto Pago.<sup>151</sup> Kryp Network was co-founded by Ilya Shurygin, who is also the founder and CEO of US-based crypto ATM platform MultiATM.<sup>152</sup>

<sup>140</sup> Ibid.

<sup>141</sup> PitchBook, "Punto Pago."

<sup>142</sup> Tracxn, "Punto Pago company profile."

<sup>143</sup> RocketReach, "Punto Pago Information."

<sup>144</sup> F6S, "18 top Software companies and startups in Panama in September 2024," September 5, 2024.

<sup>145</sup> Rusyaeva, P., "Слишком маленькая «Дельта»" (Too small "Delta"), Kommersant, May 19, 2008.

<sup>146</sup> Kiosksoft, "PUNTO PAGO – лидер на рынке платежей Панама" (PUNTO PAGO – leader in the Panama payments market), March 29, 2017.

<sup>147</sup> Kiosksoft, "Delta Telecom."

<sup>148</sup> Comnews, "Финан" взял под контроль ООО "Дельта Телеком" (Finam took control of Delta Telecom LLC), April 25, 2008.

<sup>149</sup> Shares, D., "Coinapult partners with Punto Pago so you can buy bitcoin at 300 kiosks across Colombia," Bitcoin News, July 8, 2016.

<sup>150</sup> Asmakov, A., "Жители Колумбии смогут покупать биткойны в платежных терминалах" (Residents of Colombia Will Be Able to Buy Bitcoin at Payment Terminals, Forklog, July 11, 2016.

<sup>151</sup> KrypNet, "KrypNet has signed a letter of intent with Punto Pago Panama," Facebook Link, October 13, 2018.

<sup>152</sup> Ilya Shurygin (LinkedIn page).

Two Russian banks, Slavia and BGF Bank (aka Housing Finance Bank), have minority shareholders that are registered in Panama: Berson, S.A. (presumably owned by BGF Bank Chairman Yury Zhukov), Olexis Limited (presumably owned by Slavia Chairman Asad Mekhdiiev), and Victoria Falls Foundation (unclear UBO).

Boarding School Podmoskovnyi, originally founded by exiled Russian tycoon Mikhail Khodorkovsky in 1994 but then seized from him in 2006, currently has two shareholding entities based in the British Virgin Islands (BVI) and Panama, respectively. Their UBOs are unclear.

## Defense

Russia is the world's second-largest arms exporter, with India, China, and Egypt as its main markets. Kremlin's intergovernmental agreements with Latin American countries often include a military component, and the region has become a bigger market for Russian arms sales in the past 10 years. Russia has built upon its Soviet network of arms deals to reinvigorate the defense sector cooperation with the region. The strongest focus has been on the sale of arms to Venezuela, Cuba, Nicaragua and Bolivia, the group of countries, where Russia has also been most successful in expanding its political influence. The Kremlin has taken advantage of the anti-American rhetoric of these countries' governments to further undermine the U.S. political influence in the Western Hemisphere. Russia is seeking to present itself as a viable geopolitical alternative by reinvigorating existing defense and security ties bulwarmed by concrete deals for Russian arms and military equipment transfers.

The defense sector cooperation with Russia has been the strongest with Venezuela. Between 2001 and 2013, state company Rosoboronexport (the major entity that represents Russia in defence sales abroad) loaned Venezuela \$11 billion to buy Russian arms. Russia has provided combat helicopters, guided bombs, anti-ship missiles or ARM, transport helicopters, self-propelled guns and mortars, and anti-tank missiles, among other weapons.<sup>153</sup> Limited financial information on Rosoboronexport is available online. However, between 2001 and 2017, Rosoboronexport reportedly sold military equipment worth over \$10 billion to Latin America, which accounted for 9% of the company's total exports. Most of the exports to Latin America included aircraft and helicopters and related equipment.<sup>154</sup>

In 2006, Rosoboronexport agreed to also invest \$474 million in the construction of factories in Venezuela to produce Kalashnikovs, a deal that has never materialized but has raised concern that this is an elaborate money laundering scheme aiming to siphon funds to the Venezuelan military junta. Russia's military presence in Venezuela is complemented by the installation of S-300 air defense systems, the presence of at least 100 military instructors and technicians, and the presence of Wagner Group mercenaries in the country.<sup>155</sup>

<sup>153</sup> Boersner, A., and Haluani, M. *Domestic and international factors of the contemporary Russo-Venezuelan bilateral relationship*. (Wiley Online Library, August 17 2023).

<sup>154</sup> Interfax., "Рособоронэкспорт" за 16 лет продал Латинской Америке оружие на \$10 млрд" (Rosoboronexport Sold \$10 Billion in Weapons to Latin America in 16 Years), June 21, 2017.

<sup>155</sup> Thoene, U., et al (n 48).

The last identified Venezuela's defence purchase from Russia dates back to 2021, covering the purchase of Orlan-10 drones.

Despite the war in Ukraine where Russia has overstretched its military capabilities, Russia has continued to provide maintenance to military equipment previously acquired by Venezuela, offering military advisory services and establishing a pilot training center in the country.<sup>156</sup> The delivery of Russian weapons to Venezuela can now constitute a serious security threat to neighboring Guyana.<sup>157</sup> In the recent dispute over the Essequibo, the Maduro regime has showcased its military arsenal to bolster its claim over the disputed territory and threaten the country with war.<sup>158</sup> Russia and Venezuela signed two strategic agreements since the Russian invasion of Ukraine, which aim to strengthen military-technical cooperation and counter-intelligence ties.<sup>159</sup> Russia may be also trying to use the strategic defense alliance to tap into potential investment projects in partnership with the Venezuelan Minister of Defence, who has special powers in the states of Aragua, Bolívar, and Delta Amacuro to support domestic and foreign private investments in strategic and commercial projects that contribute to the strengthening of the military industry. One of the zones open to investments covers part of the area of the so-called Orinoco Mining Arc.<sup>160</sup>

Military cooperation between Russia and Bolivia has been a key focus in their bilateral relationship since the signing of the agreement in 2016, aiming to strengthen technical training and the exchange of experiences between military academies.<sup>161</sup> It is worth noting that recent military cooperation agreements between Bolivia and Russia have been carried out without prior knowledge of the Bolivian parliament and citizens. Forged through meetings and agreements between senior military officials of both countries, the details remain confidential.

Rostec, a defense and infrastructure contractor, has been trying to expand its exports of weapons and military equipment in Bolivia on the back of repeated statements by Morales expressing his intention to replace Western with Russian arms and technology. In 2009, the government began negotiations with Russia to buy 10 Mi-17 helicopters and signed later this year a \$100 million credit agreement with Russia to buy the helicopters.<sup>162</sup> Since 2018, the two countries have also been discussing a deal for transport helicopters and YAK 130 interceptors as part of Bolivia's "military recapitalization"

<sup>156</sup> Boersner, A., and Haluani, M. (n 156).

<sup>157</sup> Piatakov, A., "Russia and Latin America in the 21st Century A Difficult Rapprochement," French Institute of International Relations, July 2, 2020.

<sup>158</sup> Rueda, M., "Venezuela will hold military exercises off its shores as a British warship heads to Guyana," AP News, December 29, 2023.

<sup>159</sup> There were also reports about the establishment of a direct airlift between Russia and Venezuela using the Russian Air Force aircraft, and the constant technical and military support for internal and external espionage, especially in collaboration with the Aerospace Defense Command (CDA) of Venezuela, which is responsible for defensive aerospace missions and whose radars brought from Russia and China have strengthened command, control, communications, computers and intelligence systems to monitor Venezuela's border.

<sup>160</sup> Nederr, S., "Zonas Económicas buscan pescar inversión extranjera y más cancha para la FAN," TalCual Digital, January 19, 2021.

<sup>161</sup> Ministerio de Relaciones Exteriores de Bolivia., "Acuerdo de Cooperación Militar entre los Ministerios de Defensa de Bolivia y Rusia," September 6, 2016.

<sup>162</sup> Vaca, M., «Bolivia «es grande» para comprar armas,» BBC News Mundo, August 11, 2009.

program.<sup>163</sup> Even though the agreement has not been implemented yet, as late as July 2019, Morales reiterated his intention to obtain more Russian military aircraft during his meeting with Vladimir Putin in Moscow.<sup>164</sup>

Ecuador and Russia strengthened their alliance by signing several cooperation agreements in areas such as security, defense, and energy during Ecuadorian President Rafael Correa's visit to Moscow in 2009. The agreements included a \$22 million pact for Russia to supply Ecuador with two MI-17 transport helicopters.

The first two decades of the 21st century also saw the striking of a number of military cooperation agreements between Brazil and Russia, especially during the Lula and Bolsonaro governments. The ratification of a comprehensive defense deal between Russia and Brazil in 2017 seeks to modernize the Brazilian military arsenal and strengthen strategic collaboration between the two countries.<sup>165</sup> The technological and space cooperation between the two countries, particularly through collaboration between the Brazilian Space Agency and Russia's Roscosmos, has been the most important aspect of this defense cooperation. The partnership agreement gives Brazil access to the global satellite navigation system "GLONASS," which has raised national security concerns in the West, as GLONASS is under the direct control of the Russian Aerospace Defense Forces. Brazil also signed a contract for the delivery of Russian helicopters and has tried to acquire the Pantsir Russian anti-aircraft missile system since at least 2013.

Russia expressed interest in selling arms to Argentina in 2010 but the government in Buenos Aires rejected most of the Russian proposals apart from a deal to buy two MI-17 helicopters. During the tenure of President Alberto Fernandez<sup>166</sup>, Russia also offered Argentina 12 MiG-35 fighter jets intended for the Air Force, as well as the construction of a facility for aircraft maintenance and pilot training. However, the Argentinian government of the newly-elected President Milei chose in March 2024 to strike a deal with Denmark for the purchase of 24 U.S.-made F-16 fighter jets.

## Transportation and Infrastructure

The Russian corporate presence in the automotive, infrastructure, and transportation sectors of Latin America is characterized by ambitious projects and strategic partnerships that often falter due to economic, geopolitical, and logistical hurdles. While there have been isolated instances of success, such as the establishment of UAZ's operations across multiple countries, the

<sup>163</sup> Gurganus, J., «Russia: Playing a Geopolitical Game in Latin America,» Carnegie Endowment for International Peace, May 3, 2018.

<sup>164</sup> Hernández, C., «Morales ratifica el interés de Bolivia en comprar helicópteros rusos,» InfoDefensa, July 16, 2019.

<sup>165</sup> Bridi, C., "Brazil's military cooperation deal with Russia is a lesson in bad timing," The Brazilian Report, September 4, 2023.

<sup>166</sup> In 2021, the Defense Ministries of both countries agreed to admit Argentine military personnel to Russian training institutions. However, once Milei got into power, he announced that this agreement would not be implemented, although it would not be revoked either, remaining legally in force to avoid a conflict due to non-compliance. The presence of four Military Attachés at the Russian Embassy in Buenos Aires, as official representatives of the Ministry of Defense of the Russian Federation, marks the geographical relevance of Argentina as a gateway to Antarctica.

broader trend suggests that Russian companies face significant challenges in sustaining and expanding their presence in the region.

In 2018, Russian President Vladimir Putin announced that Russian Railways was prepared to support the construction of a 700-kilometer railway to connect Argentina's Vaca Muerta oil field with the port of Bahía Blanca, a project that was expected to enhance export routes for Argentina's energy sector. Despite the initial announcement, Russian Railways did not participate in the project, and by 2021, Argentina had moved forward with the China Machinery Engineering Corporation (CMEC) for a similar initiative. This project was approved in July 2022, and construction commenced in August 2023, marking a significant setback for Russia's ambitions in the region.

Similarly, Russia's involvement in Argentina's railway sector through TMH International, a subsidiary of Transmashholding, illustrates both the potential and pitfalls of trying to expand Russia's presence in the country's transportation sector. In 2018, TMH was granted railway workshops in Mechita, Buenos Aires province, with an initial investment plan of €170 million and the promise to create 1,200 jobs. However, the actual investment was significantly lower, at only \$3 million, and TMH faced substantial financial difficulties, including unpaid debts. By 2023, TMH had sold its concession to an Argentine investment group, CaleGroup, and exited the market, leaving behind a struggling operation. The Argentine Ministry of Transport's subsequent pause on a contract awarded to TMH for the supply of 70 AC electric trains further underscored the challenges faced by Russian companies in sustaining long-term investments in Latin America.

Beyond Argentina, Russia has also explored opportunities in Bolivia. Russian heavy transportation companies, including Kamaz, UAZ, and GAZ, have been involved in discussions to supply mining vehicles and promote gas-fueled heavy-duty vehicles, with proposals even including the development of a gas-powered vehicle assembly plant. Additionally, the Russian conglomerate Rostec, in partnership with the Italian holding company Azimut, applied for a tender to construct an international transportation hub at Bolivia's Viru Viru airport. Despite these efforts, none of these projects have come to fruition, highlighting the difficulty of translating strategic partnerships into tangible outcomes.

Kamaz, UAZ, GAZ, and AvtoVAZ began entering the region primarily in the mid-2010s, focusing on sales and distribution in countries like Cuba and Venezuela. While these companies have established some presence, particularly UAZ, which operates in 11 Latin American countries, including Mexico, Chile, and Bolivia, their overall market share remains small. High tariffs, stringent environmental regulations, and intense competition pose significant barriers to deeper market penetration. Moreover, Russia's invasion of Ukraine has disrupted the automotive sector, leading to increased challenges in expanding exports. For example, AvtoVAZ's request in November 2023 for the Russian government to cover 100% of transportation costs reflects ongoing difficulties in establishing a sustainable presence in foreign markets.

Despite these challenges, Russian automotive companies continue to explore opportunities to expand their influence in Latin America. The Russian

government has used these companies as symbols of national economic strength and innovation, particularly within the framework of its military-industrial complex. Initiatives like Deputy Head of the Russian Ministry of Industry and Trade Aleksei Gruzdev's 2023 announcement of potential cooperation in joint automobile and helicopter construction underscore Russia's strategic interest in leveraging its automotive industry to strengthen ties with Latin America. However, the success of these efforts remains uncertain, as they depend heavily on government subsidies, trade agreements, and overcoming significant logistical and regulatory hurdles.

## ELITE CAPTURE

The economic influence, which often underpins the Russian strategy as the product of the confluence of oligarchic and political interests, is amplified by a number of sharp power instruments. These include the use of targeted disinformation campaigns, the financing of civil society and cultural organizations aiming to change the public discourse in Russia's strategic favor and the coopting of political movements that could become intermediaries to ruling elites. The success of sharp power instruments relies heavily on the cooperation of local enablers—key figures who can become instruments of the Kremlin's agenda.

Latin America has proven to be a fertile ground for Kremlin-backed influence operations. Russia has expanded its diplomatic missions in different countries and transformed them in platforms for political propaganda. Russian diplomatic activities have aimed to strengthen the ties between Kremlin and between Kremlin-linked intermediaries and high-ranking government officials. At the same time, the proliferation of Russian digital media outlets like RT (Russia Today), Sputnik, and numerous pro-Russian social media accounts on Telegram, X, and TikTok facilitate the spread of fake and propaganda narratives that feed on widespread social sentiments linked to anti-colonialism, anti-imperialism and anti-Americanism.

Compared to the Soviet Union, however, Russia's soft power is based less on the ideological premise that the Communist system is more advanced than the Western-based capitalist international order, and more on cultural and historical narratives. The success of the Russian soft power operations in Latin America is doubtful. Yet, Russia portrays itself as a guardian of oppressed peoples that are seeking to reject "the exploitation" of the West, which is "only after the region's natural resources". But the end result is that few people in Latin America embrace Russia as a role model to be emulated. There is neither appeal to emigrate to Russia, nor there is more than a limited penetration of Russian culture in the region. However, Russia is known for low-cost, high-impact influence operations, which are linked more to local intermediaries with close ties to the government, rather than all-round impact on the local society.<sup>167,168,169</sup>

In addition, Russia has deployed a subtler approach to influencing the public discourse such as engaging with elements of academia and cultural institutions that can become useful transmitters of a sanitized view of Russian political ideologies and values. Bilateral political cooperation in the form of joint parliamentary assemblies, international party fora and other direct political exchanges with parties in the region aim to convince political elites in

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<sup>167</sup> Volodin, V., Rozhkova, L., Salnikova, O. (2017). *"Soft power" in the world community and Russia's foreign policy*. (Pravo i Upravlenie. XXI Vek. Moscow State Institute of International Relations).

<sup>168</sup> Zubets, A. *Rossotrudnichestvu novoe nazvanie ne pomozhet*. Vedomosti. December 6, 2020.

<sup>169</sup> Farah, D., and Ortiz, R., *"Russian Influence Campaigns in Latin America,"* United Institute of Peace. October 17, 2023.

Latin America to embrace an alternative Kremlin-inspired governance model. Last but not least, the Kremlin skillfully took advantage of the COVID-19 pandemics to improve its popular perception among people in the region by providing inexpensive SPUTNIK vaccines to governments, which in turn offered Russia a more visible political presence and the opportunity for strengthening bilateral ties in other strategic areas.

## Political Amplifiers

Supporting local enablers and political movements that align with its interests is a key component of Russia's sharp power strategy in Latin America. By fostering relationships with sympathetic political actors and movements, Russia aims to create a network of local intermediaries who can facilitate its influence and promote its geopolitical agenda. Russia's support for local enablers often involves providing financial assistance, strategic advisory services, and media support. The latter is typically directed towards leftist and anti-Western political parties and movements that share Russia's opposition to U.S. influence and neoliberal policies. In some cases, Russia has also offered training and capacity-building programs to strengthen the organizational capabilities of these groups.

Historically, the political relationship between Russia and Latin America has often been framed around the promotion of leftist ideologies and revolutionary movements.<sup>170</sup> Already during the Soviet Union, there was consistent Russian political and military support for movements, some armed, seeking to establish a socialist government. Examples include Fidel Castro's Cuba, Nicaragua's Sandinistas, and various other Communist parties across the region. However, the "two-track policy" employed by the USSR—state-to-state relations alongside support and solidarity for revolutionary and local Communist outfits yielded limited success.<sup>171</sup> Under Nikita Khrushchev, the ideology of the Soviet "revolutionary internationalism" took shape, promoting narratives of anti-Americanism, economic nationalism, and the need for reformist policies.

During the Cold War, the Kremlin capitalized on the historical context to portray itself in Latin America as a "friend of oppressed peoples" opposing "imperialism." It advocated for "self-determination" and "peaceful coexistence" with the West. This image, continuously reinforced through cultural and academic ties, persists even today. However, the notion of a complete ideological alignment between the Kremlin and the Latin America's leftist movements represents an incomplete picture. Russia's reputation for aligning with authoritarian regimes across the political spectrum underlines the opportunistic nature of its political engagement in the region whereas the Kremlin exploits ideological rifts in the policy space to gain a foothold in the countries' strategic decision-making process.

One notable example of this strategy is Russia's engagement with political movements in Venezuela. During the Venezuelan economic crisis, Russia provided extensive support to the Maduro regime, not only through

<sup>170</sup> Domínguez, F. (2018). *The sui generis Impact of the Russian Revolution on Latin America*. (Journal of Global Faultlines, Vol. 4, No. 2, pp. 123-137).

<sup>171</sup> Domínguez, E. (ed). (1995). *The Soviet Union's Latin American Policy*. (Goteborg Universiteit).

diplomatic backing and economic aid but also by promoting pro-government narratives in its media outlets. This support was instrumental in bolstering the regime's resilience against domestic opposition and international pressure.

Between 2021 and July 2024, Venezuela and Russia held 35 meetings, including 17 in each country and one in Turkey, mainly aimed at strengthening bilateral cooperation, sovereignty, and defense against "color revolutions," as well as discussing Venezuela's potential BRICS membership. In June 2024, they signed a memorandum to counteract sanctions with shared strategies and coordinated actions. Venezuelan Socialist Party (PSUV) deputies participated in the Russia-Latin America Conference and the World Youth Festival, highlighting further agreements. Russia expressed a conditional stance on Venezuela's BRICS entry, dependent on the July 28 elections, after which Venezuelan Ambassador announced an invitation to the October 2024 BRICS summit. During Venezuela's electoral campaign, Maduro emphasized alliances with Russia and China, despite numerous reported voting irregularities. Maduro's victory was recognized by Russia, China, and other allied nations, with Putin stressing upon the need for continued cooperation. Maduro also announced a commission, supported by Russia and China, to evaluate the preparedness of the electoral system amid claims of massive cyberattacks.

Similarly, in Bolivia, Russia has cultivated ties with leftist political movements that emerged during the presidency of Evo Morales. The alignment of Russia with Morales' government, which often positioned itself against U.S. policies in the region, facilitated cooperation in areas such as energy and defense. Even after Morales' departure, Russia has continued to engage with Bolivian political actors who are sympathetic to its geopolitical stance, seeking to maintain Russia's influence in the country. In October 2023, a Bolivian legislative delegation, including members from both factions of the ruling MAS party, participated in the Russia-Latin America Parliamentary Conference in Moscow, led by Senate President Andrónico Rodríguez. They emphasized Bolivia's commitment to a multipolar world and agreed to form a Bolivia-Russia Parliamentary Friendship Group. In November 2023, the League of Friendship and Cooperation Bolivia-Russia was created, highlighting cooperation in nuclear energy and lithium industrialization. Despite international sanctions, Bolivia and Russia pursued agreements on hydrocarbons, agriculture, and education. Key figures like Andrónico Rodríguez and Rolando Cuéllar have been instrumental in promoting Bolivia's inclusion in BRICS and advancing bilateral relations. The visit of President Luis Arce to Russia in 2024 further solidified these ties, reflecting a strategic partnership despite the internal political dynamics within Bolivia.

Russia built strong ties also with many of the other left-wing leaders of the region, who have been espousing anti-American and anti-capitalist rhetoric in their political ideology including Evo Néstor and Cristina Kirchner (Argentina), Rafael Correa (Ecuador), and Fidel and Raúl Castro (Cuba). The long-standing relationship between Brazilian President Lula da Silva and President Putin has fostered the development of a number of joint, bilateral cooperation mechanisms as part of the BRICS, a platform that has aimed to position both countries as part of an alternative to the Western-dominated international order. The strong political ties between the two countries have been buttressed by the Russian-Brazilian Chamber, which has been

facilitating the growth in business, investment and trade ties. The activities of the organization are closely coordinated with both the Russian and Brazilian governments, and are used as a way to prepare the BRICS Summit Meetings, as well as the BRICS Business Council.

#### Box 12. Russia's waning political influence in Argentina

The political shift in Argentina led to many Kirchnerist officials, who had maintained strong ties with Russia even after the Ukraine invasion, to be replaced. Diplomatic relations have notably declined, especially since Javier Milei became president. Despite this, Russia still has avenues to influence Argentine politics and public opinion. Key figures, both current and former officials, have been involved in fostering Argentine-Russian relations, including former ambassadors and ministers. A new Parliamentary Friendship Group with Russia, chaired by Marcela Pagano of Milei's party, was formed in 2024. This group aims to promote cultural and parliamentary exchanges, despite Milei's pro-Ukraine stance. Notably, most pro-Russian connections are still alive and well among Peronist politicians, including among those that have condemned the Russian invasion of Ukraine.

The Kremlin espoused to develop a more formal engagement mode with these governments through cooperation with the ALBA Group. The intergovernmental organization has aimed to strengthen unity and self-determination among its members, including Cuba, Venezuela, Bolivia, Nicaragua, Dominica, Antigua and Barbuda, Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines.<sup>172</sup> ALBA's main stated objective is to oppose foreign interference and to align geopolitical stances of the alliance's members. Russia cooperates closely with ALBA, trying to further fuel anti-colonial sentiments and present itself as a viable alternative geopolitical partner. At the same time, this informal partnership provides Russia with validation of its "perceived" outsized geopolitical weight in Latin America. In 2020, ALBA approved the Post-Pandemic Work Plan 2021, which has further strengthened the alliance's relationship with Russia and has enhanced regional coordination.<sup>173</sup>

The Russian invasion in Ukraine ushered Russia into a new charm offensive in Latin America aiming to gain more support from governments in the region in order to prevent the country's increasing diplomatic isolation. The 2023 First Russia-Latin America Parliamentary Conference, convening over 200 attendees in Moscow, laid the groundwork for strengthening bilateral and bloc relations. Russia positioned itself as a pillar for a new multipolar world order, seeking common ground with Latin America on perceived shared concerns. As a result, Russia has become a permanent observer of the Central American Parliament (PARLACEN) and entered into cooperation agreements

<sup>172</sup> Observer members: Haiti, Iran and Syria.

<sup>173</sup> ALBA-TCP. [Plan de trabajo post pandemia 2021](#).

## Weaponizing everything

with the National Congress of Honduras and the National Assembly of Venezuela.<sup>174,175,176</sup> Russian State Duma Chairman Viacheslav Volodin proposed holding the Russia-Latin America Parliamentary Conference every year.<sup>177</sup>

The strategic deployment of sharp power<sup>178</sup> by Russia in Latin America highlights a combination of disinformation campaigns through state-controlled media outlets like Russia Today (RT) and Sputnik, alongside the use of social media bots and local amplifiers, cultural engagements, and political manipulations, all tailored to the unique socio-political landscapes of Latin American countries. This approach is designed to manipulate public perception, undermine trust in Western institutions, and foster anti-American sentiments. The adaptability of these disinformation tactics to regional contexts has proven effective in shaping public discourse and influencing electoral outcomes in favor of Russian interests.

High-profile diplomatic visits and the expansion of Russian diplomatic missions serve as platforms for political propaganda and strengthening bilateral ties. Additionally, Russia's distribution of Sputnik V vaccines during the COVID-19 pandemic exemplifies its use of humanitarian aid as a tool to enhance its political presence and build goodwill in the region.

Despite these efforts, the effectiveness of Russia's soft power in Latin America remains questionable. While the Kremlin portrays itself as a champion of anti-colonialism and anti-imperialism, the cultural and ideological appeal of Russia is limited. Few in Latin America view Russia as a model to emulate, and the penetration of Russian culture remains minimal. This contrasts sharply with the soft power appeal of the West, which is closely associated with human and civil liberties, quality of life, and cultural affinities. As such, the resilience of Western alliances and the promotion of democratic values in Latin America are crucial to countering the Kremlin's sharp power tactics and safeguarding regional stability.

<sup>174</sup> The State Duma., "Viacheslav Volodin i Amado Serrud Acevedo signed na agreement granting the State Duma na observer status at the PARLACEN," October 2, 2023.

<sup>175</sup> The State Duma., "Zavershilos plenarnoe zasedanie Mezhdunarodnoi parlamentskoi konferentsii "Rossiia – Latinskaia Amerika," October 2, 2023.

<sup>176</sup> Viacheslav Volodin: mezhparlamentskoe sotrudnichestvo Rossii i Venesuely vykhodit na novyi uroven. Russian State Duma. September 30, 2023.

<sup>177</sup> The State Duma., "Viacheslav Volodin predlozhil provodit parlamentskuiu konferentsiiu "Rossii – Latinskaia Amerika" ezhegodno," October 2, 2023.

<sup>178</sup> Sharp power definition: Sharp power refers to the aggressive and malign tactics employed by authoritarian regimes to assert their influence and control beyond their borders. Unlike soft power, which relies on attraction and persuasion, sharp power operates through coercion, censorship, and the manipulation of information (mainly media capture) to project the values and interests of the authoritarian system. This term encapsulates the forceful imposition of authoritarian values, such as the consolidation of power, strict control mechanisms, and the suppression of dissent. Victims of sharp power tactics are not merely passive audiences but rather individuals and societies subjected to the detrimental effects of authoritarian influence. Through sharp power, regimes seek to undermine democratic principles, weaken institutions, and exploit vulnerabilities in other nations, ultimately threatening global stability and freedom. See Walker, C and Ludwig, J. *From 'Soft Power' to 'Sharp Power': Rising Authoritarian Influence in the Democratic World*. In: *Sharp Power: Raising authoritarian influence*. National Endowment for Democracy. 2017.

## The Kremlin's Disinformation Offensive in Latin America

The Russian propaganda machine wields a multi-pronged approach, encompassing the use of state-owned media (Russia Today, Sputnik), social media bots and trolls, and local amplifiers in the form of media outlets translating and disseminating the Russian-linked narratives to a broader domestic public. The effectiveness of this strategy hinges on its adaptability—tailoring tactics to regional contexts to influence events like elections, foreign policy, decisions in strategic economic sectors. The disinformation campaigns aim to erode trust in Western values and alliances by establishing narratives built on falsehoods.<sup>179</sup>

In November 2023, the US Department of State issued an assessment revealing that Russia has developed a covert plan to disrupt Latin America through a series of disinformation campaigns.<sup>180</sup> The blueprint involved an editorial group, positioned in Chile, comprising of local journalists and opinion leaders, tasked with reviewing, editing, and ultimately disseminating pro-Kremlin content in regional media outlets. The content would be pre-produced and translated by a dedicated team in Russia under the auspices of the Social Design Agency (SDA), Structura<sup>181</sup>, and the Institute for Internet Development.<sup>182</sup> This “influence-for-hire” model capitalizes on the Kremlin’s long-term experience in exploiting open information environments, and a well-established track record of developing propaganda messages that are implanted in foreign public discourses.

At the same time, RT and Sputnik have established robust operations in Latin America, leveraging both traditional and digital media platforms to reach a wide audience. These media outlets present themselves as alternatives to Western media, often highlighting themes of anti-imperialism and anti-Americanism, which resonate with historical and contemporary sentiments in the region. While news programs may appear objective, a distinct ideological bias becomes evident. Issues sensitive to the Kremlin, such as opposition leader Alexei Navalny’s imprisonment and death, Russia’s military actions in Ukraine, or domestic dissent, are conspicuously absent from the RT coverage in Spanish. RT’s editorial control resides in Moscow, with representative offices in Havana, Buenos Aires, and Caracas. Editorial content is dynamic, adapting to current events and regional priorities dictated by the Russian

<sup>179</sup> Soares, F., Gruz, A., and Mai, P. (2023). *Falling for Russian Propaganda: Understanding the Factors that Contribute to Belief in Pro-Kremlin Disinformation on Social Media*. Social Media + Society, 9(4), December 22, 2023.

<sup>180</sup> U.S. Department of State., “The Kremlin’s Efforts to Covertly Spread Disinformation in Latin America,” November 7, 2023.

<sup>181</sup> “SDA and Structura National Technologies are Russian IT companies closely linked to Russian political power. Since 2022, they have been involved in the Russian-led digital disinformation campaign “RRN” (Recent Reliable News) aiming at manipulating information and sharing disinformation in support of the Russian war of aggression against Ukraine. SDA and Structura National Technologies have been identified as a key actor of the campaign, responsible for the creation of fake websites impersonating government organisations and legitimate media in Europe (primarily Germany, France, Italy, Ukraine and the United Kingdom) and for boosting the pro-Russian “RRN” campaign on social media”. Open Sanctions., “Swiss SECO Sanctions/Embargoes.”

<sup>182</sup> The Institute for Internet Development (IRI) is a Russian organization focused on enhancing the internet sector and digital economy. It operates under the direct support and command of President Vladimir Putin, aiming to drive technological innovation and infrastructure development. Find more in: Tadviser., “Institute for Internet Development (IRI).”

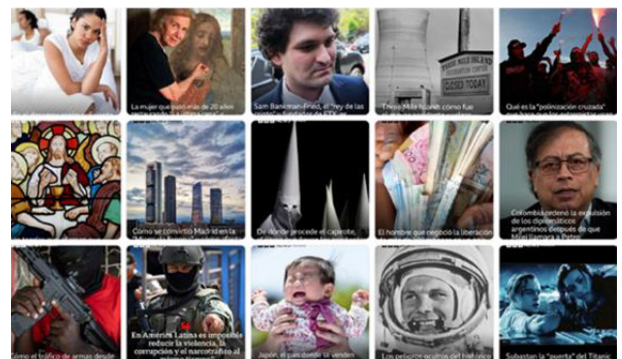
strategic objectives. By emphasizing stories that criticize U.S. policies and highlight Western double standards, they aim to erode trust in Western institutions and narratives.

**Figure 13. Visual content shared by Actualidad RT, México RT, BBC News Mundo, and CNN en Español on Facebook**

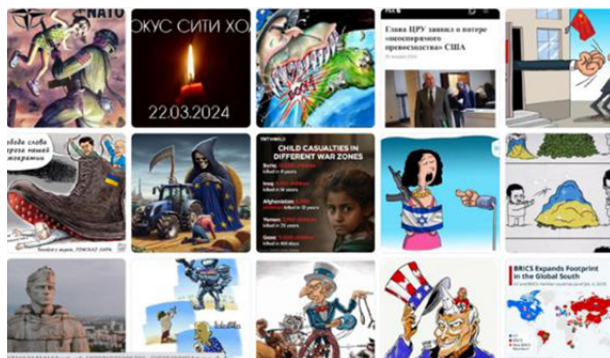
#### Actualidad RT



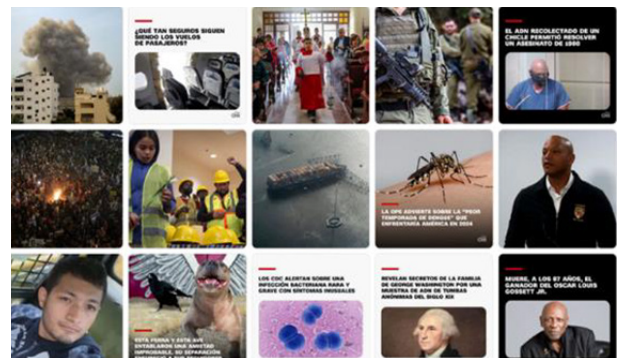
#### BBC News Mundo



#### México RT



#### CNN en Español



Source: CSD.

RT content is available in various formats. Some channels purchase specific programs for rebroadcast, while others, like Argentina, Cuba, Bolivia, and Venezuela, offer free-to-air or Digital Terrestrial Television (DTT) access based on agreements with respective governments (e.g., the 2014 agreement between Argentina's then-President Cristina Fernández de Kirchner and Vladimir Putin). In Argentina, where DTT reaches over 80 percent of the population, publicly available information suggests no compensation is paid to the government for RT's inclusion in the public broadcast package.<sup>183</sup> In 2016, the Macri administration attempted to suspend RT's broadcast on TDA, but Russian threats to withdraw significant funding for a major dam project in Neuquén forced Macri to reverse this decision, although the promised funds never materialized.

While the 2024 Milei government suspended the Telesur network from TDA, no changes have been announced for RT. Additionally, since September 2022,

<sup>183</sup> Villarino, A., Iriarte, D., "RT en español, la fábrica de noticias de Putin para que odies a Occidente," El Confidencial, January 15, 2017.

the radio program Pax Russika has aired on Radio Rebelde, owned by Luis D'Elía, a politician with ties to Peronism and Iran. Hosted by Silvana Jarmoluk and Néstor Piccone, the show strongly supports Russian propaganda and often features Russian diplomats, journalists, and analysts, serving as a primary voice for Moscow in Argentina.

Actualidad RT (RT en Español) serves as one of the main mediums for the dissemination of information by Russian embassies and diplomats in Latin America. At the same time, Russia's diplomatic missions actively promote the Russian government's position expressed through RT content and other Russian media outlets.<sup>184</sup> Russian diplomats have become increasingly more vocal in challenging the domestic support in their host countries for Ukraine.<sup>185</sup>

In the digital age, Spanish speakers represent a significant demographic group, comprising an estimated 7.5% of the global population—roughly 600 million people.<sup>186</sup> They are also the most active media consumers worldwide, spending more time on social networks, messaging apps, and streaming platforms across various devices.<sup>187</sup> This reality has not escaped the Kremlin's attention. Russian state-owned propaganda outlets utilize extensively social media to amplify their reach. Platforms like Telegram, Facebook, and X (formerly Twitter) are used to disseminate content, often employing memes, videos, and sensationalist headlines to attract attention and provoke emotional responses. This approach not only broadens their audience but also engages younger demographics that are more active on social media and may be more susceptible to alternative narratives.

Although Actualidad RT boasts significant social media presence, with over 3.5 million followers on X (formerly Twitter), the authenticity of this audience is questionable as the media's content is regularly shared by bots. In comparison, Western news outlets like CNN en Español (22.4 million followers) and BBC Mundo (5 million followers) enjoy a demonstrably larger and more organic following on X.

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<sup>184</sup> Ponce de León, E., "RT and Sputnik in Spanish boosted by Russian embassy tweets and suspicious accounts," DRFLab, March 17, 2022.

<sup>185</sup> Solar, C., "Moscow's Other Offensive: Russian Public Diplomacy in Latin America," RUSI, March 19, 2024.

<sup>186</sup> Morales, M., "El español suma 600 millones de hablantes en el mundo con un crecimiento cada vez más lento," El País, October 30, 2023.

<sup>187</sup> Insider Intelligence Analysts., "The Global Media Intelligence Report 2023. A Reference Guide to Consumers' Media Use in 47 Markets," Emarketer, October 30, 2023.

Table 2. Selected RT political propaganda programming in Latin America

| Name in Spanish        | Name in English            | Type of content                                                               | Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Key person                                  |
|------------------------|----------------------------|-------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Ahí les va!            | <i>Here you have it!</i>   | Political satire                                                              | Uses counterbalancing arguments to portray Western „hypocrisy“ as worse than Russia’s actions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Mirko Casale (Argentinian)                  |
| Cartas sobre la mesa   | <i>Cards on the table</i>  | Round table debate                                                            | Discusses current affairs in Latin America, focusing on a different country each month.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Luis Castro (Venezuelan-British)            |
| Conversando con Correa | <i>Talking with Correa</i> | Political talk show                                                           | Features guests aligned with former Ecuadorian President Rafael Correa, including: Vinicio Cerezo (former Guatemalan president), Ernesto Samper (former Colombian president), Manuel Zelaya (former Honduran president), Evo Morales (former Bolivian president), Nicolás Maduro (Venezuelan president), Cristina Fernández de Kirchner (former Argentine president), Alicia Bárcena (ECLAC executive secretary), Delcy Rodríguez (Venezuelan vice president), Roger Waters (Pink Floyd co-founder), Rigoberta Menchú (Nobel Peace Prize laureate 1992), Carles Puigdemont (former Catalan president), Gustavo Petro (Colombian president). | Rafael Correa (former President of Ecuador) |
| Documentales           | <i>Documentaries</i>       | Documentaries                                                                 | Focuses on themes like Russia’s greatness, heroism in war, Western weaknesses, and criticisms of the West’s historical actions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | RT production                               |
| El Zoom                | <i>Zoom</i>                | Deep analysis and research on geopolitical and economic international issues. | Presents arguments on geopolitical and economic issues, attempting to sway viewers with „evidence and opinions.“ Some recent topics include Joe Biden corruption case and the United States in crisis; shock in Argentina after electing Milei; Europe as a warlike continent; international disapproval of Israel for the war in Palestine; Putin defining the future of Russia; Russia defending itself from the war that blames the West.                                                                                                                                                                                                | Javier Rodríguez Carrasco (Spanish)         |
| ZOOM+                  | <i>ZOOM+</i>               | Video podcast                                                                 | Similar format to El Zoom, focusing on changing audience perspectives.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Javier Rodríguez Carrasco (Spanish)         |

Table 2. Selected RT political propaganda programming in Latin America (continued)

| Name in Spanish   | Name in English      | Type of content                                    | Strategy                                                                                                                                  | Key person                         |
|-------------------|----------------------|----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Entrevista        | <i>Interview</i>     | Interviews of politicians, sportmen, artists       | Features politicians, athletes, and artists. Topics range from national folklore to human rights and public policies.                     | Local journalists associated to RT |
| Impacto Directo   | <i>Direct Impact</i> | Analysis on the top global news stories of the day | Leverages anti-American sentiment to analyze global news stories.                                                                         | Rick Sanchez (Cuban American)      |
| La lista de Erick | <i>Erik's list</i>   | Travel and adventure show in Russia                | Promotes Russian values, culture, and tourist destinations.                                                                               | Erik Fonseca (Mexican)             |
| RT reporta        | <i>RT reporting</i>  | Documentaries examine the problems faced by locals | Examines issues faced by local communities in Latin America, often focusing on poverty, environmental degradation, and social challenges. | Local journalists associated to RT |

Source: CSD.

RT and Sputnik are actively used to promote a certain domestic political agenda in the different countries they operate. Non-aligned governments, particularly those with conservative or right-wing leanings (such as presidents like Dina Boluarte (Peru) and Javier Milei (Argentina)), become targets of negative coverage, with the goal of exaggerating their shortcomings and demonizing their national political agendas. Conversely, left-leaning leaders like Venezuela's Nicolás Maduro or Nicaragua's Daniel Ortega are often portrayed as fierce defenders of the people and democratic mandates, hiding the reality of their authoritarian rule and the decline in their countries.

#### Box 13. Amplifying Russian Propaganda in National and Regional Media

The Russian media propaganda strategy in Latin America has had an outsized success due to its ability to penetrate regional and national media outlets close to the governments in power. The best example for this symbiotic relationship has been Telesur, which is a multi-state television network with participation from Cuba, Nicaragua, Ecuador, Argentina, and Uruguay. Over time, the TV station deepened its ties with Russia and Venezuela, transforming it into a platform aligned with the Kremlin's information objectives.<sup>188</sup>

<sup>188</sup> Transparencia Venezuela. (2022). *Russia and Venezuela allies in disinformation*. (Transparencia Venezuela, September 2022).

TeleSur's editorial line prioritizes content emphasizing themes of regional emancipation and resistance to "hegemonic impositions." The network has been also leveraging the Russian network's resources and contacts within the region, essentially functioning as an extension of the Russian information apparatus. TeleSur boasts a significant following on social media platforms, with over 2 million followers on its Spanish X account, 117 thousand on its English X account, and more than 531 thousand on Instagram.

Telesur became a potent mouthpiece of leftist leaders in the region that helps them saturate the domestic media space thousands of hours of televised speeches that promote the governments' ideology. For example, within his first four years, Maduro delivered 1,352 televised speeches, totaling approximately 1,700 hours, underscoring his commitment to media saturation.<sup>189</sup> Over the years, Telesur has gradually the previous private media hegemony over the media space, which has fostered an authoritarian communication model that suppresses dissenting voices.<sup>190</sup>

In Argentina, the presence of Telesur has seen significant shifts with each administration. During Cristina Fernández de Kirchner's presidency, Telesur was embraced and broadcasted as part of a media landscape that supported leftist ideologies. However, the subsequent administration of Mauricio Macri took a different stance, retiring Argentina's 16% stake in Telesur in 2016 and removing the channel from the country's digital TV lineup. Despite this, Telesur made a comeback in 2020 under the administration of Alberto Fernández, reflecting a renewed alignment with leftist perspectives. More recently, under the leadership of Javier Milei, Argentina decided once again to eliminate Telesur from its digital TV lineup altogether in 2024, prompting accusations of censorship from Nicolás Maduro and sparking debates about media freedom and political bias. Milei's government justified the removal as a measure against foreign propaganda, whereas critics argue it limits access to diverse viewpoints, reflecting the contentious role Telesur plays in regional politics.<sup>191</sup>

In addition, state media in Bolivia, such as ABI, Ahora el Pueblo, and particularly La Época, frequently use information from Russian agencies. For example, in 2022, La Época published 248 articles from these sources, while ABI featured only 11. By 2023, La Época had disseminated 92 articles, with a mix of Russia Today, Sputnik, and TASS content, compared to ABI's 3 and Ahora el Pueblo's 11. This trend continued into 2024, with La Época publishing 101 articles, ABI 5, and

<sup>189</sup> Cañizález, A. (2013). *Hugo Chávez Y Los Medios. Un Balance Preliminar*. (Razón y palabra, N°. 83, 577-590).

<sup>190</sup> Martínez, I. (2020). *Medios de comunicación y política en Venezuela. Un estudio de caso a través de Telesur*. (Trabajo de Grado, Universidad de Sevilla).

<sup>191</sup> InfoMoney., "Argentina decide eliminar canal Telesur e Maduro diz que Milei teme a verdade," May 7, 2024.

Ahora el Pueblo 19, indicating a consistent reliance on Russian media to inform the Bolivian public about international affairs, particularly regarding Russian perspectives on global issues.

The owner of La Época, Hugo Moldiz, a former minister under Evo Morales, has significantly benefited from state advertising funds to promote propaganda. Between 2019 and 2022, his weekly publication received approximately \$317,000 from the Bolivian government. Moldiz's publication has become a key outlet for Russian propaganda in Bolivia, frequently featuring content from Russian agencies like TASS, Sputnik, and Russia Today, thus amplifying the government's favored international perspectives.

In Venezuela, Bolivia, and Nicaragua, where governments are more aligned with Russian geopolitical interests, Russian media has gained significant traction. For instance, during the Venezuelan crisis, RT and Sputnik provided extensive coverage that favored the Maduro regime, framing the situation as a struggle against U.S. imperialism. This coverage not only supported the government's narrative but also aimed to delegitimize opposition groups and U.S. policies in the eyes of the Venezuelan public. In 2024, although news broadcasts and opinion programs, such as "La Hojilla," frequently replicated content from Russian outlets like RT in Spanish, and cyber troops were employed to push pro-Russian trends on Venezuelan social media, the Venezuelan public media has significantly decreased the intensity and frequency of Russian propaganda.

In Brazil, Russian media has targeted narratives around corruption scandals and political instability, often portraying them as outcomes of Western neoliberal policies. This tactic seeks to undermine confidence in the democratic institutions and processes supported by Western countries, positioning Russia as a defender of sovereign governance and multipolarity.

While Russian media has successfully infiltrated certain segments of the Latin American information space, its overall impact is uneven. In countries with robust independent media ecosystems and strong democratic institutions, such as Chile and Argentina, Russian narratives have struggled to gain significant traction. These nations have been more resistant to disinformation campaigns due to higher levels of media literacy and skepticism towards foreign state-controlled media.

However, the broader implications of Russian media influence in Latin America are significant. By consistently promoting narratives that question the legitimacy of Western influence and policies, Russia seeks to cultivate a more favorable environment for its geopolitical objectives. This strategy not only targets public opinion but also aims to influence political elites and decision-makers who may be swayed by these narratives, particularly in moments of crisis or when faced with contentious policy decisions.

### Leveraging cultural and academic ties

Russia's academic and educational engagements in Latin America serve to foster long-term influence through intellectual and cultural exchanges. These efforts are rooted in a historical context, drawing on the legacy of Soviet-era educational cooperation with the region. By the 1960s and 1970s, the number of non-Cuban students reached a relatively constant 3,000, rising to 11,390 by 1980. Mexico and Colombia were the primary sending countries outside of Cuba. There was also a surge in Chilean students during the short-lived Salvador Allende's government, Peruvian students during Velasco Alvarado's presidency, and Nicaraguan students following the Sandinista revolution.<sup>192</sup> In total, more than 45,000 students from Latin America received higher education in the Soviet Union between 1960 and 1992.

Following the dissolution of the Soviet Union, the number of Latin American students dwindled falling to just 388 in 1996. Their education was also no longer free. The inflow of Latin American students resumed in the late 1990s, and by the mid-2010s the number of Latin American students stood at between 1,500 and 2,000. More recently, there has been a surge in the number of applicants with many students coming from Colombia and Ecuador, followed by Brazil.<sup>193</sup> According to the Russian Ministry of Education, as of October 2023, there were approximately 5,000 students from Latin America studying in Russia.

As of April 2024, Russian universities have signed more than 660 agreements with Latin American educational organizations, out of which 80 have been signed only in 2024.<sup>194</sup> These agreements often focus on areas of strategic interest, such as energy, agriculture, aerospace, and information technology. The Russian government, through bodies like the Ministry of Science and Higher Education and the Russkiy Mir Foundation, supports these initiatives by providing scholarships, funding joint research projects, and facilitating academic exchanges. Despite this rising trend, the number of Latin American students remains less than 5 percent of all foreign students in Russia even though there is a concerted effort, worth \$1.2 billion, by Rossotrudnichestvo to attract foreign students between 2019 and 2024, effectively doubling the number of foreign students in the country.<sup>195,196</sup> The Russian presidential decree from May 2024 on national development goals for the period until 2030 stipulates that the number of foreign students in Russia should reach 500,000 by 2030.<sup>197</sup>

<sup>192</sup> Rupprecht, T. *From Russia with a diploma: Latin American students in the Soviet Union*. In: *Soviet Internationalism after Stalin: Interaction and Exchange between the USSR and Latin America during the Cold War* (2015). (Cambridge University Press, p 191-229).

<sup>193</sup> Ibid.

<sup>194</sup> Russian International Affairs Council (RIAC), "V RSMD sostoiatsia ekspertnyi seminar "Nauchno-obrazovatelnoe sotrudnichestvo Rossii i stran Latinskoi Ameriki: vyzovy i perspektivy razvitiia," April 19, 2024.

<sup>195</sup> Medina Gonzalez, V., and Ivanova, N. (2023). *Features of academic mobility of Latin American and Caribbean students in modern circumstances*. (Latin America Journal. Russian Academy of Sciences).

<sup>196</sup> Russian Ministry of Science and Higher Education, "Znai nashe: za 10 let chislo inostrannykh studentov v Rossii udvoilos," December 25, 2019.

<sup>197</sup> Kremlin, "The Decree on national development goals for the period up to 2030 and in the long term until 2036," May 7, 2024.

There is also the Latin American Russian Association (ALAR), founded in 1999 to promote Russia through higher education. It operates across six Latin American countries: Peru, Ecuador, Bolivia, Brazil, Mexico, and Colombia. Notably, ALAR maintains cooperation agreements with prestigious institutions such as the National Autonomous University of Mexico (UNAM), the Autonomous University of the State of Mexico (UAEM), and the Armando Álvares Penteado Foundation (FAAP) in Brazil. Additionally, partnerships extend to entities like the National Commission for Aerospace Research and Development (CONIDA) in Peru and the Departmental Medical College of La Paz. This network of collaborations with public and private institutions in Latin America facilitates student exchanges and promotes a positive image of Russia.

Beyond student exchanges, Russia tries to promote its key narratives on geopolitics in academic research through university faculties, discussions, publications, and particularly within think tanks and foundations. The Valdai Discussion Club, established in Moscow in 2004, serves as a key element of this strategy. Initially focused on promoting Russia, the Club shifted its focus in 2014 towards shaping the global discourse and influencing international affairs. Researchers from Argentina (affiliated with the Argentine Council for International Relations – CARI), Brazil (affiliated with various public institutions), Nicaragua (the Regional Coordinator of Economic and Social Research – CRIES), and Venezuela contribute to the club's activities alongside Russian academics with expertise in Latin America.

One of the key tools in the educational exchange strategy is the establishment of Russian language centers and cultural programs within Latin American universities. These centers not only promote the Russian language but also serve as hubs for disseminating Russian culture, history, and political philosophy. They often organize lectures, cultural events, and academic conferences that highlight Russia's achievements and global contributions, aiming to create a favorable image of the country among young Latin American students and academics.

Cuba, Nicaragua, and Venezuela have been primary targets of Russian academic outreach. In Cuba, Russia has capitalized on long-standing historical ties, establishing multiple educational programs and research collaborations that emphasize the shared socialist heritage and resistance to Western imperialism. The establishment of Russian language and cultural centers in Havana and Santiago de Cuba exemplifies this effort, with programs tailored to attract young Cubans into Russian educational institutions.

In Brazil and Argentina, Russia has focused on building partnerships in technical and scientific fields, often aligning with these countries' interest in diversifying their technological and educational ties beyond the U.S. and Europe. The BRICS framework has provided a convenient platform for promoting Russian educational initiatives, with numerous Brazilian and Argentine students attending Russian universities under BRICS scholarships.

Despite these efforts, the overall impact of Russia's academic influence in Latin America should not be exaggerated. Language barriers, cultural differences, and the limited appeal of Russian higher education compared to Western institutions pose significant challenges to the strengthening of Russia's soft power. While there is some success in attracting students from politically aligned countries, the broader appeal of Russian education remains limited.

However, by cultivating a network of alumni who have studied in Russia, the Kremlin aims to create a cadre of individuals who are knowledgeable about Russian culture and potentially sympathetic to Russian perspectives. These individuals, upon returning to their home countries, can serve as informal ambassadors for Russian interests, influencing public opinion and policy in subtle but potentially significant ways.

At the same time, Russia has also strengthened its cultural diplomacy, aiming to promote its values, and historical narratives. These efforts are largely orchestrated by institutions like Rossotrudnichestvo and the Russkiy Mir Foundation, which operate cultural centers and coordinate various cultural activities throughout the region.

Rossotrudnichestvo operates "Russian Houses" in several Latin American countries, including Argentina, Brazil, Mexico, and Cuba. These centers serve as platforms for a wide range of cultural activities, from art exhibitions and film screenings to language courses and folk music performances. The objective is to familiarize Latin American audiences with Russian culture, foster positive perceptions, and create a cultural affinity that can translate into broader political and economic cooperation.

The Russkiy Mir Foundation complements these efforts by establishing Russian Centers and Cabinets in universities and cultural institutions. These smaller hubs focus primarily on language instruction and academic exchanges but also host cultural events that showcase Russian traditions, holidays, and historical milestones. By embedding these centers within local institutions, Russia aims to integrate its cultural presence more deeply into Latin American societies.

While Russia's cultural diplomacy efforts have increased visibility and familiarity with Russian culture in Latin America, their overall effectiveness in enhancing Russia's soft power is questionable. Many of these initiatives are seen as overtly political, aiming to advance Russia's geopolitical interests rather than genuine cultural exchange. This perception is reinforced by the close ties between cultural institutions like Rossotrudnichestvo and the Russian government, leading to skepticism about the true intent of these programs.

Moreover, the appeal of Russian culture, particularly among younger generations, is limited compared to the cultural influences of the United States, Europe, and even other emerging powers like China and India. The lack of a contemporary cultural appeal, coupled with Russia's political actions on the global stage, particularly in Ukraine, has further constrained the effectiveness of its soft power efforts in the region.

#### Box 14. Tourism as cultural exchange or a disguise for clandestine activities

Russia has a visa-free regime with 27 Latin American countries and is yet to achieve the same with the Bahamas, Haiti, Mexico, Barbados, Saint Lucia, and Trinidad and Tobago.<sup>198</sup> The most popular destination for Russians is Cuba. In the early 2020s, the number of Russian tourists in Cuba increased by 3.4 times to 184,800 in 2023 and is expected to reach 250,000 in 2024.<sup>199</sup>

Russia continues to maintain direct flight connections with Cuba and Venezuela due to multiple agreements aimed at fostering international relations and boosting tourism. In June 2024, Brazilian Ambassador to Russia Rodrigo de Lima Baena Soares announced that Brazil was interested in re-launching direct flights between Russia and Brazil, the last time the two countries had direct flights was in 2011.<sup>200</sup> To make flights to Latin America more affordable and encourage tourism, the Russian International Affairs Council (RIAC) suggested the Russian government launch a program of subsidized flight tickets.<sup>201</sup>

In the wake of international sanctions against the Maduro regime in Venezuela and the subsequent intensification following Russia's invasion of Ukraine, there have been suspicions of activities similar to those identified in places like Argentina<sup>202</sup> involving Russian tourists to Venezuela. These suspicions suggest that direct flights from Russia to Isla Margarita, a popular Venezuelan resort island, may be facilitating the transfer of cash to Venezuelan elites and enabling money laundering activities aimed at evading sanctions. The neutral route taken by Russian tourists, who have been drawn to Venezuela's beaches as other international destinations become less accessible, raises significant concerns. The influx of Russian tourists has been particularly noticeable, and their travel patterns have drawn scrutiny, with analysts suggesting these trips may serve as a cover for illicit financial transactions between the two sanctioned states.

### Vaccine diplomacy

The global response to the COVID-19 pandemic became a scramble to create and distribute vaccines ushering a global "vaccine diplomacy race" between the U.S., Russia and China. COVID-19 vaccine manufacturers aggressively

<sup>198</sup> Vedomosti., "V MIDe sochli vozmozhnym vvesti bezvizovyi rezhim so vseii Latinskoi Amerikoi," October 1, 2023.

<sup>199</sup> TASS., "Lavrov nachinaet turne po stranam Latinskoi Ameriki s vizita na Kubu," February 18, 2024.

<sup>200</sup> Lenta.ru., "Braziliia zakhotela zapustit' priamye reiisy v Rossiю," June 6, 2024.

<sup>201</sup> Navarro, A., and Solodukhina, E., "Rossiia i strany Latinskoi Ameriki imeiut bol'shie perspektivy sotrudnichestva v energeticheskoi sfere," RIAC, December 19, 2023.

<sup>202</sup> Lavieri, O., "Investigan por lavado de dinero a un ciudadano ruso que en 44 días entró tres veces al país con más de \$640.000," Infobae, April 9, 2023.

pursued market access, securing confidentiality agreements with various governments. While developed nations secured large volumes of the vaccines at favorable terms, the global South including Latin America struggled to secure critical doses even for healthcare workers and at-risk populations. The humanitarian crises in countries like Ecuador and Bolivia, where images of bodies left on the streets became symbolic of the pandemic's devastation, presented the Kremlin with an opportunity to create vital dependency among Latin American countries based on "humanitarian cooperation."

To try to win over its Western competitors, the Russian Ministry of Health authorized the use and commercialization of the Russia-developed Sputnik V drug, even before the trials had been completed. Russia positioned itself as the preferred partner, offering the Sputnik-V vaccine at prices up to 50% lower than competitors. Peru, Argentina, Venezuela, Bolivia, Panama, Honduras, Guatemala, Mexico, Brazil, and Paraguay seized the offer without hesitation. Nicaragua even received donations of the Russian vaccine before signing a formal agreement. Alberto Fernández, the first Latin American leader to receive Sputnik V, publicly expressed gratitude to Russia for providing vaccines.

Despite the significant media attention to and political endorsement of the Russian Sputnik-V vaccine in Latin America, Russia has actually failed to meet its vaccine supply commitments to the region in full, with only a few countries receiving the agreed-upon doses. Chinese vaccines have largely compensated for this shortfall.

**Table 3. Contracted and Actual Delivered Sputnik-V Vaccine Doses in Latin America**

| Country       | Deal Date  | Vaccine   | Secured Doses | Reporting Month | Delivered Doses Cumulative |
|---------------|------------|-----------|---------------|-----------------|----------------------------|
| Argentina     | 10/12/2020 | Sputnik-V | 20,000,000    | Aug-21          | 20,000,000                 |
| Bolivia       | 30/12/2020 | Sputnik-V | 5,200,000     | Oct-21          | 2,742,500                  |
| Guatemala     | 30/03/2021 | Sputnik-V | 8,000,000     | Dec-21          | 5,068,400                  |
| Guyana        | 15/05/2021 | Sputnik-V | 600,000       | Aug-21          | 110,537                    |
| Honduras      | 24/02/2021 | Sputnik-V | 4,200,000     | Aug-21          | 86,000                     |
| Mexico        | 18/01/2021 | Sputnik-V | 24,000,000    | Dec-21          | 12,000,000                 |
| Peru          | 20/07/2021 | Sputnik-V | 20,000,000    | –               | –                          |
| Paraguay      | 04/02/2021 | Sputnik-V | 1,000,000     | Oct-21          | 980,000                    |
| Venezuela, RB | 29/12/2020 | Sputnik-V | 10,000,000    | Nov-21          | 2,330,000                  |

**Source:** CSD based on IMF-WHO COVID-19 Vaccine Supply Tracker, UNICEF COVID-19 Vaccine Market Dashboard, and IMF staff calculations.

During the negotiations of the vaccine agreements, allegations about corruption surfaced involving the Russian Direct Investment Fund, which pushed regional policy-makers to establish production and distribution facilities within Latin America, giving Russian pharmaceutical companies a foothold in a new region.

Sputnik V was the first COVID-19 vaccine to reach Argentina and the first to be produced domestically through Laboratorios Richmond. Argentina signed a contract with Human Vaccines LLC for the Sputnik V vaccine, initially for 20 million doses, later expanded to 30 million at \$9.95 per dose. Despite the invasion of Ukraine, Russia still owed nearly a third of the contracted doses. A clause in the contract exempted the seller from penalties for delays due to production issues.

Meanwhile, the Richmond laboratory signed an agreement to produce the vaccine locally, raising \$85 million and producing nearly 8 million doses by mid-2022. The production process became embroiled in a corruption scandal. Marcelo Figueiras, majority owner of Laboratorios Richmond, is alleged to have received improper state subsidies for the Sputnik V production plant and to have benefited from preferential treatment from the Ministry of Production Development under the Alberto Fernández government.<sup>203</sup> The Russian invasion of Ukraine further disrupted the WHO vaccine production inspections, leading to the indefinite suspension of the vaccine approval. Eventually, Richmond shifted to producing the Chinese vaccine Convidecia. The contract with the Russian laboratory was never fully executed, with Argentina paying \$223 million only for the delivered Russia-produced doses. Sputnik V, despite being the first to arrive and administered in Argentina, ended up being the fourth most used vaccine during the pandemic.

Similar concerns arose in Brazil, where RDIF partnered with União Química Farmacêutica Nacional SA for the production and regional distribution of Sputnik V. The agreement was immediately connected to allegations of corruption that centered around the lobbying efforts of the MP Ricardo Barros, who allegedly pressured for relaxed requirements and expedited vaccine approval processes to favor the pharmaceutical company. Furthermore, Barros is accused of negotiating a 20% price increase with the federal government to cover the supposed risks faced by the company throughout the process.<sup>204</sup>

Mexico also witnessed allegations of corruption surrounding Sputnik V procurement. Laboratorios de Biológicos y Reactivos de México SA de CV (Birmex), a state-owned company responsible for pandemic vaccine purchases, executed the agreement with RDIF for a test batch and packaging of Sputnik V. At the time, Birmex was led by Pedro Zenteno, a protégé of President López Obrador with a history of involvement in corruption scandals at Birmex and other institutions.<sup>205</sup>

## Shaping Public Perception

The Kremlin's media capture strategy seeks to modify the audience's perception about world events and construct a compelling "alternative reality", in which Russia is perceived as a global power. By strategically fueling anxieties on pressing topics—migration in Mexico or the U.S. response to it, and the rise

<sup>203</sup> Castilla, E., "Laboratorios. Figueiras miente: el Gobierno le dio \$ 43 millones, pero dice que "no recibió financiación" estatal," *La Izquierda Diario*, June 8, 2021.

<sup>204</sup> Mazieiro, G., Martins, F., and Dias, T., "Bolsonaro vai pagar US\$2 a mais por dose da vacina Sptnik V a Farmaceutica ligada ao Centrão," *Intercept Brasil*, July 8, 2021.

<sup>205</sup> Mendoza, L., "El Personaje | Pedro Zenteno: el verdugo del ISSSTE y protegido del presidente," *Expansión Política*, September 30, 2022.

of right-wing leaders like Milei (Argentina), Bukele (El Salvador), or Boluarte (Peru), the Kremlin aims to sow discord in the public discourse on critical issues for the local societies. Below are some of the key narratives employed by the Kremlin to influence the public opinion in Latin America:

- **Anti-Americanism:** Russia-controlled outlets implement a consistent strategy for discrediting US actions on the international stage while spreading their own version of events. The main narrative revolves around a critique of US actions in Ukraine and the portrayal of the US as an exacerbator of the conflict. This misrepresentation of the role that the West has played in the Ukrainian conflict has resonated well with the media audience in the region due to deeply entrenched negative sentiments towards the United States. The aim is to cast doubt on the international consensus around the military support for Ukraine and present Russia's actions as justified by the political ties between the West and the Ukrainian government over the last 15 years.
- **Illiberalism:** The illiberal narrative promoted by Russia aims to undermine confidence in liberal democracy, eroding the credibility of elected institutions and challenging US leadership in the region. This is achieved by contrasting the supposed effectiveness of the Russian government with an alleged democratic backsliding in the United States and its allies.
- **Multipolar World:** Russia's narrative of a multipolar world in Latin America aims to present the region as part of a global struggle between the Western-dominated international order and the revisionist powers looking to gain more influence and defend the nations exploited by the U.S. and the EU. Russia justifies the need for a multipolar world as a response to a growing global demand for more equitable representation in international organizations and more influence over the decision-making processes; universal security based on the balance of interests for all; fair and equal access to development goods; etc.<sup>206</sup> Additionally, Russia advocates for reforming global governance mechanisms and institutions, such as expanding the UN Security Council to address the underrepresentation of regions like Latin America, Asia, and Africa. It also emphasizes the geopolitical opportunities offered by new types of partnerships and alliances, representing the interests of the Global South, such as BRICS.
- **Anti-Imperialism:** The anti-imperialism narrative has had the strongest influence over the public discourse in the region. Political movements have exploited it to win over voters in many Latin American countries. Russia tries to amplify these narratives in its coverage of events through the state-sponsored media outlets.

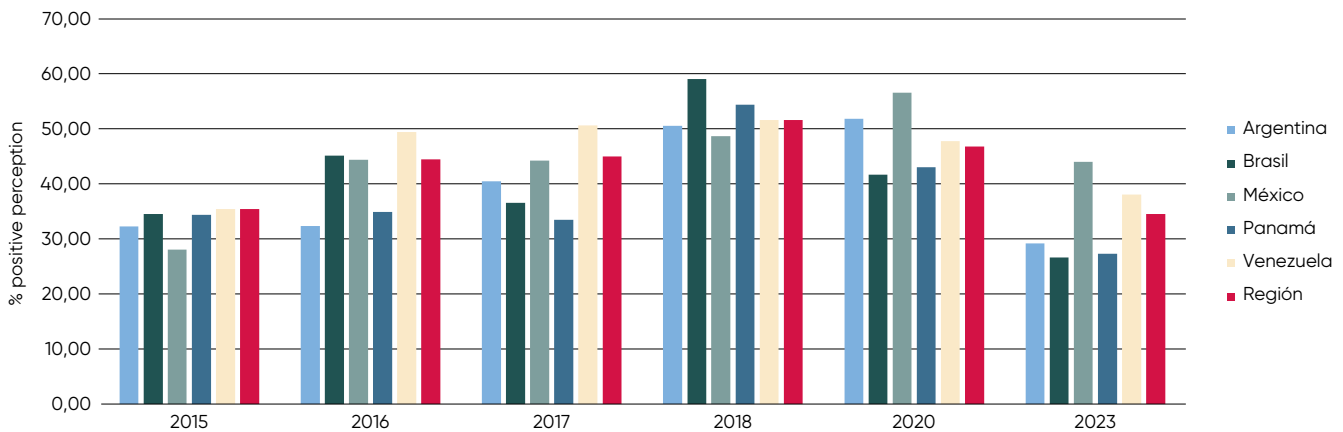
Despite the relatively stronger appeal of these narratives in Latin America in comparison to other regions where the Kremlin has tried to expand its economic and political presence, there has been a 15% decline in the level of positive perception towards Russia in Latin America between 2015 and 2023. Argentina stands out as the support for Russia there has fallen

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<sup>206</sup> Klimento, Y (Russian Ambassador in Spain), „[Rusia en el Mundo Multipolar](#),“ Raia Diplomática, March 14, 2024.

by 22.7% on average since 2018. Even in Venezuela where the Russian propaganda channels have been most potent, the positive attitude towards Russia has gone down by around 10% to below 40%. Bolivia, which has become one of the biggest destinations for Russian trade, investment and large-scale joint projects, remains also most favorably inclined towards Russia in 2023 at 44%.

**Figure 14. Positive perception of Latin American countries about Russia (%)<sup>207</sup>**



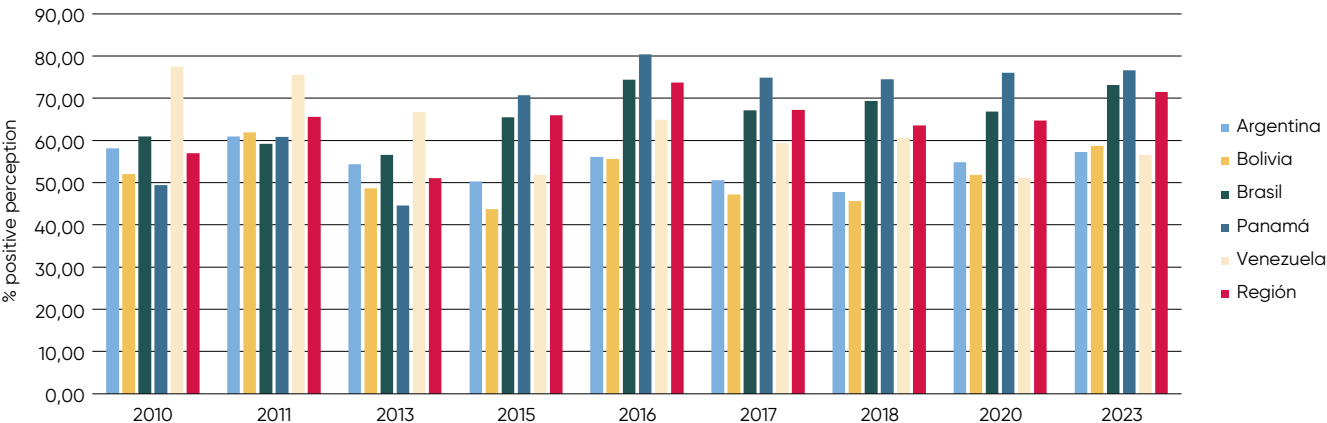
Source: CSD based on Latinobarómetro.

While Russian media narratives resonate with some segments of the population, particularly in countries with strong anti-American sentiments or those facing political instability, the overall trend indicates a declining favorable view of Russia. This decline could be attributed to several factors, including Russia's brutal war in Ukraine, which has led to global condemnation and economic sanctions, and a general skepticism towards foreign influence, regardless of its origin.

In contrast to the declining favorability of Russia, the popular appeal for the EU and the U.S. has remained more stable in Latin America, despite occasional fluctuations. The positive perception of the EU, for example, while showing some decline in specific case studies, has generally remained higher than that of Russia. Between 2010 and 2023, the average score for the EU decreased from 59.16% to 52.21% in the case studies but remained at 57.62% regionally.

<sup>207</sup> The *Latinobarómetro* is a regional survey of people's opinions on a range of socio-political issues. involves some 20,000 interviews in 18 Latin American countries, representing more than 600 million inhabitants. Responses are categorized into five groups: "Don't know / No response," "Very good," "Good," "Bad," and "Very bad." The data below provides an overview of each country's positive perception (answers "Very good" and "Good") towards Russia, the European Union, or the United States. The "Region" category refers to the annual average of values obtained from the 18 countries surveyed, including Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela. In the 2010 and 2013 surveys, Spain is included in the average along with the other countries where the survey was conducted. For the year 2023, Nicaragua is no longer part of the countries included in the survey. Therefore, in the category of region, the number of countries is reduced from 18 to 17.

Figure 15. Positive perception of Latin American countries about United States (%)



Source: CSD based on Latinobarómetro.

The U.S., despite being a frequent target of Russian media narratives, has also become popular in several Latin American countries. From 2010 to 2023, Panamá’s support for the U.S. increased dramatically from 49.40% to 76.00%. Even in Venezuela, where the popular support for the U.S. has gradually declined from as high as 70% in 2010, the majority of the people still has a positive attitude towards the U.S., higher than that towards Russia.



# CAPTURE-PROOFING LATIN AMERICA

**A**lthough Moscow has failed to implement many of the large-scale projects it has pursued in Latin America, its strategy in the region has exposed serious governance vulnerabilities and state-capture risks. Many countries in Latin America lack strong legal safeguards and public institutions that could ensure transparency and independent oversight, meaning civil society has an important role to play in shining a light on intergovernmental agreements with Russia, in particular those related to large-scale infrastructure projects and strategic mergers and acquisitions. There is still very little understanding in the region about the mechanics of authoritarian influence from Russia and other states, and the links between state-capture vulnerabilities and sharp power.

The methods used by the Kremlin to expand its influence in Latin America were tried and tested first in Central and Eastern Europe, where it has gained a dominant position in strategic markets by forging corrupt relationships with local elites, locking governments into long-term, expensive infrastructure projects, and creating structural trade dependencies. Moscow has combined this economic power with Cold War-era security networks and renewed media offensives, all against the backdrop of increasing demonstrations of military power.

The pattern in Latin America has been very similar despite the Kremlin's much more modest reach and overall success. With the exception of Venezuela and to a lesser degree Cuba and Nicaragua, Moscow has not been able to penetrate strategic economic sectors, has implemented few large-scale projects, and is dwarfed by China in terms of trade and investment in the region. However, it has been able to take advantage of state-capture vulnerabilities, political corruption, and the strong fusion between political and economic power in order to advance large deals of questionable economic value. In some countries, including in Bolivia and Venezuela, these projects have been used to achieve an outsized political influence.

To amplify its economic influence, Russia has been using different mechanisms in Latin America including engaging influential power brokers through corruption or intimidation; engaging with the local political parties; conscripting the remnants of Soviet era security service networks especially in pushing an anti-Western political narrative; leveraging sharp power instruments such as media propaganda, support for academic networks and civil society groups.

With seemingly little resources and only a handful of actors, Russia has been able to negatively impact popular perceptions about Western values, national policy objectives, cultural realities, and historical truths. In a social environment devoid of profound analysis and in a time of globalized spread of (mis)information, the scope for wide-scale manipulation has been successfully exploited by pro-Russian forces with spillover effects on the domestic political space.

Weaknesses in public governance and society, including corruption and state capture, are what make the strategies of authoritarian influence viable in Latin America and elsewhere. Addressing these deficits will require a range of interventions by both national champions of reform and international partners:

- **Design strategies to counter state capture:** Latin American governments, in coalition with civil society and international partners, need to design and enforce strategies to counter state capture. A key element in these should be the implementation of regular state capture assessment diagnostics that would measure the level of capture (risks) in strategic economic sectors and identify key governance deficits which allow excessive market concentration. These diagnostics should be carried on a regional basis so as to identify common trends and institutional gaps.
- **Flag high-risk deals:** Local civil society groups, with the support of international partners, should identify potential cases in which there is a risk of state capture, particularly in regulated industries with high social sensitivity, such as energy, health care, and media. Public procurement and large infrastructure projects are specific points of concern.
- **Diversification of supply sources and foreign capital flows:** Latin American governments should diversify away from their excessive reliance on the imports of Russian petroleum products and fertilizers, which have been leveraged by the Kremlin to achieve an outsized political influence. Latin American countries should reduce their exposure to corrosive capital coming from authoritarian states targeting structurally important sectors through non-competitive means. Foreign direct investment exposure should be assessed adequately by central banks and financial regulators, which need to regularly assess the true size and potential impact of capital inflows from Russia and China.
- **Strengthen ultimate beneficial ownership control:** In a related measure, anti-trust authorities, tax inspectorates, financial market regulators and national security agencies should work to establish **final beneficial ownership of FDI** so as to avoid market concentration, prevent money laundering, and the acquisition of critical assets by companies linked to authoritarian states.
- **Probe opaque investments:** National security agencies, antitrust authorities, and financial market regulators should strengthen their capacity to investigate money-laundering activities in cooperation with civil society actors and whistleblowers. It is crucial that the agencies remain insulated from direct political meddling in order to avoid state capture vulnerabilities. These authorities should work to establish the final beneficial ownership of FDI inflows to prevent the acquisition of critical assets by unknown actors that could be promoting the strategic agenda of authoritarian governments.
- **Counter money laundering and sanctions evasion:** International partners should pressure offshore financing hubs in the Caribbean to block the continued transfer of the financial assets of Russian companies under

sanctions to their jurisdictions in attempt to maintain access to the global financial system. Western sanctions authorities should also cooperate with Panama officials on designating Russia-controlled shipping companies, registered in the country, that are operating the largest fleet of shadow tankers shipping Russian crude around the world. On their part, Latin American governments need to strengthen their anti-money laundering legislation and work on the creation of independent institutions for financial intelligence and tax collection. Adequate controls have to be introduced to prevent cross-border smuggling of currency and close gaps in the use of offshore destinations for laundering illicit proceeds internationally.

- **Leverage all available sanctions instruments:** The United States should use more aggressively the *Foreign Corrupt Practices Act* as well as expand the scope of the *Global Magnitsky Act* to investigate high-level corruption in Latin America, in particular such that furthers Russian strategic interests.
- **Foster open competition:** Latin American countries need to increase transparency and competition in their economies to minimize opportunities for corrosive capital investments. Proposed intergovernmental agreements should be assessed through independent cost-benefit analyses and governed by strict transparency guidelines.
- **Build regional cooperation:** In many cases, the Russian and Chinese regimes have used a regional strategy in Latin America involving multiple states and different private and government entities, often exploiting the weakest links in terms of governance. It is important to introduce regional approaches for monitoring state capture vulnerabilities and for institutionalizing the enforcement of democratic governance standards. This could involve regular regionwide diagnostics that include a broad coalition of civil society, business, and policy actors.
- **Counter political disinformation:** National governments should ban all Russian state-owned media outlets spreading toxic propaganda undermining national unity and sowing anti-Western sentiments. An enhanced policy response to prevent the capture of influential media outlets, and the introduction of early-detection mechanisms for disinformation campaigns, are critical for countering election meddling and attempts to promote social unrest. It is particularly important for civil society and public institutions in Latin America to develop a public-private partnership approach to cracking down on the abuse of social media for political ends, including abuse by foreign powers. Such manipulation can easily exploit social vulnerabilities and divisions to tilt the scales in favor of a particular candidate.
- **Boost foreign investment from democratic sources:** As Latin America is still struggling to establish a sustainable economic development path, the weaponization of trade and capital by authoritarian states must be combated through a stronger policy of strategic investment by the United States and other democratic economies, which would carry with it the introduction of more competition and business transparency. Greater economic involvement by democratic powers would reduce the region's

dependence on corrosive capital from authoritarian states, and would allow governments to prioritize financial transparency and the expansion of economic reform policies.

- **Strengthen political party financing:** Political party financing regulations should be more strictly enforced in order to prevent subversive foreign funding. National security bodies should regularly publish assessments of foreign interference threats.

Democratic backsliding, economic uncertainty, and shifting geopolitical priorities also affect the independence of nongovernmental organizations (NGOs), media, and academia in Latin America, undermining their ability to act as a strong voice for civil society. They could benefit from a more global and regional approach, augmenting their capacity by strengthening mutual links across Latin America and with international peers.

Civil society groups in the region will need the means to conduct investigations of corporate ownership, foreign investments, and intergovernmental agreements involving Russia and China. There is also a need for the creation of regional NGO networks focused on recurring state-capture vulnerabilities in Latin America. This will broaden awareness of the common loopholes that allow the entry of corrosive capital and lock countries into costly and asymmetric economic relationships, which could ultimately translate into political dependency. In the media sector, investigative journalists in the region lack the capacity to closely and continuously track money flows and business-political relationships. There is also a dearth of knowledge about campaign finance laws and legislation regulating intergovernmental agreements. As resources are limited, it is important to enlist the domestic private sector in a common pushback against deals that might displace them economically and adversely affect the rule of law.

The lack of transparency, of independent oversight of government finances and of checks and balances on government actions are among the key governance gaps, of which authoritarian states take advantage to facilitate the capital entry in strategic sectors in the young democracies of Latin America. The most effective check on capital inflows from authoritarian states is civil society-led action to expose these state capture practices linked to large-scale infrastructure projects and strategic mergers and acquisitions. Addressing these governance challenges will not only guard against foreign authoritarian sharp power, but also contribute to bolstering democratic institutions and culture within Latin America. Such democracy bolstering approaches have the added value of ensuring improved adaptability and resilience to external shocks as well as internal autocratic tendencies.

## ANNEX 1: INFORMAL CULTURAL AND RESEARCH TIES

Table 4. Global Coordination Councils of Russian Compatriots Living Abroad in Latin America

| Country    | Establishment Year  | No. of member organizations | Official website                                                                                                  | Social media                                                                                                                                               |
|------------|---------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Argentina  | 2007                | 23                          | <a href="http://www.rusosenargentina.com/">www.rusosenargentina.com/</a>                                          | Facebook: 5.8K likes, 6.7K followers; last post made on June 2, 2024                                                                                       |
| Bolivia    | Unclear             | Unclear                     | <a href="https://ksorsbolivia.com/">https://ksorsbolivia.com/</a>                                                 | Facebook: 143 likes, 149 followers; last post made on August 24, 2023<br><br>Instagram: 46 followers (last post made on May 20, 2024)                      |
| Brazil     | 2007 <sup>208</sup> | 18                          | <a href="http://www.compatriotasrussosdobrasil.org.br">www.compatriotasrussosdobrasil.org.br</a> (not functional) | Unclear                                                                                                                                                    |
| Mexico     | 2007                | Unclear                     | <a href="https://www.ksorsmx.com/">https://www.ksorsmx.com/</a>                                                   | Facebook: 1.5K likes, 1.6K followers; last post made on March 22, 2024                                                                                     |
| Peru       | 2007                | Unclear                     | <a href="https://www.ksorsperu.com/">https://www.ksorsperu.com/</a>                                               | YouTube: 105 subscribers; 50 videos<br><br>Instagram: 310 posts, 724 followers<br><br>Facebook: 2.7K likes, 3.3K followers; last post made on May 29, 2024 |
| Venezuela  | 2008                | Unclear                     | <a href="https://www.rusven.org/">https://www.rusven.org/</a>                                                     | X                                                                                                                                                          |
| Guatemala  | Unclear             | Unclear                     | Unclear                                                                                                           | Facebook: 188 likes, 275 followers; last post made on October 11, 2022                                                                                     |
| Colombia   | Unclear             | Unclear                     | <a href="https://ksorscolombia.com/">https://ksorscolombia.com/</a>                                               | Facebook: private group, 328 members                                                                                                                       |
| Costa Rica | 2010                | 7                           | <a href="http://ksscr.info/">http://ksscr.info/</a>                                                               | Facebook: 559 likes, 644 followers; last post made on June 5, 2024                                                                                         |
| Cuba       | 2007                | Unclear                     | Unclear                                                                                                           | Unclear                                                                                                                                                    |

<sup>208</sup> Russkie.org., “V Brazili izbran koordinatsionnyi sovet rossiiskikh sootchestvennikov,” April 23, 2007.

**Table 4. Global Coordination Councils of Russian Compatriots Living Abroad in Latin America (continued)**

| Country   | Establishment Year | No. of member organizations | Official website                                                                  | Social media                                                                                                                                  |
|-----------|--------------------|-----------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Nicaragua | 2008               | Unclear                     | No website                                                                        | Facebook: 164 likes, 187 followers; last post made on May 29, 2024                                                                            |
| Panama    | 2007               | 5                           | <a href="https://www.ksorspanama.com/ksors">https://www.ksorspanama.com/ksors</a> | Facebook: 524 likes, 584 followers; last post made on May 12, 2024                                                                            |
| Paraguay  | Unclear            | Unclear                     | Unclear                                                                           | Unclear                                                                                                                                       |
| Uruguay   | 2007               | Unclear                     | Unclear                                                                           | Unclear                                                                                                                                       |
| Chili     | Unclear            | Unclear                     | <a href="https://ksors.cl/">https://ksors.cl/</a>                                 | Facebook: 306 likes, 360 followers; last post made on May 15, 2024<br><br>Instagram: 143 posts, 298 followers; last post made on May 14, 2024 |
| Ecuador   | Unclear            | Unclear                     | <a href="https://www.ksors-ecuador.com/">https://www.ksors-ecuador.com/</a>       | Unclear                                                                                                                                       |

Source: CSD.



