

# RUSSIA'S SABRE-RATTLING: NOT JUST BLUSTER ABOUT BANKS AND UKRAINE UNREST

Last Friday, CNBC interviewed Andrey Kostin, CEO of Russia's second largest bank, following the EU's decision to extend economic sanctions against Russia, ostensibly to punish Russia for hostilities against Ukraine. Kostin's comments were combative.

"You know, we have quite a strong opinion on sanctions. Sanctions, in other words, is economic war against Russia. Economic war will definitely have and will have very negative implications on the Russian economy, but more than that it will have very negative implications on the political dialogue and on security in Europe. And who wants to live in a less secure world? I think nobody. I think it's the wrong way to treat Russia like this. I think it will never to lead to any other consequences as to less stability and less secure Europe." [sic]

"You can't treat any country like this. You know you can't say, if you behave rightly, that's a small [weep\*] for you, if you behave wrongly, that's a big [weep\*] for you.' That's not a dialog, that's a threat. ... I think we should talk. I mean, politicians should talk, like business men. Business men do talk, and they are interested in working together. ..."

In short, Russia feels the sanctions are warfare, and they want to deal. They'd really like the asymmetric attack on finance to stop

short of terminating Russian banks' access to SWIFT (the impact of which WaPo spells out).

But the banks' discomfort with the sanctions and continued incursions against Ukraine aren't the only signs of Russian belligerence. By year end, there had been forty events characterized as "close military encounters" during 2014, according to European Leadership Network, a non-partisan, nonprofit think tank.

ELN published an interactive graphic mapping the location of the events, as well as a brief (pdf) in which the events are described in greater detail, including

'...11 serious incidents of a more aggressive or unusually provocative nature, bringing a higher level risk of escalation. These include harassment of reconnaissance planes, close overflights over warships, and Russian 'mock bombing raid' missions. It also singles out 3 high risk incidents which in our view carried a high probability of causing casualties or a direct military confrontation: a narrowly avoided collision between a civilian airliner and Russian surveillance plane, abduction of an Estonian intelligence officer, and a large-scale Swedish 'submarine hunt'."

ELN calls for:

1. The Russian leadership should urgently re-evaluate the costs and risks of continuing its more assertive military posture, and Western diplomacy should be aimed at persuading Russia to move in this direction.
2. All sides should exercise military and political restraint.
3. All sides must improve military-to-military communication and transparency.

Though pro-Europe in its position, ELN does not appear to be pushing EU policy. The group has been funded by anti-proliferation groups, including two Quaker-funded trusts.

What's surprising about these incidents is the relative lack of US media coverage during 2014, in spite of their frequency and seriousness. The lack of coverage continues into 2015, with very little notice of another interception of Russian bombers flying over the English Channel on January 28 – the day before CEO Kostin was making his rather bellicose comments about EU sanctions, and the UK was hearing testimony in a two-day inquiry into Alexander Litvenenko's 2006 death-by-polonium, attributed to poisoning by Russian agents.

BBC defence correspondent Jonathan Beale said the Russian planes – two Tu-95 Bear H bombers – came within 25 miles of the UK.

They travelled from the north, past the west coast of Ireland and to the English Channel before turning and going back the way they had come, he said.

He said the bombers did not file a flight plan, did not have their transponders switched on and "weren't talking to air traffic control".

[source: BBC.com]

The UK media has provided more coverage of this event as a whole, though some of it may be inflammatory if not hyperbole. One outlet reported that the intercepted Russian bomber was carrying a nuclear warhead, though not armed. The same outlet also reported a much higher number of Russian plane interceptions than indicated by ELN:

Last year, NATO conducted more than 100 intercepts of Russian aircraft, about three times as many as in 2013, amid sharply increased tensions between the

West and Moscow over the Ukraine crisis.

While this latest two-bomber fly-by was attributed to Russia's annoyance with the Litvenenko inquiry, the increasing pattern of intercepts and confrontations, combined with Russian banks' unease with economic sanctions, persistent cyberwarfare, and recently arrested Russian spies in the U.S., suggests far more than a cold war is under way.

We'd better hope nobody gets twitchy in this very ugly game of chicken.