

The Russian Deep State, deep pockets and Transnational Organised Crime ♦ are the Israeli links being missed? By Euan Grant

An important features of the relationships between the ex - Soviet States and The West is that many persons in these states are entitled to multiple citizenships across the ex -Soviet States and beyond. Political and business elites in the former soviet States do make use of this, and so do their criminal counterparts. The significance of such use is often seriously underestimated by western governments and law enforcement and financial regulatory agencies.

This entitlement means that the recent Maltese proposals to offer citizenship to persons bringing large but not huge sums of capital into Malta, and therefore gaining visa free travel throughout all EU states, not just the open borders Schengen Zone (all EU states other than the UK and Ireland, and Romania, Bulgaria and new entrant Croatia, but also including Norway and, crucially, Switzerland with all its banks). But the significance of this may be exaggerated, as several countries allow residence and employment rights for similar providers of capital. These include Estonia, Latvia and the United Kingdom. Not surprisingly, a lot of the money is the "dirty money" from criminal groups in the ex - Soviet states, and from capital flight organized by " legitimate" businesses and their protectors in government and the bureaucracy. In many cases it is difficult to tell the difference as, as Edward Lucas of The Economist magazine has pointed out all Russian companies ultimately operate on a licence from the state. That licence comes at a price and much of the price gets moved out to safety outside the country, which is all the easier if you have citizenship or residency in the destination or transit country.

But there already is one strategic country which already offers many Russians citizenship and also visa free travel to much of the world. That country is Israel, as those Russians who are Jewish can get citizenship as a right. And without relinquishing their Russian passport. This situation offers a lot of opportunities for strategic partnerships of both the criminal and legitimate kind.

And these are strategic relationships. There are actually considerable areas of common interest between the two states, and their populations. Many of the oligarchic elites are Jewish, such as Roman Abramovich and, most topically, Boris Berezovsky and Mikhail Khodorovsky, whose Jewish status was highlighted in the Israeli media on his release. Had he actually held an Israeli passport, he wouldn't have had to wait for that Swiss Schengen visa which allows him into Germany and most other EU states. Several of Khodorovsky's associates in the Yukos oil company, Leonid Nevzlin, Michael Brudno and Vladimir Dubov, emigrated to Israel and remain there, investing heavily in strategic industries such as petrochemicals. Allegations that Nevzlin was involved in a \$500 million money laundering scheme involving Israel's largest bank have not led to criminal actions, nor has any progress been made in relation to Russian claims that he was involved in a murder. These situations do not seem to have harmed Russian ♦ Israeli relations.

There have been several cases of Russians holding Israeli passports seeking refuge in Israel in relation to business disputes in Russia, which often end up in the British courts. It will be remembered that Berezovsky travelled to Israel shortly before his death in the UK, a death highly likely to have been suicide.

One of the leading observers of the Russian political and criminal scene, Dr. Mark Galeotti of New York University, has pointed out that much Russian organised crime is financial white collar criminality, with street muscle being applied by sub- contractors from other common language countries such as Bulgaria and Georgia. His view, based on long experience, is consistent with Misha Glenny's description of Russian organised crime as being a new experience for Western law enforcers as it is an "Overunderworld" as he puts it in his seminal "McMafia: Seriously Organised Crime" where it is not just a case that organized crime is big business but that big business is organised crime.

And so is the state.

The profiles of the hundreds of thousands of migrants to Israel from the ex-Soviet states since, and in some cases before, 1991 certainly fits the CVs needed by white collar criminal godfathers. Highly educated and streetwise from living in a state somewhat hostile to Jews, and with the men having served in the Soviet armed forces, they are attractive to both criminals and state in Israel. Prime Minister Netanyahu has publicly stated the value of the new arrivals and the investment they bring, while he has also downplayed the money laundering allegations against Leonid Nevzin.

The lack of any apparent serious disruption to Israeli-Russian relations (like Ukraine, Russia has recently reciprocated and abolished visas for Israelis, and made much of this) suggests that there are mutual interests between the two states and their elites. Those of a conspiratorial mind might remind themselves that Russia has in some ways been mindful of Israeli interests. It has publicly stated it will not supply S-300 surface to air missiles to Iran and it hasn't (there is a more advanced S-400 system but that seems not to be available for export). In summer 2013 Russia threatened to complete its contract with Syria by delivering S-300s but it hasn't. It has also made little fuss about the reported Israeli destruction by air attack of older Russian SAM systems.

The question which should be asked is: what have the Israelis given in return for the non-deliveries? When Cyprus ordered S-300s in the late 1990s (never delivered after Turkish warnings) the Cypriots don't seem to have been asked how they proposed to pay for them. It is not necessarily conspiratorial to suggest that highly soft terms were offered in return for no questions being asked regarding the use of Cyprus banks for offshoring. When the author of this article asked this question of a Cypriot government minister a couple of years ago, her reply was swift: I wasn't in government at the time. That rather evaded the question.

The Israelis have a lot more to offer than the Cypriots. Their money laundering controls have in the past been severely criticized by the UN's Financial Action Task Force (FATF), the de facto international watchdog against "money laundering". But they do have genuinely strategic cooperation opportunities on offer, both legitimate and plausibly deniable dubious ones. This is particularly so in relation to the development, deployment and maintenance of military equipment. These are key parts of the economy in both countries and Israel is, of course, a highly militarised society with almost all senior members of the elites have close military connections, a situation which is similar to that among the older members of the elites in Russia. This also applies in Belarus and Ukraine which are much used by Russian military and industrial complex groups to complicate the supply chain for sensitive exports.

Equipment from both Israel and Russia often turns up in the same places. This inevitably means that technicians and instructors appear too, together with the necessary shipping or air transport providers. These are often seen in conflict zones, particularly in Africa where Russian-Ukrainian helicopters are ubiquitous, for their ruggedness and heavy load capacities. These helicopters are seen in countries such as Sierra Leone, Angola, DR Congo and Rwanda, Burundi and Uganda, as well as Sudan and South Sudan. These states have experienced or been in some ways involved in serious internal conflicts partially linked and certainly fuelled by natural resource exploitation, such as diamonds in Sierra Leone and Angola and gold and tin in DR Congo. It will be noted that Israeli business interests are heavily involved in the diamonds and precious metals markets in London, New York and, of course in the diamond polishing markets of Tel Aviv and Antwerp.

The current very severe unrest in the Central African Republic (CAR) may well be a suitable case study for researching links between natural resource exploitation and conflict and whether Russian or Israeli linked interests were either involved or at least aware of facts or serious suspicions about the logistical factors behind the

exploitation and the insurgents' access to weapons. Many commentators have highlighted the presence of gold and diamond mines in CAR.

At the higher end of the military market, it has been reported that Russia is particularly interested in Israeli UAV (Unmanned Air Vehicles, or drones) technologies. Israeli avionics are installed in the top of the range Russian air superiority fighter, the SU 30 Flanker, which has been exported to Angola, Ethiopia and Uganda, which further provides justification for the deployment of Russian and Israeli technicians and related air transport. Ethiopian pilots have been trained in Israel and Belarus. The Ugandans are likely to have deployed the Flanker in support of the South Sudanese government in the recent conflict. These aircraft are based at Entebbe Airport. Israeli links with Entebbe go back a very long way and predate the most famous connection, the commando raid of July 1976. One of the reasons for the success of that operation was that Israeli troops had served as military advisers there in the early days of the Idi Amin regime and an Israeli construction firm had been involved in building facilities there.

Israeli security companies frequently provide protection for sensitive installations and for VIPs, as seen in DRC around President Kabila, and in Equatorial Guinea. Given that such personnel are largely young men, it is highly likely that they include some Russian origin members, who may well build upon contacts made by a previous generation in the Cold War era, e.g. those deployed in Angola in the decades long civil wars and to service the MiG fighter fleets of many African nations. Well placed Russian sources point out that the scales of such deployments were much larger than western agencies assumed.

If there is going to be an effective holistic look by the international community at the international security aspects of Russian arms sales to Africa, especially in relation to sales to conflict zones and natural resource exploitation, it is going to have to look seriously at the nature of Russia's links with Israel. That will not be easy, but now be a better time than in the past. The World Bank has openly admitted that tracking dirty money and preventing corruption in aid recipient states hasn't been the Bank's strong point, and it is now starting to try and change that. It might do well to follow those helicopters.

Good Luck to anyone prepared to take this on!

This is the third in a series of articles on related topics by Euan Grant. Opendemocracy published the first two - Tackling Russian Trans National Organised Crime - not an easy task in October 2012, and Light touch London in May 2013.

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