

OCTOBER 2016



# THE KREMLIN PLAYBOOK

UNDERSTANDING RUSSIAN INFLUENCE  
IN CENTRAL AND EASTERN EUROPE

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A REPORT OF THE  
CSIS EUROPE PROGRAM AND THE CSD ECONOMICS PROGRAM

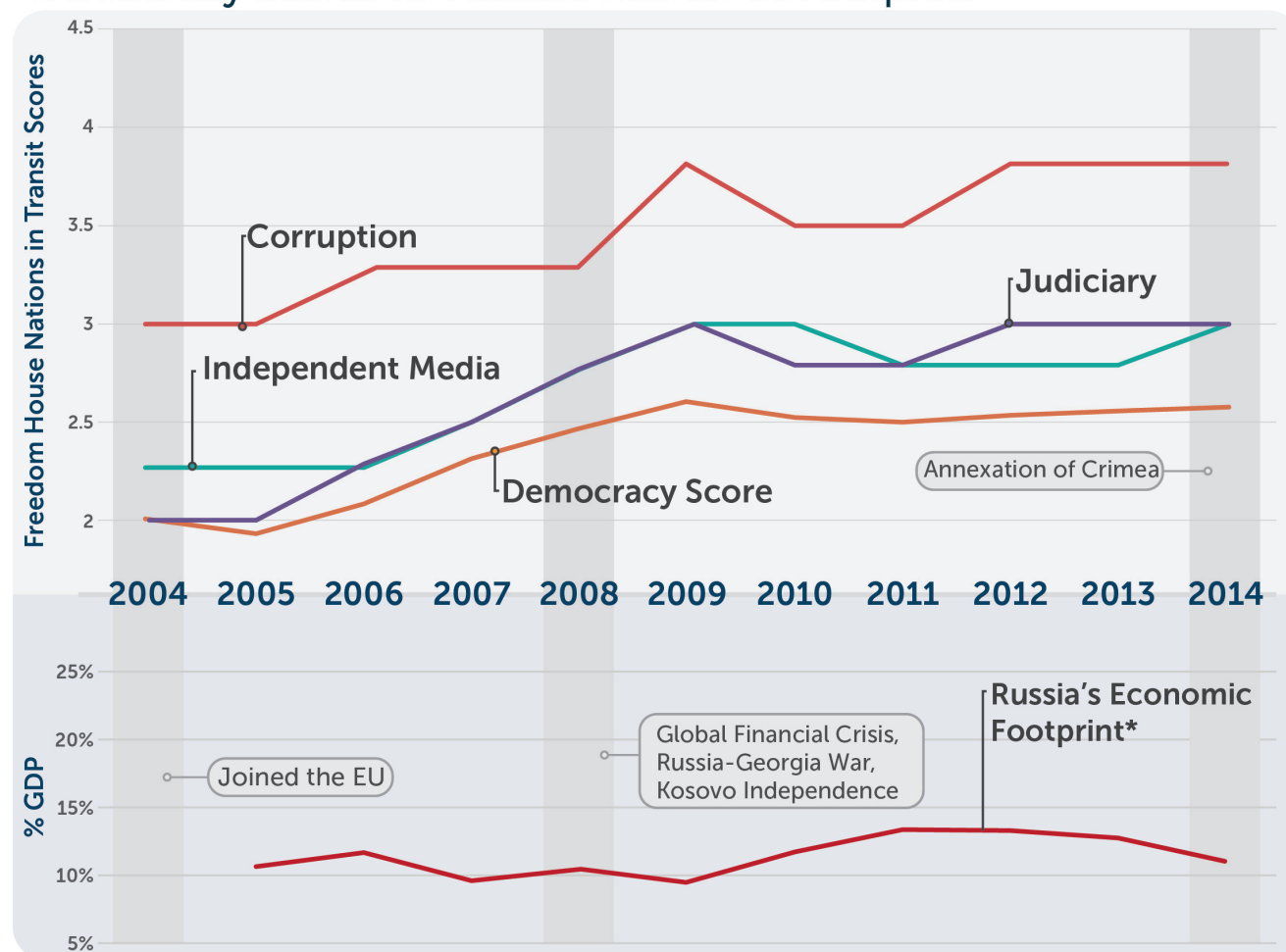
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# SLOVAKIA: POLITICAL CAPTURE IN ACTION

Figure A.4. Slovakia

## Democracy Scores vs. Russia's Economic Footprint



Source: Freedom House, CSD Calculations

## Economic Data

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FDI stock from Russia as share of GDP (%)	0.0	0.0	0.0	-0.1	-0.1	-0.3	-0.4	-0.4	-0.4	-0.4
Operating Revenue of Russian Controlled Companies as a share of Total Operating Revenue for the Economy (%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Oil and Gas imports from Russia as a share of GDP (%)	9.4	9.8	7.2	7.5	7.2	9.1	11.5	10.8	10.7	8.4
Exports to Russia as a share of GDP (%)	1.0	1.2	1.7	2.8	2.2	2.9	3.0	3.7	3.5	2.8
*Russia's Economic Footprint	10.5	11.1	9.0	10.3	9.4	11.9	14.2	14.3	14.0	11.1

Source: CSD Calculations based on data from EUROSTAT, National Central Banks, and Corporate Registers and Databases.

Slovakia has seen a steady decline in its democratic governance rankings over the course of the past decade. While this erosion has been less pronounced than its regional peers (notably Hungary), Slovakia has experienced a weakening of its judicial independence, free speech and civil liberties, and national democratic governance. It has also notably continued to suffer from persistently high levels of corruption, both within the business community and at the highest levels of government. Like Hungary, much of this democratic erosion has coincided with the rule of a single party and leader—that of the Direction–Social Democracy (SMER) party under the guidance of Prime Minister Robert Fico. Slovakia has had great difficulty in dismantling communist-era networks and shrugging off authoritarian and nationalistic-style leadership of Slovakia’s post-communist leader, Vladimir Meciar. Although significant reform progress was made between 1998 and 2006 under the leadership of Mikulas Dzurinda and the center-right Slovak Democratic and Christian Union–Democratic Party (SDKU), many Slovaks did not enjoy the economic benefits, which exposed the less firmly planted roots of Slovakia’s liberal, democratic tradition. The premiership of Robert Fico, with its Meciar-like tendencies (particularly its admiration of Moscow), began to reverse Slovakia’s reform momentum with an increase in opaque and unfair policies and practices.

Has Slovakia’s flirtation with a more illiberal governance approach (accompanied by pro-Russian Slavism) been induced by Slovakia’s economic relationship with Russia? There are several factors at play related to the erosion of Slovakian democracy and its institutions, combined with a more conciliatory policy orientation vis-à-vis Moscow. Slovakia’s economic relationship with Russia is a factor. There are strong links to Russia in strategic sectors of the Slovak economy, foremost among them the energy sector (see Figure A.4). The country is almost entirely reliant on imports of natural gas supplies from Russia and serves as a major transit hub bringing Russian gas into Europe. Indeed, the Slovak national budget “relies to a significant extent on revenue from transit fees associated with Russian gas.”<sup>47</sup> The arms sector is also heavily reliant on Russian trade. Yet beyond these vulnerable sectors, Russia’s economic presence in Slovakia is relatively insignificant in terms of trade and FDI, pointing to other areas of influence.

On closer examination, it appears that prominent Slovak political figures and close associates of Prime Minister Fico may be linked to business interests with Russian connections. For example, Jaroslav Haščák, the head of the prominent company Penta Investments, is reported to have privately met with Fico himself, and “Penta magnates” contributed €40,000 in financing of Fico’s SMER party.<sup>48</sup> In 2009, Polish intelligence authorities accused Penta of being a fund linked to Russian secret services (although the firm vehemently denied the charges).<sup>49</sup> Thus, Russia may be able to use established interest groups and corrupt networks to reach senior government decisionmakers, which could equal the impact of higher levels of economic activity.

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47. U.S. House of Representatives, “Congressional Record—House: Putin’s Influence in Europe,” March 22, 2016, <https://www.congress.gov/crec/2016/03/22/CREC-2016-03-22-pt1-PgH1502-2.pdf>.

48. “The Multi-Million Euro Gorilla,” *Economist*, January 27, 2012, <http://www.economist.com/blogs/easternapproaches/2012/01/scandal-slovakia>.

49. Penta Investments, “Penta Continues to Appeal to Minister Szczyglo,” press release, August 20, 2009, <http://www.pentainvestments.com/en/press-release/penta-continues-to-appeal-to-minister-szczyglo-6IJ3gM.aspx>.

U.S. Embassy Bratislava diplomatic cables have suggested that Prime Minister Fico seeks to emulate Putin's highly centralized top-down authority structure. Prime Minister Fico attended a United Russia rally in Moscow the evening that Putin declared his return to the Kremlin as president in 2011. Prime Minister Fico also has actively sought to cooperate with, if not outright co-opt, the far-right, nationalist and conservative Slovak National Party (SNS) over the course of the past two decades. It is difficult to understand how these two very different ideological parties are able to cooperate. Since its inception in 1990, SNS has consistently maintained a pro-Russian and anti-NATO platform. SNS is believed to have received financial support from Russian entities.<sup>50</sup> Before her removal from SNS, former vice-chair Anna Belousovova (who previously served as the chair of the Slovak-Russian association for several years and is married to a prominent Russian businessman) has publicly called for deeper economic relations between Russia and Slovakia. SNS officials have sided repeatedly with Moscow; for example, Belousovova sided with Russia in response to Estonia's decision to relocate a Soviet-era statue in 2007, condemning it as "a sign of fascism, racism, and Nazism,"<sup>51</sup> and during the 2008 Georgian-Russian conflict accused Tbilisi of first action and committing genocide in South Ossetia.<sup>52</sup> Politics may make for very strange bedfellows, but it appears that nationalism, illiberal tendencies, and remaining in power are the common bonds between SNS and SMER.

Despite a series of high-profile corruption scandals involving SNS, Fico has relied on the far-right as a coalition partner in his first government between 2006 and 2010 and recently invited the group to once again join SMER in a ruling coalition after emerging with a plurality in the March 2016 elections (albeit in a greatly weakened position). It appears that Prime Minister Fico may have used SNS support to concentrate his power and influence while in office.

While SNS is the longest-standing pro-Russian political party in Slovakia, its fluctuating popularity since 2010 has led to a fracturing of the far-right, spawning new extreme, anti-Western groups. The Slovak ultranationalist group, ĽSNS (The People's Party—Our Slovakia), is one such example. Although nascent, such movements could present possible future avenues for Russian influence as established political parties continue to lose popularity at the national level. ĽSNS won 14 seats in the March 2016 elections—just one less than SNS—making it a force to watch. Party leader Marian Kotleba's rhetoric has alarmed Western leaders for its neo-Nazism affinity and anti-Western orientation. Although possessing no known links to the Kremlin, Kotleba has referred to Slovakia's EU accession as the day Slovakia lost its independence, and has condemned NATO as a "terrorist organization."<sup>53</sup>

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50. Peter Kreko et al., *Marching towards Eurasia: The Kremlin Connections of the Slovak Far-Right* (Budapest: Political Capital, January 2015).

51. "Slovak MP Says Estonian Actions Smack of 'Fascism,'" Sputnik International, May 3, 2007, <http://sputniknews.com/world/20070503/64859380.html>.

52. Ľuba Lesná, "Responses to Georgia and Russia Differ," *Slovak Spectator*, August 18, 2008, <http://spectator.sme.sk/c/20030172/responses-to-georgia-and-russia-differ.html>.

53. Rob Cameron, "Marian Kotleba and the Rise of Slovakia's Extreme Right," BBC, March 6, 2016, <http://www.bbc.com/news/world-europe-35739551>.

Slovakia's political environment remains unstable, fragmented, and vulnerable to exploitation, and as Europe's migration crisis exposes deep rifts between members of the European Union, there may be opportunities for the Kremlin to exacerbate nationalist, xenophobic sentiment. This, in turn, could destabilize the government and produce political paralysis. Thus far, Prime Minister Fico has upheld European solidarity and provided Ukraine with reverse gas flows following Russia's shut-off of its gas in 2014. Fico has not used his connections to the Kremlin to secure more economically attractive gas contracts for Slovakia from Russian firms after repeated attempts (unlike in Hungary). But Russia's future support for Slovakia's far-right political groups could further weaken Prime Minister Fico and his SMER party and could induce Fico to take even greater steps toward illiberalism in an effort to maintain power.<sup>54</sup> As is the case in Hungary, Fico may seek to align himself more closely with the Kremlin in the future to rebuff Western protests regarding his illiberalism. Bratislava has demonstrated its willingness to contradict Euro-Atlantic interests such as rhetorically condemning EU sanctions against Russia and not formally recognizing the independence of Kosovo.<sup>55</sup>

It appears that the Kremlin's main instruments of political influence in Slovakia stem from opportunism to exploit existing authoritarian and nationalistic tendencies and weak institutional structures through its connections to powerful individuals and networks of corruption, while enjoying the support of sympathetic political parties. While there is little evidence to suggest that the Kremlin has directly created these channels through covert operations over the past decade, these connections nonetheless pose a significant vulnerability to Slovak democratic institutions and society and thus prepare the groundwork for the Kremlin to further destabilize the political environment and challenge European and transatlantic unity in the future.

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54. Henry Foy, "Robert Fico Secures Deal to Form Slovakia Government," *Financial Times*, March 16, 2016, <https://next.ft.com/content/296e472a-eb97-11e5-9fca-fb0f946fd1f0>.

55. "Fico: Slovakia Will Not Recognize Kosovo," *InSerbia*, April 3, 2015, <http://inserbia.info/today/2015/04/fico-slovakia-will-not-recognize-kosovo/>.