

**Russia in the Western Hemisphere: Assessing Putin's Malign Influence in Latin America
and the Caribbean**

Written Testimony of:

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**Chair Sires, Ranking Member Green and Members of the Subcommittee, thank you for the
opportunity to submit my testimony and to appear before you today.**

A year ago, if you'd asked most Americans what they knew about the Wagner Group and how Russian mercenaries fit into Russia's military strategy, many would probably say they have no idea. The fact that Russia has deployed mercenaries to fight its battles abroad is now almost common knowledge. The Wagner Group's reported involvement in atrocities in Ukraine in recent months has understandably brought new found attention to atrocities linked to Russian mercenaries in other parts of the world where Russia has sought to exert influence like Africa and the Middle East. But despite the Wagner Group's new found notoriety with the general public what is less well known in the U.S. is that Russian mercenaries operate much closer to home in Latin America.

Strategically speaking, covert Russian mercenary operations—real and imagined—are critical for Russia's strategy for sanctions evasion and for managing the risks of conflict escalation in places where Russian forces and entities are engaged in clear violations of international law. Their area of operations encompasses any part of the world where Kremlin controlled state companies in the fossil fuel, mining and arms industries have struck deals with local governments and warlords. Tactically, speaking Russian mercenaries run reconnaissance operations; they provide targeting intelligence, military training, logistical support, infrastructure protection, and backstop proxy militias and Russian military missions in key global hotspots.

In the Western Hemisphere, Venezuela is just one of those hotspots. In 2019, some 400 Russian mercenaries were deployed to Caracas to provide training and support for the Venezuelan military.¹ Not coincidentally, it is also one of the biggest areas of investment in the world for Rosneft, Russia's leading state owned oil company. Rosneft and by association the Russian government has for years also been one of the largest guarantors of Venezuelan debt. From 2014 to 2019, Rosneft was among the biggest stakeholders in joint oil production projects run by PDVSA, Venezuela's national oil company. That changed, however, in April 2020 when Rosneft abruptly cut its longstanding ties with PDVSA and sold its stake in Venezuelan oil ventures. At the time, Rosneft announced that it would be transferring its entire stake in PDVSA to another, largely unknown Russian state-backed firm, Roszarubezhneft. The new man in charge of managing Russia's distressed Venezuelan energy assets, Nikolai Rybchuk, happened to be a former Spetsnaz or special forces officer with next to no experience in the energy business but lots of experience fighting alongside paramilitaries in Angola. Fast forward to March of this year, a month after the Russia's invasion of Ukraine and only days after the U.S and EU imposed sanctions on Russian oil it appears Russia's stake in Venezuelan oil has once again changed hands to another Russian company called Petromost, in an effort to circumvent potential seizure of Russian state assets. A quick check of Petromosts company records and archived web pages reveals that Petromost is really just a front company for the security arm of Rosneft.²

This shell game is business as usual for Russia and Rosneft. Russia has consistently denied that Russian hired guns for work in Venezuela. But deniability is rather the point of the mythology surrounding the Wagner Group and Russian mercenaries. On paper, many of the deals Russia makes with strongmen like Venezuela's Nicolas Maduro can be traced back to the owners of Russian front companies who have ties to the Kremlin. But in practice it is Russia's President Vladimir Putin and the presidentially appointed heads of state owned companies like Rosneft, and Rostec, Russia's state arms company, who reap the profits from Russian mercenary operations. The Wagner Group is not a private military security company in the classic sense and

¹Maria Tsvetkova, Anton Zverev, "[Exclusive: Kremlin-linked contractors help guard Venezuela's Maduro - sources](#)," *Reuters*, January 25, 2019; Deutsche Welle, "[СМИ: В Венесуэлу прибыли российские военные](#)" ("In Venezuela, the presence of the Russian military is explained"), March 24, 2019.

² Archived webpage for ChoP RN-Ryazan-Okhrana:
<http://web.archive.org/web/20161024075450/http://rubezhrzn.ru/contacts.html>

comparisons with U.S. firms like Blackwater are a misnomer.³ Technically, under Russian law, Russian citizens are prohibited from fighting as soldiers in foreign armies. Instead, the Russian military operatives who are training, equipping and fighting alongside local forces in places like Venezuela are part of a network of military contingents contracted through intermediary front companies that provide services to the Russian Ministry of Defense via its primary logistics and procurement arm the Russian Joint Stock Company (JSC) Garnizon.

Garnizon is a holding company that is directly subordinate to the ministry of defense and its subsidiaries are variously responsible for everything from repairing Russian made military planes and tanks to supplying Russian troops with MRE's and bedsheets. So what we are talking about when we refer to the Wagner Group and Russian mercenaries is really the brokerage firms that organize the shipping charter companies, customs and warehousing traders, wet lease air transport firms, travel and accounting agencies that pay contract soldiers' salaries and service the logistical needs of Russia's military-industrial complex, which is deeply intertwined with Russian state energy, mining and arms companies.

In fact, the most apt comparison for the Wagner Group and Russian mercenary networks is not Blackwater but Mexico's Sinaloa Cartel. For decades, the Sinaloa Cartel has operated like a hybrid terrorist organization, setting up front companies, evading law enforcement and killing anyone who is perceived as getting in the way of the cartel's illicit trade. Like the Sinaloa Cartel, Russian mercenaries rely on a web of legal and black market relationships to traffic in illicit goods and trade with sanctioned companies and individuals while their chief financiers in Russia launder the money made on those deals. The only difference between the Sinaloa Cartel and Russian military contractor contingents is that while the businesses involved in Sinaloa are all ostensibly private in the Russian case they are only nominally private on paper. In the Russian case, security agencies such as the FSB and GRU and other organs of the Russian state are involved in every aspect of the mercenary cartel's operations from recruitment to deployment to the battlefield.

³ See: Candace Rondeaux, "[Decoding the Wagner Group: Analyzing the Role of Private Military Security Contractors in Russian Proxy Warfare](#)," *New America*, Nov.7, 2019; Candace Rondeaux, "[Inquiry into the Murder of Hamdi Bouta and Wagner Group Operations at the al-Shaer Gas Plant, Homs, Syria 2017](#)," *New America*, June 8, 2020; Candace Rondeaux, Oliver Imhof and Jack Margolin, "[The Abu Dhabi Express: Analyzing the Wagner Group's Logistics Pipeline and Operations](#)," *New America*, Nov.3, 2021.

The U.S. and EU have sanctioned the Wagner Group and individuals suspected of being involved in Russian mercenary operations. But it is not entirely clear what effect those moves have had on constraining Russia's deployments of mercenary contingents. More recently, some experts have [called](#) for the U.S. to designate the Wagner Group a foreign terrorist organization, or FTO, a move that would prohibit the provision of material support to Russian mercenaries going forward. Given the lack of substantive and effective policy action on the problem of dealing with Russian mercenaries to date, designating the Wagner Group a terrorist organization sounds like a great idea. But to do that the U.S. is going to need to change its approach to confronting the threat posed by Russian mercenary operations.

If the U.S. wants to get a better handle on this challenge, it is going to need to do two things: learn the problem set and right-size the strategy for managing it. The first step on that path to learning the problem set is to treat it for what it is: a Russian state backed organized crime cartel that often operates like a terrorist group. The second step is not that different from the measures we've seen U.S. intelligence and law enforcement agencies take when dealing with other networks of covert combatants like al-Qaeda, ISIS or organizations like the Sinaloa Cartel. With concerted effort the shell companies that make up this covert network can often be traced through bills of lading, customs and trade data, and other related open sources that are publicly available to anyone who cares to explore them. To do that, however, the U.S. will need to establish the institutional architecture needed for the U.S. and its allies to share a continual stream of real-time intelligence on the movements of Russian mercenary contingents, which in turn will require coordination with U.S. and its allies around the world. It will also mean U.S. national security agencies thinking creatively about broadening information sharing beyond the traditional intelligence agency and law enforcement routes. In the longer term, it will also require high-level diplomatic efforts to persuade U.S. partners around the world that Russia's continued ability to evade sanctions and profit from the illicit provision of embargoed goods and services will only aid Putin's regime.

To make progress on all of the above the U.S. government should consider creating a special interagency task force dedicated to generating a whole of government plan for generating actionable intelligence that will lead to sustained efforts to disrupt and degrade the networks that support Russian mercenary contingents. This all may seem like a tall order from a

Washington point of view but steps short of these risks prolonging the Kremlin's ability to evade sanctions and to Russia's ability to profit from its aggression.

Thank you again for the opportunity to share my views. I look forward to your questions.