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THE KREMLIN PLAYBOOK 2

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Case Study

Austria

Like Russia, Austria has historically viewed itself as neither East nor West. It was annexed by Germany prior to the Second World War in the *Anschluss*, and following Germany's defeat—and at the onset of the Cold War—Austria pledged neutrality after Allied and Soviet troops pulled out of the country in 1955. Since then, Austria has leveraged and marketed itself as a neutral and favorable “space in between” East and West and a hub for Central and Eastern Europe. Its position has allowed it to encourage first Soviet and then Russian economic activity while at the same time fly under the geopolitical radar for U.S. and European policymakers. Austria was the first European country to import pipeline gas from the USSR in 1968 and to create early financial connections that would later make it an integral part of the opening and economic transformation of the former communist countries in Europe. After the collapse of the Soviet Union in 1991 and Austria's accession to the European Union in 1995, the country strengthened its position as a diplomatic and economic hub between East and West, particularly with post-Soviet countries and their leading oligarchs. It has been a favorite vacation spot for Russian politicians and business leaders (for example, Vladimir Putin began vacationing in the Alps in the 1990s). But the relationship building has been a two-way street, as Austrian leaders have made numerous trips to Russia, and prominent Russian politicians have traveled to Vienna even after the invasion of Ukraine in 2014.

Austria's “in between” status is perfectly reflected in its political and business culture, which serves as an attractive environment for Russian businesses and funds. While Austria ranks high as a country that protects democratic rights and civil liberties, it has a very uneven, if not outright lax, approach to combatting corruption as well as official and banking secrecy. Austria's Corruption Perception Index score worsened between 2009 and 2013 and has only slowly improved since.¹ A 2012 report by the Austrian Green Party parliamentary group estimated that corruption reduced Austria's economic output by 5 percent, or €17 billion.²

Several structural reasons make Austria an attractive venue for malign Russian economic influence. First, Austria has a legacy of corporatism, whereby the country's large corporate interests have shaped major institutional structures over the decades, and major social and interest groups (employers' federations, trade unions, and business chambers) are closely tied to governmental decision-making processes and institutions. These corporate interests (dominated by large, state-owned firms) are not always ideologically sorted, as they are well-connected with both of Austria's main

1 “Corruption Perceptions Index 2017,” Transparency International, February 21, 2018, https://www.transparency.org/news/feature/corruption_perceptions_index_2017.

2 “Freedom in the World – Austria,” Freedom House, June 20, 2014, <https://freedomhouse.org/report/freedom-world/2014/austria>.

political parties—the center-left Social Democrats (SPO) and the center-right Conservatives (OVP)—and they share long-standing ties with Russian companies and oligarchs. Thus, corporate interests propel the political parties to allocate resources and nominate public officeholders that can protect their interests. The main political parties, in turn, become invested in the well-being of these corporate interests to maintain their power. But whose interests are being served? The distinction becomes so blurred that one can no longer discern where corporate interest ends and public governance begins (or vice versa). This is why Austria is particularly susceptible to political corruption scandals, fostered by transparency-adverse corporate-government entanglements.

It is therefore not surprising that Austria went through a spate of political corruption scandals in the early 2010s involving high-level individuals including a former minister of the interior and a deputy governor of the central bank. Former Austrian chancellor Werner Faymann was implicated in a corruption scandal as well, but the parliamentary inquiry did not yield concrete results—though its head, Green MP Gabriela Moser, resigned after complaining that both SPO and OVP were blocking her investigation.³

Second, Austria has one of the weakest legal frameworks in the world in terms of access to information; its constitution still protects official secrecy,⁴ and a law on freedom of information has been stalled in parliament for years.⁵ It lacks transparency in the public procurement sector as well, creating a permissive environment for lobbying and for illicit activities such as corruption, bribes, tax evasion, and money laundering, domestic or otherwise. According to the Financial Action Task Force (FATF), Austria “does not pursue [money laundering] as a priority and in line with its profile as an international financial center,” and it is vulnerable to illicit funds (proceeds from international or foreign crimes) transiting through the country, including through Austrian bank accounts of companies established offshore.⁶ Beyond the banking sector, corporate service providers (CSPs), or Designated Non-Financial Businesses and Professions (DNFBPs) such as lawyers and accountants, are not regulated as stringently as financial actors despite their key role in the economic and financial system.⁷ Yet these CSPs could enable the conduct of illicit activity without oversight and greater transparency.

Diplomatic pressure from the United States and European partners has facilitated the removal of some Austrian banking secrecy provisions (e.g., anonymous accounts) in the aftermath of September 11 and counterterrorism financing efforts. But structures and legal provisions such as private foundations (*Privatstiftung*) continue to protect

3 “Freedom in the World – Austria,” Freedom House, January 9, 2013, <https://freedomhouse.org/report/freedom-world/2013/austria>.

4 “Austria,” Global Right to Information Rating, June 2016, <https://www.rti-rating.org/country-data/Austria/>.

5 “Freedom in the World – Austria,” Freedom House, January 4, 2018, <https://freedomhouse.org/report/freedom-world/2018/austria>.

6 Financial Action Task Force, *Anti-money laundering and counter-terrorist financing measures – Austria, Fourth Round Mutual Evaluation Report* (Paris, France: Financial Action Task Force, 2016), 3.

7 *Ibid.*, 9.

anonymity for beneficial owners and offer important tax exemptions. Banking secrecy laws still shelter many individuals from banks regularly sharing information with investigative authorities.⁸ The legal threshold for freezing bank accounts in the context of investigations is also high, sometimes preventing the suspension of assets in potential money-laundering investigations.⁹

Finally, Austria also has relatively weak counterintelligence services, despite its position as a major financial center and the seat of several international organizations in which many diplomatic accreditations can hide an intelligence actor. The intelligence penetration of businesses in the energy, financial, and infrastructure sectors is reportedly high.¹⁰ Legally, spying is only a crime if it is directed against the Austrian state, making Vienna an ideal location for intelligence operations. For example, in 2011, an Austrian master sergeant was sentenced by German authorities for espionage on technical documentation concerning German combat helicopters, which the sergeant provided to the SVR, the Russian foreign intelligence service. The individual was not prosecuted in Austria, as Austrian state secrets were not involved in the leak.¹¹

While Russia is not a major player in Austria's foreign trade, it is the second-largest investor in Austria, reaching more than €26 billion in FDI in 2017. *Russian investments in Austria have risen since the crisis over Ukraine began in 2014 and accounted for over 16 percent of inbound FDI stocks in 2017* (up from around 8 percent in 2013).¹² The value of Russian company assets in Austria has substantially increased from €3.7 billion in 2007 to €17.7 billion in 2015.¹³ Meanwhile, the Russian direct and indirect corporate footprint is estimated at 5.7 percent of the total corporate revenues in the economy.¹⁴ Given Russia's limited corporate footprint and the lack of tangible projects that would necessitate these investments, it appears Austria is used mostly as a hub or throughput for Russian investments across Europe and as a point of repatriation of capital from Russian subsidiaries in Europe.¹⁵ Austria is one of the three largest foreign direct investors in Central and Eastern Europe and the Western Balkans, especially in the services sector (principal-

8 Kurt Bayer, "Bankgeheimnis für wen?" Kurt Bayer's Commentary, April 11, 2013, <https://kurt-bayer.wordpress.com/2013/04/11/bankgeheimnis-fur-wen/#more-1052>.

9 *Anti-money laundering*, FATF, 7.

10 "Verfassungsschutzbericht 2017," Office for the Protection of the Constitution and Counterterrorism, Ministry of the Interior, 2017, <https://www.bvt.gv.at/401/files/Verfassungsschutzbericht2017.pdf>.

11 "Bewährung für den Spion in Uniform," *Focus Online*, March 1, 2011, https://www.focus.de/politik/deutschland/prozesse-bewaehrung-fuer-den-spion-in-uniform_aid_604641.html.

12 Authors' calculations based on data from the National Bank of Austria.

13 Authors' calculations based on data from the national statistical institute, commercial registries, and corporate databases.

14 Among the indirectly controlled Russian companies present in Austria is also Strabag, one of the largest construction companies in Europe, which has among its shareholders a Cypriot offshore firm (25 percent stake) with Oleg Deripaska (the U.S.-sanctioned Russian businessman) as ultimate beneficial owner.

15 Austrian bank accounts were involved in the Russian Laundromat scandal in 2017.

ly banking and insurance). These structural factors, combined with Austria's substantial economic network in the region, can amplify Austria's role in enabling Russian malign influence and as a prime banking and business hub for Russia.

One key area of investment is the energy sector. As with many countries in Europe, energy is a critical factor shaping bilateral trade between Austria and Russia and an influential vehicle for business and political ties. Austria is dependent on Russia for close to 80 percent of its natural gas consumption, and its main imports (in goods) from Russia are fossil fuels.¹⁶ Gazprom chose Vienna as its operational hub in the early 2000s to expand into Western Europe, and it established several Gazprom subsidiaries and private funds; in 2012, Gazprom Next Trading—registered in Vienna—had an annual turnover of €11.5 billion but only employed 52 people.¹⁷

Founded in 1956, OMV, Austria's formerly state-owned oil and gas company, employs over 20,000 people throughout its extensive downstream portfolio and network of subsidiaries in Europe, and its total assets were worth €31.5 billion in 2017.¹⁸ OMV was the company that first imported gas from the Soviet Union into Western Europe in 1968, and it has bought stakes in several gas fields in Siberia. It joined the Nord Stream 2 project in 2015, was a partner in the defunct South Stream project, has discussed extending the TurkStream pipeline to Austria, and has concluded asset swaps with Gazprom that provided the latter with stakes in European companies that it would otherwise not have access to due to sanctions and limits on financing.¹⁹

Beyond its long-time strategic partnership with Gazprom, OMV also enjoys close ties with the OVP (the leading party in the current Austrian government). OMV's CEO Rainer Seele—who is also the former president of the German-Russian Chamber of Commerce—has openly expressed his willingness to increase OMV's share in Russian production, considering it a safe upstream reserve.²⁰ Several high-level politicians, including successive Austrian chancellors and foreign ministers, have publicly supported both South Stream and Nord Stream 2. Austria has opposed the application of EU market rules on the offshore section of the Nord Stream 2 pipeline and some experts have noted it is likely one of the member states that has refused to give the Commission a mandate to negotiate with

16 EU statistics on natural gas supply, imports, and consumption are provided by the electronic database of EUROSTAT. See E-Control, *Statistikbroschüre*, 2017, <https://www.e-control.at/documents/20903/388512/e-control-statistikbroschuere-2017.pdf/93acb38b-6653-420b-7985-08d3d341732b>, 21. Note that gas from Russia is noted as imports from Slovakia because the pipeline runs through Slovakia. E-Control is the national gas and electricity market control authority.

17 Florian Horcicka, "Gazprom – Das unheimliche Imperium," *Trend*, April 21, 2012, <https://www.trend.at/wirtschaft/business/gazprom-das-imperium-325489>.

18 OMV, *Annual Report 2017* (Vienna, Austria: OMV, 2018), https://www.omv.com/pbd_download/52/413/2018_04_annual_report_2017_de.pdf.

19 Rauf Mammadov, "Putin's Visit to Austria: Implications for Energy Diplomacy in Europe," *Eurasia Daily Monitor* 15, no. 89 (June 2018), <https://jamestown.org/program/putins-visit-to-austria-implications-for-energy-diplomacy-in-europe/>.

20 "OMV-Chef: Kerosin und Tankstellen sichern Raffinerie ab," *Energy News Magazine*, October 19, 2016, https://energynewsmagazine.at/de/omv-chef+kerosin+und+tankstellen+sichern+raffinerie+ab_n9382.

Gazprom.²¹ And in 2011, the European Commission blocked Gazprom's acquisition of a 50 percent stake in the Central European Gas Hub at Baumgarten (an OMV subsidiary) because of the decoupling of supply and distribution mandated by EU energy regulations.²²

Another important sector for Russian economic presence in Austria is banking and insurance. Austrian banks' exposure in Russia rose from 3 percent in 2014 to 11 percent in 2018. The total Austrian bank credit exposure in Russia reached €14.6 billion in 2018, increasing Austrian financial vulnerability to Russia. Austria has been the only Western European country in which total banking exposure to Russia increased following the imposition of Ukraine-related sanctions. The international arm of Raiffeisen Bank, the second-largest Austrian banking group, made an eye-catching 78 percent of its corporate profits in Russia in 2014 and operates an insurance franchise in Russia along with UNIQA, the largest Austrian insurance group.²³ Vienna Insurance Group was the first Austrian insurance company to enter the Russian market in 2006. Bank-Austria (currently owned by Italy's UniCredit)—the largest foreign bank in Russia in terms of volume of activity (it controlled more than €18 billion in assets in Russia in 2017)—made close to 25 percent of its corporate profits in Russia before the Ukraine crisis.²⁴

In 2014, Austria maintained its attractive investment position after EU members exempted EU-based affiliates of state-owned Russian from EU sanctions. These included VTB Bank (Europe) and Sberbank Europe, which at the time were headquartered in Vienna and have combined assets of over \$26 billion.²⁵ Sberbank had also acquired Volksbanken International in 2011, gaining a foothold in Europe and allowing it to tap the Central and Eastern European market. The two banks still operate in seven EU member states including Austria, Czech Republic, France, Germany, Slovakia, Hungary, and Cyprus. By exempting these banks' EU affiliates from sanctions, the European Union allowed them to continue transferring profits or make loans to their Russian owners.²⁶

Another example of the many inroads of Russian influence in Austria is Meindl Bank AG. It is part of the Austrian Meindl business empire. In the 1990s, Julius Meindl V trans-

21 Agata Loskot-Strachota, Rafal Bajczuk, and Szymon Kardas, "Nord Stream 2 divides the West," Centre for Eastern Studies (OSW), June 18, 2018, <https://www.osw.waw.pl/en/publikacje/osw-commentary/2018-06-18/nord-stream-2-divides-west>; "European Commission throws book at Russia's Nord Stream 2 natural gas link," S&P Global Platts, November 1, 2017, <https://blogs.platts.com/2017/11/01/ec-russia-nord-stream-2-gas-link/>.

22 "EU Commission Blocks OMV's Deal with Gazprom," *Vindobona*, June 20, 2011, <https://www.vindobona.org/article/eu-commission-blocks-omv-s-deal-with-gazprom>.

23 Raiffeisen Bank International, *Annual Report 2017* (Vienna, Austria: Raiffeisen Bank International, 2018); Raiffeisen Bank International, *Annual Report 2014* (Vienna, Austria: Raiffeisen Bank International, 2015).

24 "Österreicher stark in Russland engagiert," *Der Standard*, March 24, 2014, <https://derstandard.at/1395363068222/Oesterreicher-stark-in-Russland-engagiert>.

25 David Enrich, Gabriele Steinhauser, and Matthew Dalton, "Loopholes Blunt Impact of U.S., EU Sanctions Over Ukraine," *The Wall Street Journal*, July 30, 2014, <https://www.wsj.com/articles/eu-units-of-russian-banks-exempt-from-sanctions-1406714101>.

26 Ibid.

formed the business and the family-run bank into a financial services provider.²⁷ Meisl is not the largest Austrian financial player in Russia, but it concentrates on providing services to wealthy investors, among which many are oligarchs.²⁸ Over the years, Meisl has been involved in several alleged fraud cases and allegations of breach-of-trust that included the use of offshore companies.²⁹ It had an alleged role in the laundering of almost \$2 billion from Ukraine through correspondent accounts registered at Meisl,³⁰ and in 2017, Austrian prosecutors started to investigate the case (investigations are still ongoing).³¹ In 2017, reports surfaced that Meisl Bank was allegedly implicated in the “Russian Laundromat” scandal, whereby more than \$20 billion had been stolen from the Russian government through organized crime activity or corrupt officials.³² Between 2012 and 2014, 17 Austrian banks were reportedly involved in the laundering machine, including Meisl Bank, which processed a little over €300,000 in suspicious transactions.³³ While bank accounts at the bank were reportedly used for these transfers, the institution has not been accused of any wrongdoing.

The interlinkage between Austrian corporate interests and Austria’s political leaders is clearly apparent when it comes to preserving Russian policy and economic interests. These political leaders have argued that EU sanctions weigh heavily on Austrian businesses although empirically, Russian investment flows in Austria have risen since 2014. Political leaders across Austria’s political spectrum advocate for better relations with Russia, particularly in light of their long-standing relationships with Moscow, as well as to protect Austrian investments in Russia. Both the SPO and the OVP have, at best, a non-confrontational policy toward Russia—which is apparent in party members’ statements on EU sanctions and the political and business ties that exist between the two countries. In some of the more problematic instances, politicians-turned-lobbyists or businessmen have leveraged their political connections in support of Russian interests.

- 27 Josh Kovensky, “Did Austria’s Meisl Bank help launder \$2 billion?” *Kyiv Post*, April 21, 2017, <https://www.kyivpost.com/business/austrias-meisl-bank-help-launder-2-billion.html>.
- 28 “Die Meisl Bank zieht es nach Russland,” *Die Presse*, October 27, 2009, <https://diepresse.com/home/wirtschaft/meislbankinformiert/517544/Die-Meisl-Bank-zieht-es-nach-Russland>.
- 29 “Julius Meisl V faces breach-of-trust charges,” *The Local*, January 1, 2015, <https://www.thelocal.at/20150101/julius-meisl-faces-dishonesty-charges>. See also: “Pulling the wool,” *The Economist*, July 21, 2008, <https://www.economist.com/node/11848791>. See also: “Ermittlung gegen Meisl Bank in Gorilla-Affäre,” *Der Standard*, March 9, 2012, <https://derstandard.at/1331206875759/SlowakeiOesterreich-Ermittlungen-gegen-Meisl-Bank-in-Gorilla-Affaere>.
- 30 Josh Kovensky, “Did Austria’s Meisl Bank help launder \$2 billion?”; Kateryna Kapliuk, “As Yanukovich Fell, Regime-connected Bank Sent Millions Offshore,” Organized Crime and Corruption Reporting Project, December 7, 2017, <https://www.occrp.org/en/investigations/7373-as-yanukovich-fell-regime-connected-bank-sent-millions-offshore>.
- 31 Andreas Schnauder, “Offshoredeals: Justiz ermittelt gegen Meisl-Banker,” *Der Standard*, February 27, 2017, <https://derstandard.at/2000053272672/Offshore-Deals-Ermittlungen-der-Justiz-gegen-Meisl-Banker>.
- 32 Peter Sim, Georg Eckelsberger, and Florian Skrabal, “Transit Bauernmarkt,” *Dossier*, March 22, 2017, <https://www.dossier.at/dossiers/geldwaesche/transit-bauernmarkt>.
- 33 Ibid.

The use of Russian affinity and cultural organizations such as the Dialogue of Civilization Research Institute as well as the Austrian-Russian Friendship Society, under the leadership of Ludwig Scharinger (a former head of the Upper Austrian branch of Raiffeisen Bank), connect the Austrian political and business elite with Russian business and political circles.³⁴ Alfred Gusenbauer, a former SPO leader and Austrian chancellor, currently serves on the supervisory board of Vladimir Yakunin's Dialogue of Civilization Research Institute.³⁵ Several MPs are members of the Friendship Society, stemming from the OVP, SPO, and the far-right Freedom Party (FPÖ). On the far-right fringe, the Identitarian Movement (a youth organization) and the Suworow Institute help foster ideological and peer-to-peer connections between Austrian far-right and some Russian nationalist forces.³⁶

Alfred Gusenbauer was also reportedly engaged in a lobbying campaign in favor of former Ukrainian president Viktor Yanukovich and is believed to be one of the former European officials cited in the Paul Manafort indictments as part of the "Hapsburg group."³⁷ Ukrainian connections in Austria also extend to Dmytro Firtash, a Ukrainian oligarch close to Yanukovich who is under prosecution in the United States for bribery and has in the past been associated with Russian organized crime figure Semion Mogilevich.³⁸ Firtash is currently under house arrest in Vienna and has been fighting extradition to the United States for years.³⁹ Another former Austrian chancellor, Wolfgang Schüssel (ÖVP), is a member of the board of Russian telecommunications firm MTS, while former ÖVP finance minister Hans Jörg Schelling became a consultant for Gazprom. These connections are potentially attractive entry points for Russian malign influence and provide protection for Russian economic and political interests.

But by far the most visible and outspoken ally for Moscow in the Austrian political sphere is the FPÖ, which is currently part of the Austrian government. Far-right groups in Austria have historically been anti-Russian due to their anti-Soviet roots, despite some common anti-American views. But in the mid-2000s, the FPÖ moved away from its pro-NATO, anti-clerical stance to a more positive view of Russia under the leadership of current party leader and now Vice-Chancellor Heinz-Christian Strache. As the FPÖ slowly gained national popularity, it aligned itself with the Kremlin's agenda in its opposition

34 Bernhard Weidinger, Fabian Schmid, and Peter Kreko, *Russian Connections of the Austrian Far-Right* (Budapest, Hungary: Political Capital, 2017).

35 "Alfred Gusenbauer," DOC Research Institute, <https://doc-research.org/author/alfred-gusenbauer/>.

36 Weidinger, Schmid, and Kreko, *Russian Connections*, 23.

37 Adam Taylor, "The Mueller indictment mentioned the 'Hapsburg group.' Now European ex-politicians are under scrutiny." *Washington Post*, February 24, 2018, https://www.washingtonpost.com/news/worldviews/wp/2018/02/24/after-hapsburg-group-disclosure-in-mueller-indictment-former-european-politicians-come-under-scrutiny/?utm_term=.09bc36b47e92.

38 Tom Winter, "DOJ: Ex-Manafort Associate Firtash Is Top-Tier Comrade of Russian Mobsters," NBC News, July 26, 2017, <https://www.nbcnews.com/news/us-news/doj-ex-manafort-associate-firtash-top-tier-comrade-russian-mobsters-n786806>.

39 Kim Janssen, "On-again, off-again extradition of Ukrainian oligarch on again – maybe," *Chicago Tribune*, March 16, 2018, <https://www.chicagotribune.com/news/chicagoinc/ct-met-dmitry-firtash-chicago-inc-20180316-story.html>.

to Western “moral decay” and to the European Union. By 2014, the party began actively supporting pro-Russian positions, including strong opposition to sanctions. Several FPO members, including the vice-mayor of Vienna, Johann Gudenus, visited Crimea (Gudenus, who studied in Russia and is a member of the executive board of the Austrian-Russian Friendship Society, also traveled as an election “observer” for the illegal Crimea independence referendum). Strache has reportedly stated that he had received information on migrant flows from Russian intelligence services.⁴⁰ By December 2016, the FPO and Kremlin-backed political party United Russia had signed a cooperative agreement in which they agreed to meet regularly and exchange information on a wide range of issues.⁴¹ The United Russia signatory, Deputy Secretary Sergei Zheleznyak, has been barred from entry into the United States as part of the Crimea-related sanctions.

Although there has not been any indication that Russia has contributed financially to the FPO, the political and diplomatic investments made by the Kremlin in the party have seen some impressive political returns. In October 2017, the FPO became the third-largest party in Austria (only 0.9 percent behind the second-largest party, the SPÖ). The ÖVP’s Sebastian Kurz agreed to form a coalition with the FPO in a repeat of a governing coalition that was formed in 2000. But unlike then, in 2017 the European Union did not place sanctions against the Austrian government for including far-right forces in a coalition. Most importantly, the FPO gained control of critically important ministries, including Interior, Defense, and the Vice Chancellery.

A few months into its term, Austrian institutions were challenged by this new government. In February 2018, a section of the Viennese organized crime police raided the headquarters of Austria’s domestic intelligence service, taking away stacks of documents. Interior minister and leading FPO official, Herbert Kickl, abruptly dismissed three senior intelligence officials, although their positions were reinstated by the courts. The official reason for the raid was to confiscate material collected on a Viennese lawyer suspected of working for foreign intelligence,⁴² but there was speculation that the true motivation behind Minister Kickl’s dismissal was to prevent these individuals from monitoring right-wing extremism.⁴³ Following these dismissals, other European intelligence

40 Fabian Schmid and Markus Sulzbacher, “Moscheeschändung: Rechtsextremes Netzwerk mit Kontakt zur FPÖ-Spitze,” *Der Standard*, December 4, 2017, <https://derstandard.at/2000068873477/Moscheeschaendung-Rechtsextremes-Netzwerk-mit-Kontakt-zur-FPOe-Spitze>.

41 Alison Smale, “Austria’s Far Right Signs a Cooperation Pact With Putin’s Party,” *New York Times*, December 19, 2016, <https://www.nytimes.com/2016/12/19/world/europe/austrias-far-right-signs-a-cooperation-pact-with-putins-party.html>.

42 Fabia Schmid and Maria Sterkl, “Kickl’s Generalsekretär im BVT-Ausschuss voller Widersprüche: ‘Das habe ich anders in Erinnerung,’” *Der Standard*, November 6, 2018, <https://derstandard.at/2000090770850/Kickl-Generalsekretaer-voller-Widersprueche-Das-habe-ich-anders-in-Erinnerung>.

43 Souad Mekhennet and Griff Witte, “Austria’s far-right ordered a raid on its own intelligence service. Now allies are freezing the country out.” *Washington Post*, August 17, 2018, https://www.washingtonpost.com/world/national-security/austrias-far-right-government-ordered-a-raid-on-its-own-intelligence-service-now-allies-are-freezing-the-country-out/2018/08/17/d20090fc-9985-11e8-b55e-5002300ef004_story.html?utm_term=.c7eae62aef92.

services expressed concerns that information shared with Austria could no longer be protected. It is interesting to note that Austria did not expel any Russian diplomats after the Skripal poisoning case in 2018,⁴⁴ although it is believed that the Russian Embassy in Vienna is quite large with an estimated 870 embassy officials and employees, many of which are assumed to be part of the intelligence services.⁴⁵

Austria, by cultivating its posture as a space between East and West, has exploited its unique position to make itself a crucial hub for Russian investments in Europe over the past fifteen years. It has attracted the presence and riches of many of the former Soviet Union party and secret service apparatchiks-turned-businessmen. Under the current chancellor, Sebastian Kurz, the Austrian government has protected and grown its economic relationship with Moscow. Chancellor Kurz visited Moscow in March 2018, and Vladimir Putin made his first post-reelection European visit to Vienna in June of the same year. The FPÖ's rise to power is the clearest example of a long-term personal investment by the Kremlin. Importantly, in Austria it has invested politically not only in far-right political movements but also across the Austrian political spectrum at some of the highest levels of power. Under current terms, Austria can protect its favorable economic position and Russia can access Austria's extensive network of banks and corporate entities in Central and Eastern Europe and the Western Balkans to further spread its malign influence under the guise of economic pursuits—a “win-win” situation for Austria and Russia, but at the expense of European security.

44 In June 2014, then-president Heinz Fischer (SPO) invited Putin to Vienna a few months after the annexation of Crimea and publicly stated that sanctions benefitted no one.

45 Damien McElroy, “Vienna named as global spying hub in new book,” *Telegraph*, July 31, 2014, <https://www.telegraph.co.uk/news/worldnews/europe/austria/11003898/Vienna-named-as-global-spying-hub-in-new-book.html>. See also: Francois Murphy, “Austria says it will not expel any Russians over spy case,” Reuters, November 14, 2018, <https://www.reuters.com/article/us-austria-russia-spy/austria-says-it-will-not-expel-any-russians-over-spy-case-idUSKCN1NJ23G>.