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Russia Creates Military Development Office to Skirt U.S. Sanctions

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Vladislav Belogrud / Interpress / TASS

Russia has created an office to ensure continued military development in the face of new U.S. sanctions that are expected in less than a month, a senior defense industry official has revealed.

The U.S. is expected to penalize up to 40 Russian defense firms and intelligence agencies starting next month in retaliation to Moscow's alleged interference in the 2016 presidential election.

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A new office within the Kremlin-run Military-Industrial Commission will make sure that the anticipated restrictions will not hamper its multibillion-dollar rearmament efforts through 2020, Deputy Prime Minister Dmitry Rogozin said Monday.

“The Military-Industrial Commission board has formed a headquarters to ensure the sustainable development of the defense industry and lasting state defense orders in light of the expected strengthening of illegal U.S. sanctions,” Rogozin wrote on Twitter.

In the latest example of Russian businesses seeking to avoid sanctions, one of Russia’s biggest commercial banks, Alfa Bank, announced that it had stopped servicing the country’s defense industry to “cut risks,” the Ekho Moskvy radio station reported last week.

Rogozin later responded that the bank had sought and was denied permission to work with state defense order funds.

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