Conflict Update # 148

August 11th, 2022

Conflict Assessment

Key Assessments

Russian losses – 43,000 Russian soldiers have died and 130,000 have been injured to date, with 1,846 tanks, 232 aircraft, 193 helipcopters, 4,100 APVs, 974 artillery systems, 133 AAW systems, 261 MLRS systems, 76 fuel bowzers, 772 UAVs, 185 cruise missiles, 15 boats and 3,005 vehicles lost.

Russia struggles to replenish its troops in Ukraine - As Russia continues to suffer losses in its invasion of Ukraine, now nearing its sixth month, the Kremlin has refused to announce a full-blown mobilization — a move that could be very unpopular for President Vladimir Putin. That has led instead to a covert recruitment effort that includes using prisoners to make up the manpower shortage.

This also is happening amid reports that hundreds of Russian soldiers are refusing to fight and trying to quit the military.

Although the Defense Ministry denies that any “mobilization activities” are taking place, authorities seem to be pulling out all the stops to bolster enlistment. Billboards and public transit ads in various regions proclaim, “This is The Job,” urging men to join the professional army. Authorities have set up mobile recruiting centers in some cities, including one at the site of a half marathon in Siberia in May.

Regional administrations are forming “volunteer battalions” that are promoted on state television. The business daily Kommersant counted at least 40 such entities in 20 regions, with officials promising volunteers monthly salaries ranging from the equivalent of $2,150 to nearly $5,500, plus bonuses.

Russian warplanes destroyed in Crimea blasts – We now have a much clearer picture of the destruction at a Russian airbase in occupied Ukrainian Crimea on Tuesday. Commercial satellite imaging firms like Planet Labs and Maxar have released post-strike imagery over the past 48 hours, and what they reveal is pretty stunning—particularly when viewing Maxar's before and after collection.

At least two big questions remain: What weapons or personnel were responsible for this kind of damage? And why were Russia's sophisticated air defenses apparently not up to the task that fateful day? For Ukraine's part, officials told the Washington Post Wednesday that their special forces were involved in the attack, but precisely how remains unclear.

Despite persistent public denials that the incident was anything more than an unfortunate accident, "Russian forces at the airbase likely know by now what happened but may not yet understand how or from exactly where Ukrainian forces conducted the attack," analysts at the Institute for the Study of War wrote in their Wednesday evening assessment. Ukraine forces may have modified existing weapon systems for the Crimea strike, ISW says, but admits it is still very much an open question.

If Ukrainian forces were, in fact, responsible for the blasts, it would be the first known major attack on a Russian military site on the Crimean Peninsula, which was seized from Ukraine by the Kremlin in 2014. Russian warplanes have regularly used Saki to strike areas in Ukraine's south.

A Ukrainian presidential adviser, Oleksiy Arestovych, cryptically said that the blasts were either caused by Ukrainian-made long-range weapons or the work of Ukrainian guerrillas operating in Crimea.

A senior Ukrainian military official tells The NYT that Kyiv was behind the blasts at Russia’s Crimea airbase that caused huge explosions there earlier. He does not say how Ukraine attacked the base.

“This was an air base from which planes regularly took off for attacks against our forces in the southern theater,” a Ukrainian official told the Times.

Russia loses 24 of its best fighter jets, turns to obsolete planes - Russia is reportedly turning to "outdated" fighter jets after it lost about two dozen Su-35 aircraft in its ongoing assault on Ukraine, according to a social media post on Thursday.

In a Facebook post, the General Staff of the Armed Forces of Ukraine said that Russia was going to start using "old" Su-24M bombers after Moscow's forces lost "two squadrons" in the war.

"The SU-35 aircrafts also showed a low level of durability. During the full-scale aggression, the occupants lost two squadrons of such aircraft—it's about 24 units," Ukrainian Brigadier General Alexei Gromov said, the post reported.

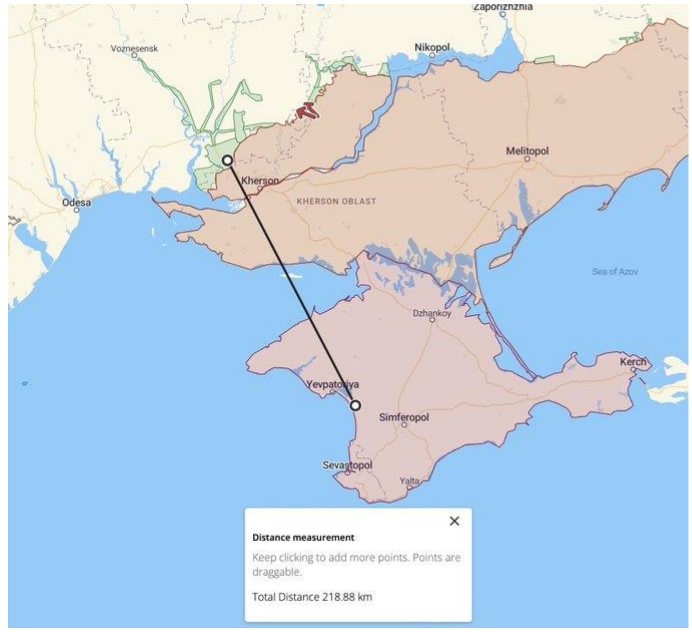
Brigadier General Oleksiy Hromov reportedly said that Russia "plans to use outdated Su-24M bombers." Hromov also said Thursday that Moscow's accuracy in recent strikes has been low, as its pilots reportedly want to avoid being shot down.

Does Ukraine have a stash of domestically developed ballistic missiles? - Much about what caused a series of explosions that tore through Russia's Saki Airbase, situated near the village of Novofedorivka on the occupied Crimean Peninsula, remains murky (see preceding article above).

Russia had claimed what happened was an accident, and that the resulting damage was minimal and caused no casualties, but provided no hard evidence to substantiate this and ordered an evacuation of surrounding areas. Some Ukrainian officials claimed that the incident was a strike, with a subset of them further saying it was carried out using unspecified domestically-developed stand-off weapons. If it was indeed a standoff strike from outside Crimea, it would have had to involve a weapon that Ukraine doesn't officially possess, but they certainly were close to in recent years.

Victor Andrusiv, who resigned from his position as adviser to the country's Interior Minister in July for unclear reasons, specifically claimed that Ukraine had missiles with ranges between 200 and 300 kilometers (approximately 124 to 186 miles) already in service in a post on the Telegram social media network. Andrusiv had previously called publicly for long-range strikes on the Kerch Strait Bridge that links Russia to occupied Crimea.

It remains to be seen whether or not the Ukrainian claims, to include the employment of some kind of weapon the country has developed itself, are ultimately confirmed. Ukrainian forces would need a ground-based weapon system with the kind of range that Andrusiv mentioned to hit Saki from areas they control in the southeastern end of the country.



Still, the blasts at the base could still have been caused by strikes carried out by manned aircraft, drones of various complexities, short-range missiles clandestinely launched from within Crimea or off its shores, sabotage, or a simple accident. Regardless, evidence is certainly mounting that Russia's initial claims as to how limited the destruction from the blasts was were a lie.

Whatever happened at Saki Airbase, especially in light of Andrusiv's Telegram post, has raised a key question: where are Ukraine's domestically-developed short-range ballistic missiles?

Hard details are challenging to pin down, but what is undeniable is that Ukrainian rocket and missile firm Pivdenne, also known as the Yuzhnoye Design Office, has been working on some level on a short-range ballistic missile designed to be fired from a road-mobile transport-erector-launcher (TEL) since at least 2003. The roots of this project reportedly trace back to the end of the Cold War and Ukraine's independence from the Soviet Union. That decoupling spurred a desire to craft a domestically developed successor to the Tochka-U short-range ballistic missile that would be roughly equivalent to Russia's Iskander-M. Both sides of the current conflict in Ukraine have employed stocks of Soviet-era Tochkas.

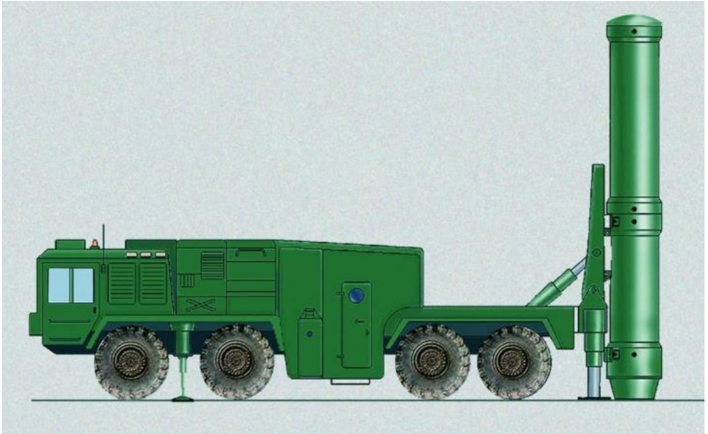
The missile, and the complete weapon system that it is a part of, have been referred to over the years as Sapsan, Grom, Grim, Grim-2, and Hrim-2. Sapsan appears to be the name applied to a larger effort that this weapon, and other components of the complete system, including a 10-wheeled TEL that can be loaded with two containerized missiles at a time, were developed under. The Grom/Grim/Grim-2/Hrim-2 nomenclature appears to refer to versions of the missiles and/or systems, of which there appear to be domestic and export-specific variations. The different spellings largely seem to be a product of how Russian and Ukrainian have been transliterated into the Roman alphabet over the years, and they all translate to Thunder/Thunder-2 in English.

Pictures of solid-fuel rocket motors associated the with Grom/Grim/Grim-2/Hrim-2 design have emerged in the past, but there do not appear to be any pictures of prototype or production examples of the complete weapon. A model publicly displayed in 2016, which had the name "Grom" written on the side, showed a design that was similar, at least in broad strokes externally, to Russia's Iskander-M.

The initial Grom/Grim design at least had an expected range of around 280 kilometers (174 miles), would carry a warhead weighing 480 kilograms (around 1,060 pounds), was 6.4 meters long (just under 21 feet), and nearly a meter (3.28 feet) in diameter at its widest, according to a website with a 2015 copyright date for Ukroboronexport, which appears to have been supplanted since then by Ukrainian state arms broker Ukroboronprom. That same webpage said that the missile, as designed, would have an inertial guidance system assisted by a satellite navigation link, along with some kind of unspecified terminal homing capability.

It's not clear if any of those specifications apply to the subsequent Grim-2/Hrim-2 design. The Ukroboronexport webpage says that Grom would be launched from an eight-wheeled TEL capable of carrying just one missile at a time, which clearly did not carry over to subsequent iterations of the missile.

Reports have indicated that the range of the subsequent Grim-2/Hrim-2 variant had the same maximum range of 280 kilometers (174 miles), but this may actually only apply to an export version. Some sources suggest that the full range of the variant for the Ukrainian armed forces would be able to strike targets out to distances between 450 and 500 kilometers (some 280 to 310 miles). Saudi Arabia, which was reportedly directly involved in the development of the weapon on some level for at least a time, was expected to be the first customer for the export version. The Saudis do not appear to have taken any deliveries of these missiles to date, and have reportedly initiated work on their own domestic ballistic missile enterprise with assistance from China in recent years.



It's interesting to note that the Missile Technology Control Regime (MTCR), a voluntary arms control mechanism that Ukraine is party to, places significant prohibitions on the transfer of missiles with ranges of 300 kilometers (186 miles) or more, and/or can carry payloads of 500 kilograms (approximately 1,100 pounds) or more. This would help explain the reason for the existence of an export-specific version with a reduced range. Russia also offers an MTCR-compliant reduced-range export variant of the Iskander-M, the Iskander-E.

The current state of the Grim-2/Hrim-2's development is unclear. Reports say that prototypes, which may have been earlier Grom/Grim versions, were test launched in 2016. The two-round, 10-wheeled TEL, or at least a mockup thereof, emerged the following year.

In 2019, it was expected that the Ukrainian military would reach an initial operational capability with the Grim-2/Hrim-2 weapon by 2022. Last year, Ukrainian officials announced that those plans had been scaled back to the acquisition of a single experimental battery with two TELs and two command-and-control nodes.

In addition, the Yuzhnoye Design Office has said in the past that it has also been developing a ground-launched cruise missile called Korshun, which is broadly akin to the Soviet-era Kh-55-series and that could be launched by a variant of the same TEL used to fire Grim-2/Hrim-2.

While we can't say with any certainty that Ukraine may have now deployed even a limited number of Grim-2/Hrim-2 missiles it has for actual operational use, or used these weapons against Saki Airbase, there is certainly a number of different relevant precedents in the current conflict.

Most notable, of course, is the sudden appearance of Ukrainian units armed with domestically-developed Neptune shore-based anti-ship cruise missiles (pictured alongside) to sink the Russian Navy's cruiser Moskva, the flagship of its Black Sea Fleet, in April. Prior to that incident, it was not commonly understood that the Ukrainian Armed Forces had any real operational capability with Neptune, and if it did, it was extremely limited.

Ukrainian forces have utilized other less complex experimental domestically-developed weapon systems in the fight against the Russian invaders. This includes the one-off Kevlar-E tracked armored fighting vehicle and the lone prototype of the 2S22 Bohdana wheeled self-propelled 155mm howitzer.

There is also the potential that Ukraine has received assistance from one or more of its international partners, especially the United States, since the conflict began to help field a more robust, if still small operational force armed with Grim-2/Hrim-2s or similar missiles.

There is already substantial evidence that the U.S. military quietly helped integrate the AGM-88 High-speed Anti-Radiation Missiles (HARM), primarily designed to home in on and destroy enemy air defense radars, onto Ukrainian aircraft, as you can read more about here.

American authorities at least facilitated some kind of similar integration of 70mm laser-guided Advanced Precision Kill Weapon System II (APKWS II) rockets onto ground and/or aerial platforms. Other countries, such as the United Kingdom, have helped the Ukrainian Armed Forces field additional non-ballistic ground-based surface-to-surface missile systems, as well.

That a single Grim-2/Hrim-2 TEL that can fire two missiles could also fit with pictures and video that have emerged so far that appear to show two near-simultaneous major explosions at distinctly separate parts of the base. If this was indeed a missile strike, using domestically-developed weapons would only add to its propaganda value, having already demonstrated an ability to penetrate past Russia's substantial air and missile defenses to hit a key target in occupied Crimea.

It remains unknown whether Ukraine fired Grim-2/Hrim-2 missiles at Saki Airbase, or if even a small arsenal of them exists at all. At the same time, striking this base is exactly the kind of thing that might be seen as a very worthwhile use of what could easily be a very limited number of these weapons.

Belarus denies reports of 8 explosions at airbase that 'often' hosts Russian jets - The Belarusian military on earlier today denied reports of explosions overnight near a military airfield in the Gomel region of southeastern Belarus, not far from the border with Ukraine.

"On 10 August, near 23:00 (20:00 GMT), during a control run, a vehicle caught fire after its engine was replaced," the Belarusian defence ministry said in a statement. "The fire was quickly brought under control. No one was injured," the statement said.

A Belarusian Telegram channel, which specialises in monitoring the conflict in Ukraine, said earlier in the day that "at least eight explosions" occurred near a military airfield in Ziabrovka, in the Gomel region.

Franak Viacorka, an adviser to exiled Belarusian opposition leader Svetlana Tikhanovskaya, said Russian military aircraft are often stationed at the airfield.

Belarus allowed the Russian military to use his country's territory to launch attacks into Ukraine since the invasion began on 24 February.

Ukrainian forces blow up Russian APC and crew – Drone images from the 53rd Mechanized Brigade show Ukrainian soldiers blowing up a Russian armored personnel carrier and its crew. The footage shows destruction of a BTR-82 with a crew, plus 10 'Ladas'.

The images were also relayed by the Ground Forces of the Armed Forces of Ukraine and by the General Staff of the Armed Forces of Ukraine.

The BTR-82 is a wheeled armored personnel carrier used by the Russian army.

Can the Russian military still take Donbas? - Although outside observers are increasingly watching Russia's noticeable repositioning of troops towards southern Ukraine to shore up its position in the environs of the southern city of Kherson, fighting in Ukraine's eastern Donbas region continues to rage, particularly near the long-occupied city of Donetsk. Russia has not slowed down its attacks in Donbas, even as its forces in Kherson are coming under increased logistical strain.

How is Russia Repositioning?

Since July, Ukrainian forces operating in the south of the country have begun to ratchet up pressure on Russian forces positioned to the north and west of the city of Kherson.

Since May, more than 50 settlements near Kherson have been liberated as Ukrainian forces chip away at Russian-controlled territory there. Russia has been forced to construct pontoon bridges to compensate for Ukrainian strikes on the bridges which link Kherson with the rest of Russia's occupied regions, the most direct and critical of which being the Antonivskiy Bridge which directly links Kherson with the eastern side of the Dnieper River.

Simultaneously, Ukrainian military leaders have publicly warned that Russia may be building up forces in the region not just to counter a long-planned Ukrainian counteroffensive towards Kherson, but possibly to make a thrust northwards towards the city of Kryvyi Rih on the west side of the Dnieper, as well as the city of Zaporizhzhia on the eastern bank of the river.

Ukraine is eager to thwart reported Russian plans to facilitate the annexation of the territories it occupies in Ukraine by organizing "referenda" along the lines of the internationally condemned polls which took place in Crimea in 2014.

Continued Ukrainian strikes on the infrastructure which Russia's invasion forces near Kherson relies on for its logistics could also complicate Russia's defense of its current positions from Ukrainian counterattacks as well as any renewed assaults Moscow has planned.

Donbas Fighting Continues

Even as a general repositioning appears to be taking place, the intensity of fighting in Donbas has not been flagged. In his nightly address, Ukrainian President Zelensky described the battlefield conditions faced by Ukraine's forces in the region as "just hell," and said that Ukrainian forces remained outgunned and outmanned on the battlefields of Donbas. In recent days, Russia has continued to make frontal attacks on the frontline cities of Slovyansk, Siversk, and Bakhmut, only making piecemeal progress there.

According to the Institute for the Study of War's assessment, Russian forces have also made a concerted effort to advance to the north and western suburbs of Donetsk, achieving some small gains. Fighting along this section of the frontline has been particularly difficult for Russia since the battle is concentrated around Ukrainian positions to the west of Donetsk which Ukrainian troops have had almost eight years to fortify since the conflict in eastern Ukraine originally flared up in 2014. Local Ukrainian military leaders in the city of Sloviansk, which was one of the most contested cities in eastern Ukraine in the opening weeks and months of the 2014 conflict between Ukrainian forces and Russian-organized separatists, have begun preparing for what they see as an imminent Russian offensive towards the city, the seizure of which would be a symbolic victory for Moscow.

In recent days, activity on the frontlines to the east and north of Sloviansk has picked up as Russian forces make probing attacks, despite assessments that their forces had pulled a significant portion of their troops away from sectors near Sloviansk to fight in Kherson. The focus of Russian attacks and activity in in the east for now appears to be centered around the cities of Bakhmut and Avdiivka, which Russia would realistically need to seize before making a serious attempt at attacking Sloviansk.

Even as Russia has made an effort to maintain its attacks in Donbas, the ambiguity surrounding the buildup of forces by both armies near Kherson could influence the outcome of Russia's plans for further offensives in Donbas, depending on how its forces fare in the south. The success of Russian plans to generate manpower in unorthodox ways will also be important to monitor, as their success or lack of success could determine how long Russia will be able to sustain its invasion. (Wesley Culp of 19fortyfive.com).

Impacts

Latvia designates Russia a 'state sponsor of terrorism' over Ukraine war - 'Latvia recognizes Russia's actions in Ukraine as targeted genocide against the Ukrainian people,' says the Baltic nation's parliament in a resolution.

Latvia's parliament on Thursday, August 11, designated Russia as a "state sponsor of terrorism" over the war in Ukraine and called on Western allies to impose more comprehensive sanctions on Moscow in order to bring an end to the conflict.

"Latvia recognizes Russia's actions in Ukraine as targeted genocide against the Ukrainian people," the Baltic nation's parliament said in a resolution.

Western nations should increase their military, financial, humanitarian and diplomatic backing for Ukraine and support initiatives condemning Russia's actions, it added.

Russia vows revenge at Latvia for daring to cross Putin - Russian officials and lawmakers are indignant at the news that another government believes the country's behavior on the world stage is as vile as terrorists' behavior and claiming there's no evidence behind it.

Latvia has made a decision "that would please Washington, but that Washington itself has not yet dared to make," Novikov told TASS, adding that he thinks Russia needs to respond as well. "I am confident that the Foreign Ministry has been drafting proposals on how to react to these developments, and I am sure there will be a reaction."

Over 40 countries have already committed to helping document and investigate Russia's suspected war crimes and atrocities in Ukraine, from the senseless killing of civilians to rapes, to mass graves. The International Criminal Court may be putting forward a case as soon as this winter.

Fire reported at military unit near Moscow - A fire erupted at a military unit near Moscow, a source in the emergency services told Russian state news agency TASS.

Baza Telegram channel reports that the fire erupted in a wooden building that housed military barracks. The channel says that conscripts and military personnel were inside when the fire started. All of them were evacuated.

Since the start of Russia's invasion of Ukraine, arson attempts have been reported in over a dozen Russian conscription offices, including offices in Cherepovets, Nizhnevartovsk, Balashikha (Moscow region) and other cities.

US backs calls for a demilitarized zone around Ukraine nuclear power plant - The United States supports calls for a demilitarized zone around Ukraine's Zaporizhzhia nuclear power plant after fighting involving Russian and Ukrainian forces in the vicinity of the plant, a State Department spokesperson said today.

Much of Russia's intellectual elite has fled the country - Nobody is aware of precisely how many individuals have left Russia because the begin of the conflict. Estimates fluctuate from 150,000 to 300,000. About 50,000 are thought to have settled in Georgia, an inflow giant and sudden sufficient to push up native rents. It isn't just the numbers that matter, however who the émigrés are. Like these crammed into the Vakke condo, the diaspora consists largely of younger, well-educated, politically acutely aware, lively, articulate and resourceful individuals—in different phrases, Russia's mental elite. The exiles have taken with them their habits, their networks, their means to self-organize and their values. That could have profound results on each the nation they've left behind and the international locations they've settled in.

The results of the newest wave of emigration on Russia's future is more likely to be far larger than the mere numbers recommend. Andrei Zorin, a cultural historian at Oxford University, factors out that the lack of the Westernized elite after the Bolshevik revolution in 1917 was ameliorated partly by the rise of vibrant youngsters from the Russian peasantry, who had been looking forward to training, and whom the brand new Communist authorities had been keen to assist.

Taiwan security officials want Foxconn to drop stake in Chinese chipmaker - Taiwanese national security officials want to force Apple supplier Foxconn to unwind an $800mn investment in Chinese chip company Tsinghua Unigroup, as Taipei seeks to align itself more closely with the United States in the face of escalating threats from Beijing.

Sanctions

Amid drone deal, revolutionary guards-linked flights to Russia surge - Revolutionary Guards-linked Flights to Russia surge data shows dozens of flights by Iranian firms under US sanctions have landed in Moscow since the war in Ukraine began. According to a US official, the Iran-Russia drone deal is moving ahead: 'Russians are training in Iran.'

Russia and sanctions evasion - The economic sanctions enacted against Russia have imposed severe limitations on its economy and financial sector.

Since then, Moscow has sought to strengthen its ties to a group of heavily sanctioned countries – Cuba, Iran, North Korea, Syria and Venezuela – most of which were already in its orbit. These countries have been forced to develop complex strategies to weather sanctions imposed by the US, UN and others, in some cases for generations. The Kremlin was familiar with the cat-and-mouse game of sanctions evasion when it invaded Ukraine in February 2022. But, since then, it has emulated the approach taken by these countries and conducted international shipping and banking despite the restrictions it faces, partly through informal and illicit procurement networks.

It appears that sanctions will be in place for the foreseeable future, and, indeed, will take Russian leaders years rather than months to fully restructure the country's domestic economy to evade the worst effects of the sanctions. During this time, Russia will attempt to establish new international supply chains, build unconventional financial channels and find new trade partners, and the pace at which it does this will dictate whether international sanctions place a significant strain on Russia's economy and political system.

Iran pioneered sanction-evasion techniques in the 2000s and 2010s with the assistance of Chinese-linked vessels when its hydrocarbon exports were constrained because of its advancing nuclear programme. These techniques included using multiple ship-to-ship transfers, temporarily disabling vessel-tracking transponders and using obscure sailing patterns.

These practices have often been paired with other measures, such as using vessels with complex ownership structures and flagging vessels in jurisdictions with minimal oversight (e.g., Panama and Sierra Leone). Venezuela copied many of these techniques in the 2010s after the government of President Nicolás Maduro remained in power and repressed protests in a succession of political crises.

Russia is using these same sanctions-skirting measures and since its invasion of Ukraine, there has been a surge in the number of Russian oil tankers sailing without a reported destination. In March 2022, there was a sudden increase in the number of Russian tanker ships carrying Russian oil and petroleum products that disappeared from vessel-tracking systems. The state-owned shipping company Sovcomflot, which has been targeted specifically by international sanctions, has not being revealing destination information on a third of its tanker fleet. They have been forced to loiter at sea when attempting to enter friendly countries because corporate self-sanctioning has limited their ability to enter ports of call.

Some ships addressed this problem by dropping the Russian flag from their vessels, using instead the flags of the Marshall Islands and Saint Kitts and Nevis. Russia is also attempting to conceal the origin of its crude oil by blending and re-naming it as a 'Latvian blend.' Venezuela has used the same technique, transforming its crude oil into 'Malaysian' and 'Singaporean' blends to circumvent sanctions.

The most difficult issue for Moscow is in finding a way to make international financial payments without access to US dollar markets. There are three ways it can do this: using its national currency rather than US dollars, resorting to barter-like agreements or making payments via decentralized finance.

The drastic decline in Russia's imports caused by sanctions and the exodus of more than 1,300 foreign companies has hobbled its logistical infrastructure. Since February officials emphasized economic self-sufficiency and the need to support domestic industry through import substitution. Self-sufficiency and import substitution have actually been pursued in Russia since 2014 but these policies have produced few results; Moscow has not yet achieved full production autarky in any economic sector.

At the end of March, Russia began allowing parallel imports of foreign goods that cannot yet be replaced or substituted. These so-called 'grey imports' are distributed outside official trade channels without the trademark owner's permission. This is how many US products remain available in Iran. The Kremlin has restricted access to information about its imports since April, including to the Eurasian Economic Union, which is poised to become the main channel through which parallel imports will enter Russia. This could be the method by which Samsung televisions and Apple iPhones remain in stock in Russian stores. To reach export markets, Russia is already using routes via the International North–South Transport Corridor that passes through Iran to ship goods to India.

They may follow the North Korean example of importing high-end luxury goods and building sophisticated procurement networks using commercial facilitators. North Korea has taken advantage of porous export-control regimes on luxury goods and secured access to vehicles from Western suppliers, high-end clothing and new consumer devices despite strict UN sanctions on Pyongyang.

Evidence of sanctions effect on Russia - US officials stated that they had obtained information that Russia is attempting to acquire hundreds of armed uninhabited aerial vehicles from Iran to use in its war against Ukraine. The fact that a country with a highly developed defence sector is seeking assistance from Tehran in this way is a clear signal that Russia's domestic industry is facing serious supply constraints and that there are very few places to which Russia can turn to purchase military and dual-use equipment.

Western sanctions are wreaking havoc on Russia's economy - Russia's economy has been severely damaged by the war in Ukraine, with four million losing their jobs, tens of millions of dollars' worth of revenue lost, healthcare spending slashed and panicked citizens rushing the banks, a report has claimed.

A panicked Putin is hiding the full scale of the catastrophe from both Russian citizens and the world by making key banking and finance data state secrets, contradicting claims out of Moscow that Western sanctions are having little effect.

Research by the Kyiv School of Economics (KSE) Institute suggests emergency measures taken by Putin have only 'papered over the cracks' in the short-term - with Russia facing a decade of woe before its economy returns to pre-invasion levels.

Using data from sources including the IMF, the World Bank, the International Energy Agency and the Central Bank of Russia (CBR), the KSE think tank has painted a bleak picture of Russia's future - which tallies with a Yale report from last month that said Russia is losing the economic war with the West.

Research by the Russian Center for Strategic Research said 63 percent of regions in Russia are expected to see a 'significant increase' in unemployment in 2022, with key industries being hit hard.

'The top 5 industries impacted by the number of expected jobs cut include – transport and logistics, automotive, wholesale and e-commerce, timber industry and wood products,' the KSE report said.

The Think Tank said that the Russian Minister of Finance 'proposed to withdraw more than 500bn RUB (~$8.2 bn) of budget expenditures from state programs and non-programmed areas in 2023,' while still hugely increasing defence spending.

The report said: 'According to Higher School of Economics in April 22 expenditures on national defence grew at the fastest rate (2.5x increase), expenditures on the national economy and social policy grew by 55%, while expenditures on environmental protection (28%) and health care (30%) decreased.'

Putin

Russia is 'about to run out of steam,' MI6 chief says - "Epic fails" is how Richard Moore described the Russian invasion's three main goals: remove Ukraine's Zelenskyy, capture Kyiv, and sow disunity within NATO.

Moore, who is chief of UK's Secret Intelligence Service—better known as MI6— spoke at the recent high-powered Aspen Security Conference.

While U.S. officials have recently called the Russia-Ukraine war a "stalemate," Moore argued Ukrainians can still win, especially if they are able to strike as Russia regroups after recent territorial gains. Moore argued that those advances were only "some incremental progress over recent weeks and months...It's tiny amounts."

Yet those advances depleted the Russia army, which now occupies cities it leveled and earth it scorched to push back Ukraine's Western-armed resistance, he said.

"I think they're about to run out of steam. Our assessment is that the Russians will increasingly find it difficult to supply manpower [and] material over the next few weeks. They will have to pause in some way and that will give the Ukrainians opportunities to strike back," Moore said.

A successful counterpunch will also be crucial for Ukrainian morale, he said.

"I also think, to be honest, it will be an important reminder to the rest of Europe, that this is a winnable campaign by the Ukrainians because we are about to go into a pretty tough winter," he said. "We're in for a tough time."

Moore said he believed Russian intelligence before the war was not briefed up to Putin, and in its aftermath MI6 pounced. Since the start of the war, Moore said, "We've taken some pretty concerted efforts against them. So across Europe…something north of 400 Russian intelligence officers operating under diplomatic cover have been expelled." Additionally, intelligence services have rounded up Russian sleeper agents posing as illegal aliens across Europe.

Moore said he hopes Russian intelligence officers in Europe will consider turning on Putin, as many turned against the Soviet Union in the 1960s. “Our door is always open,” he said.

Russian billionaire calls Putin’s war ‘vile’ and says others aren’t speaking out because ‘they are all afraid’ - Boris Mints, 64, told the BBC he feels the invasion is “the most tragic event in recent history, not only of Ukraine and Russia, but globally,” and compared the event to Hitler’s invasion of Poland in 1939.

“This war is a result of madness and hunger for power of a single person, Vladimir Putin, supported by his inner circle,” he told the broadcaster.

The founder of investment company O1 Group claimed that he is one of the very few Russian businessmen willing to comment because anyone who criticizes Vladimir Putin “has grounds to worry about personal safety.”

For those like him in Russia, he added, any “intolerance” towards Putin’s regime is usually met with punishment in the form of opening “a fabricated criminal case against their business.”

“Any business leader independent from [Putin] is seen as a threat as he or she may be capable of financing opposition or cultivating protest—as such, those people are seen as Putin’s enemies and, therefore, as enemies of the state,” Mints told the BBC.

China

‘We’re not going to take the bait:’ DoD downplays China escalation around Taiwan - The Pentagon’s top policy official refuted reports claiming that US officials now believe China could invade Taiwan by 2024 but stated that China’s recent military activities around Taiwan are an attempt to create instability in the region.

“The PRC is trying to coerce Taiwan. They’re trying to coerce the international community. And all I’ll say is, we’re not going to take the bait and it’s not going to work,” Colin Kahl, undersecretary of defense for policy, told reporters today.

“It’s a manufactured crisis, but that doesn’t mean we have to play into that. I think it would only play to Beijing’s advantage. What we’ll do instead, is to continue to fly, to sail and to operate wherever international law allows us to do so and that includes in the Taiwan Strait, and we will continue to stand by our allies and partners in the region.”

Kahl’s comments come just days after US House Speaker Nancy Pelosi’s visit to Taiwan, which inflamed Beijing and prompted a series of Chinese military exercises. In the wake of the visit, which spanned from Aug. 2 to Aug. 3, numerous media outlets such as Fox News have reported that China could seek to mount an invasion of Taiwan as early as 2024 — when both Taiwan and the United States are set to hold presidential elections — citing statements from current and former US officials.

But when asked whether the United States had a new assessment that China could attempt to take over Taiwan in two years, Kahl replied, “No.”

Still, Kahl said the Pentagon was watching closely military demonstrations China held last week, where it simulated a blockade around Taiwan using ships and aircraft that crossed over the median line between China and Taiwan.

“Clearly what they’re trying to do is salami slice their way into a new status quo,” he said. While China’s activities don’t seem to have had a major impact on the global economy, “obviously there could be a point at which the PRC could engage in activities that would have economic consequences” due to Taiwan’s status as the world’s largest producer of advanced semiconductors, Kahl said.

During those demonstrations, China shot about a dozen missiles that landed in the waters north and east of Taiwan, along with five missiles that landed in Japan's exclusive economic zone, Kahl said. However, he did not go so far as to say that China had flown missiles over Taiwan.

"We know a number of missiles blew into an area where it would look like the track might be passing over Taiwan, but the reason I'm a little cautious here is because… a lot of it depends also on the loft and trajectory and what you consider to be 'over,'" he said. "I don't have the physics in front of me."

As China launches missiles and makes threats, Pacific nations keep cool heads - The biggest question for America's treaty allies and close partners in the Indo-Pacific isn't necessarily what China will do after US Speaker of the House Nancy Pelosi's visit to Taiwan, but how each nation will manage their reactions.

Already China has launched ballistic missiles over Taiwan, had ships and planes cross the so-called line of demarcation that marks the de facto border between the two governments and conducted what the official news organization Xinhua described as long-range live fire drills "on an unprecedented scale."

China, said Xinhua, "flew more than 100 warplanes including fighters and bombers to conduct combat training exercises such as joint reconnaissance, aerial refueling, airspace control, and strikes on ground targets. Over 10 destroyers and frigates from the navy of the theater command conducted joint blockade operations in waters off the Taiwan Island."

Perhaps the most dangerous strikes involved five Chinese missiles that Japan's defense minister on Thursday said landed within Japan's Exclusive Economic Zone, marking the first time a Chinese ballistic missile had done so.

Tokyo lodged a diplomatic protest with Beijing. "This is a grave issue that concerns our country's national security and the safety of the people," defense minister Kishi Nobuo told reporters.

The Chinese Foreign Ministry spokeswoman Hua Chunying said China was acting in accordance with "international law and international practices," and added the fairly stunning observation that Japan's EEZ doesn't exist.

"As for the Exclusive Economic Zone, China and Japan have not carried out maritime delimitation in relevant waters, so there is no such thing as an EEZ of Japan," Hua told reporters at a daily briefing.

"Over the coming days and months, China will conduct provocative and escalatory exercises that may include [more] live missile fires in Taiwan's air space. It may try to flip one of the 14 remaining countries that still recognize Taiwan diplomatically. And it will put more economic pressure on Taiwan," predicts Bonnie Glaser, head of the Asia Program at the German Marshall Fund of the United States. "Beijing will assess the impact of its actions and warnings on the US and Taiwan. If they believe that the message hasn't been heard and if they don't see some restraint, I expect they will take more aggressive measures."

Those more aggressive measures may be beginning, as China today announced it has stopped all communication with regional military commands (which presumably means Indo-Pacific Command), and that meetings between the Chinese and US defense leadership, including on maritime military safety, are canceled. In what may the most significant strategic action, China will not discuss climate change with US officials.

All this rhetoric and exercises are clearly proof that President Xi Jingping was mightily angered by the visit of a senior American politician to Taiwan, one with a long and sometimes colorful history of criticizing China's government and supporting the democratic government of Taiwan. The United States did not threaten China militarily nor forge new policy. But Pelosi did visit Taiwan during the 95th birthday of the Chinese Communist Party, the supreme sovereign body in China, and while Xi was meeting with his senior colleagues to plan for his coronation as supreme leader for a third term when the National Congress meets later this fall and to address the Asian behemoth's stumbling economy.

China, of course, can manufacture as much indignation and anger about this single event as it wishes. So the question remains, how should Australia, South Korea, Japan and other US allies and partners in the region best manage the fallout?

An early sign came when the G7 issued an Aug. 4 statement saying they were "concerned by recent and announced threatening actions by the People's Republic of China, particularly live-fire exercises and economic coercion, which risk unnecessary escalation" in the Pacific region.

"There is no justification to use a visit as pretext for aggressive military activity in the Taiwan Strait. It is normal and routine for legislators from our countries to travel internationally," read the statement from the foreign ministers of Canada, France, Germany, Italy, Japan, the UK, the US and the EU.

Glaser said the G7 foreign ministers' statement about China "is a good example of steps that the US can take with its allies. US allies and partners will be concerned about China's military intimidation tactics and will want to see a strong but non-escalatory US response. They all have a stake in the preservation of peace and stability in the Taiwan Strait, and while each country has different interests and circumstances, there are steps each can take to signal that they oppose Chinese use of force against Taiwan."

However, Chinese Foreign Minister Wang Yi rejected the G7 statement, raising the specter of China's subjugation at the ends of Japan and a wide array of western powers before World War II: "Today's China is no longer the China of the 19th century. History should not repeat itself, and it will never repeat itself!"

Notably, Taiwan itself has remained measured in its responses to China's actions, not rising to give Beijing an excuse for further military adventurism. And while other nations in the region took a tepid stance at first, China's actions in the last 48 hours have led to increased criticism — although still fairly muted.

While Japan issued its political complaint, it too has not made any dramatic military movements. Australia's Prime Minister, Anthony Albanese, took a low key approach, calling for everyone to continue to hew to the status quo.

"We live in an era where there's strategic competition and increased tension in our region and where China has taken a more aggressive posture in the region," Albanese acknowledged. "But our position on Taiwan is clear — we don't want to see any unilateral change to the status-quo, and we'll continue to work with partners to promote peace and stability across the Taiwan Strait."

But Australia stepped up its criticism of China after the missiles landed in Japan's EEZ. On Friday, Minister for Foreign Affairs Penny Wong said she has expressed her concerns about Beijing's "deeply" concerning and "destabilizing" actions to her Chinese counterpart on Friday.

"Australia is deeply concerned about the launch of ballistic missiles by China into waters around Taiwan's coastline," she said in a Friday statement after she spoke with China's Wang at the East Asia Summit held in Cambodia. "These exercises are disproportionate and destabilizing. This is a serious matter for the region, including for our close strategic partner, Japan."

South Korea said very little about Pelosi's visit to the American treaty ally and she did not mention Taiwan while there.

"Our government's stance is to maintain close communication with relevant parties… on the basis that peace and stability in the region through dialogue and cooperation are important," an official from South Korea's presidential office told reporters on Wednesday. Pelosi left Seoul the next day. She did not meet with South Korean president Yoon Suk-yeol but did have a phone call for 40 minutes. No details were released about the substance of the discussion.

But like Japan and Australia, South Korea issued a stronger statement following China's recent missile launches, with Foreign Minister Park Jin saying Seoul opposes any efforts to "change the status quo by force" in the region, according to Yonhap.

Which is to say, the democratic nations in the region are taking China's bluster as just that and not overreacting — a welcome sign for those concerned about a major conflict in the Pacific breaking out as a result of Pelosi's visit.

Containment

Planned drone factory is boost for Ukraine, as Kremlin threatens to destroy it - A Turkish drone factory in Ukraine would provide significant help in the war effort, analysts tell The Media Line, as Russia threatens an attack if one is built in the country.

Ukrainian Ambassador to Turkey Vasyl Bodnar told the RBC Ukraine news outlet on Monday that Turkish defense firm Baykar has registered in Ukraine and acquired a plot of land.

Bodnar added that an agreement on the construction of the factory has been sent to parliament. Samuel Bendett, an analyst specializing in weapons systems at the Arlington, Virginia-based Center for Naval Analyses think tank, said having a factory would be of major benefit to Ukraine and help to increase access to other types of drones produced by Baykar.

"It will have a significant impact. Ukraine will be able to rely on its own resources to manufacture a very valuable asset that has proven itself effective against the Russian military," he told The Media Line. "They'll just have more drones to begin with, all matter of drones."

Ukraine is likely concerned by Russia's claim that it will have a drone facility finished around the end of the year, increasing Kyiv's desire for an in-country source of its own, Bendett said. Arda Mevlütoğlu, an Ankara-based defense analyst, told The Media Line that Ukraine would be able to get drones more quickly into combat from the factory. "Ukraine would have the luxury or liberty to modify these drones according to its own capabilities or requirements, and that would produce some significant advantage in terms of the time required to deliver these products to frontline service," he said. A day after the Ukrainian ambassador's comments, Moscow issued a threat to the planned factory, the TASS Russian News Agency reported.

"The fact of opening such a facility, which will definitely be an immediate subject to the course of 'demilitarization,' will only prolong the sufferings of Ukrainians but will in no way help to avoid the main objective of the special military operation," Kremlin spokesperson Dmitry Peskov said. CNN Turk reported last month that President Recep Tayyip Erdoğan said Russian President Vladimir Putin suggested having a Baykar factory in his country.

Geomilitary

A US-China war over Taiwan isn't happening anytime soon – An article by Admiral James Stavridis (ret).

Tensions, already very high between the US and China over Taiwan, were exacerbated by House Speaker Pelosi's visit to the island. Many analysts are warning that an invasion by Beijing could come sooner rather than later — within 18 months is a common projection — often citing the Ukraine conflict as a model: China playing the part of Russia and bringing what it views as a non-nation sharply to heel.

Based on many years of engagement with the Chinese around the Pacific both operationally and diplomatically, we are years away from any potential military move by Beijing against Taipei, and it is particularly unlikely to happen in the immediate future. There are several reasons.

First, events in Ukraine are likely to give Chinese President Xi Jinping pause, not encouragement. He must be asking himself, "I wonder if my generals and admirals are as bad as those Russians appear to be?" Xi was probably assured by Putin, when they met at the Olympics in February, that this would be a sharp, short war and that the Russians would have full control of Ukraine before the West could get its collective boots on. Things turned out very differently for the Kremlin.

The Chinese military, similar in many ways to Russia's, lacks even the level of combat experience the Russians had in Afghanistan, Chechnya and Syria, and in the previous invasions of Ukraine and Georgia.

A second reason for Chinese hesitancy is uncertainty about the Taiwanese. Would they fold or fight? Polling is never fully reliable, but all indications are that the Taiwanese have a strong sense of national identity and are unlikely to simply roll over when the first wave of Chinese missiles strike on the island. (Beijing gave a preview of its muscle in the exercises responding to the Pelosi visit.)

President Tsai Ing-wen is a steely leader — she's not unlike Ukrainian leader Volodymyr Zelenskiy — and my assessment is that the Taiwanese will fight and fight hard. The geography of the island — mountain and forest — is a nightmare for an invader, especially one that must mount the assault by sea.

Third, Beijing is watching the alignment of the Western democracies across Europe and the Far East in enacting crippling sanctions on Russia, causing Moscow to default on its debt for the first time in more than a century. Almost all Western corporations decamped from Moscow, helping cause a collapse in imports, and few look to be going back anytime soon.

The NordStream 2 pipeline between Russia and Germany will have nothing but air whistling through its long tubes for the foreseeable future, and the Europeans are making strides toward energy independence from Moscow.

Sure, the Chinese will say to themselves, our economy is too big to sanction, and they would be largely correct. But could the West produce real pain-inducing sanctions on specific sectors? Absolutely. And at a moment when the Chinese economy has been slowed by the ravages of zero-Covid lockdowns, this prospect is particularly unappetizing.

Fourth, as the old saw goes, "all politics are local," and Xi has a very delicate political situation before him. At the 20th Communist Party Congress late in the fall, he will almost certainly be given a third five-year term. It is a remarkable achievement, vaulting him into the company of Mao Zedong and Deng Xiaoping. He does not want a major conflict with the US to interfere with this anointment, and even after he fully consolidates control it seems unlikely he would quickly manufacture a crisis that could crater the global economy.

Finally, China's military and political leaders probably assess that they are not (quite) ready for a full-scale war with the US. They have a backlog of military capability they will want to fully integrate into the People's Liberation Army: a new strategic nuclear force, nuclear-powered warships (notably aircraft carriers), hypersonic missiles, improved offensive cyberwarfare techniques, and a far better satellite network for reconnaissance and actual combat in space.

A war between the US and China, of course, is possible in the near term. I co-authored a novel a year ago with the depressing title, "2034: A Novel of the Next World War." But I wrote the book not as predictive fiction, but rather as a cautionary tale. The US still has time to construct the coherent strategy — militarily, diplomatically, economically, technologically — that could deter such a conflict. The clock is ticking, but the hour of maximum danger almost certainly lies some years ahead.

Geoeconomics

In the Ukraine war, a battle for the nation's mineral and energy wealth - Less than 100 miles east, artillery salvos pound Ukrainian defensive positions as Russian forces inch forward. But below the surface of this sprawling Donbas coal field, a dwindling number of miners are still working, extracting a fuel that is emblematic of one of Ukraine's biggest challenges.

The Kremlin is robbing this nation of the building blocks of its economy — its natural resources.

After nearly six months of fighting, Moscow's sloppy war has yielded at least one big reward: expanded control over some of the most mineral-rich lands in Europe. Ukraine harbors some of the world's largest reserves of titanium and iron ore, fields of untapped lithium and massive deposits of coal. Collectively, they are worth tens of trillions of dollars.

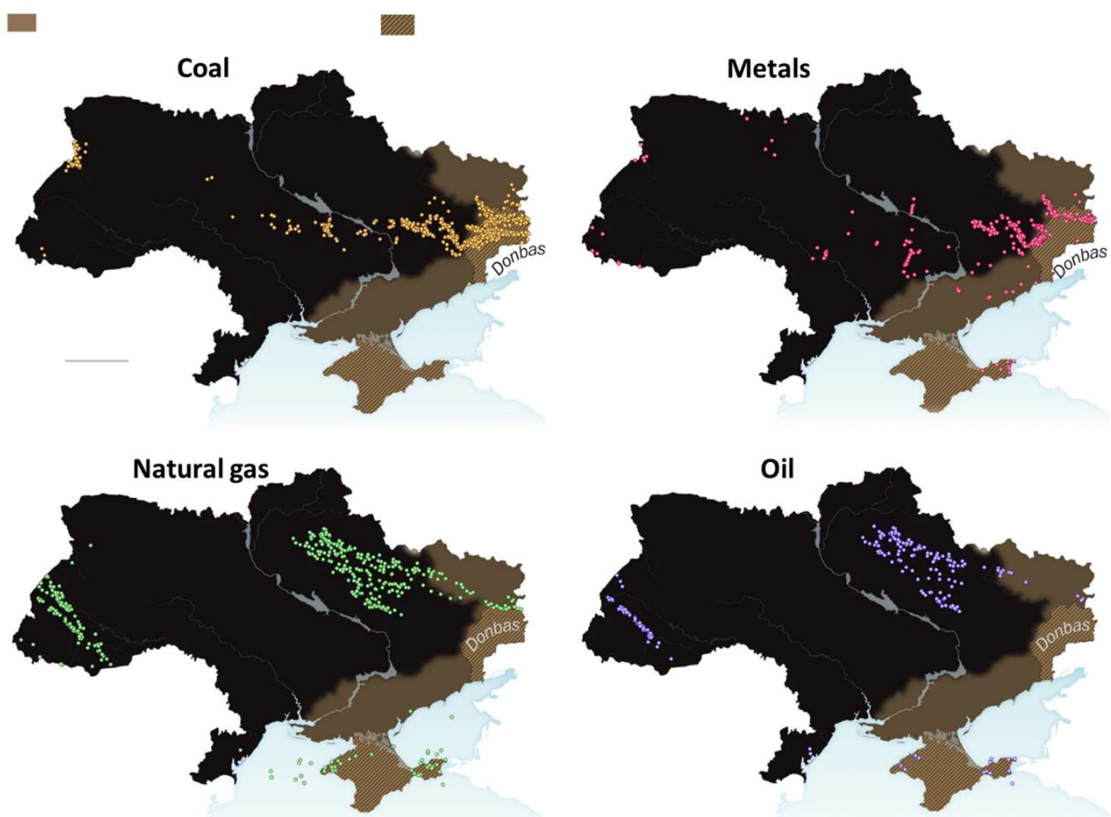
The lion's share of those coal deposits, which for decades have powered Ukraine's critical steel industry, are concentrated in the east, where Moscow has made the most inroads. That's put them in Russian hands, along with significant amounts of other valuable energy and mineral deposits used for everything from aircraft parts to smartphones, according to an analysis for The Washington Post by the Canadian geopolitical risk firm SecDev.

Russia possesses vast amounts of natural resources. But denying Ukraine its own has strategically undermined the country's economy, forcing Kyiv to import coal to keep the lights on in cities and towns. Should the Kremlin succeed in annexing the Ukrainian territory it has seized — as U.S. officials believe it will try to do in coming months — Kyiv would permanently lose access to almost two-thirds of its deposits.

Ukraine would also lose myriad other reserves, including stores of natural gas, oil and rare earth minerals — essential for certain high-tech components — that could hamper Western Europe's search for alternatives to imports from Russia and China.

"The worst scenario is that Ukraine loses land, no longer has a strong commodity economy and becomes more like one of the Baltic states, a nation unable to sustain its industrial economy," said Stanislav Zinchenko, chief executive of GMK, a Kyiv-based economic think tank. "This is what Russia wants. To weaken us."

$12.4 trillion in lost wealth



Ukraine is widely known as an agricultural powerhouse. But as a raw-material mother lode, it's home to 117 of the 120 most widely used minerals and metals, and a major source of fossil fuels. Official websites no longer show geolocations of these deposits; the government, citing national security, took them down in early spring.

Yet SecDev's analysis indicates that at least $12.4 trillion worth of Ukraine's energy deposits, metals and minerals are now under Russian control. That figure accounts for nearly half the dollar value of the 2,209 deposits reviewed by the company. In addition to 63 percent of the country's coal deposits, Moscow has seized 11 percent of its oil deposits, 20 percent of its natural gas deposits, 42 percent of its metals and 33 percent of its deposits of rare earth and other critical minerals including lithium.

Some of those deposits are hard to reach or require exploration to assess their viability. Some were overtaken during either Moscow's 2014 annexation of Crimea or the Ukrainian government's eight-year war with Russian-backed separatists in the east.

Since the invasion began in February, however, the Kremlin has steadily expanded its holdings. According to SecDev and Ukrainian mining and steel industry executives, it has seized: 41 coal fields, 27 natural gas sites, 14 propane sites, nine oil fields, six iron ore deposits, two titanium ore sites, two zirconium ore sites, one strontium site, one lithium site, one uranium site, one gold deposit and a significant quarry of limestone previously used for Ukrainian steel production.

Roman Opimakh, director general of the Ukrainian Geological Survey, said the government is still assessing the war's impact on its mineral resources. But given how much of Ukraine's raw materials are in the east and south, he suggested that the value of lost reserves exceeds the total calculated in the independent analysis.

"There is a negative asset, which we've lost — resources which we use right now to support our industrial activities and to generate power," he noted. "But there's another dimension of minerals of the future which are still under the ground. Unfortunately, there is a risk that the Ukrainian people will not get the benefits of the development of those materials."

The bulk of the country's oil and gas reserves remain under its control. But for Western Europe, Russia's expanded land grab in Ukraine amounts to a tactical setback.

"Russian occupation of Ukrainian territory has direct implications for Western energy security," said Robert Muggah, SecDev co-founder. "Unless the Europeans can rapidly diversify oil and gas sources, they will remain highly dependent on Russian hydrocarbons."

The greatest threat is to Ukraine's future. During the 2014 Russian invasion, in which Ukraine lost roughly 7 percent of its land mass, critical Western investment in the energy and mining sector was scared away. The current war has had the same impact.

Polish-Ukrainian investment company Millstone & Co, for instance, struck a 2021 deal with an Australian mining company for active exploration at two untouched lithium sites. Once the war started, the companies froze those plans, said Millstone managing partner Mykhailo Zhernov.

One site — a deposit covered by farmland — now is so close to the front lines that Zhernov remains uncertain whether it is under Ukrainian or Russian control. Initial plans to build a lithium battery factory there have also been shelved.

Analysts say licenses for other mineral deposits sold by the Ukrainian government last year are now trading at deep discounts as investors question the viability of extraction.

"Every day, Ukrainians are losing their economy," Zhernov said. "I know many investors who started geology research, but they have stopped because [of the war]. Everything, it's a bet now."

The blow to Ukraine is far worse because of the Russian seizure of key Ukrainian ports and a broad blockade of the Black Sea. Some analysts see the lost sea transit routes as more significant than the lost mineral reserves — particularly coal, despite its current value — as other countries switch to greener energy.

"Raw materials like coal are not the future, they're the past," said Anders Aslund, an economist who has long studied Ukraine. "It's more about whether Ukraine loses its ports, which I don't think they will. If they did not have those ports, they would need to build a completely new infrastructure for exports."

Coal's practical and symbolic value

Coal is by far the most abundant of the deposits in Russian-controlled parts of Ukraine. The approximately 30 billion tons of hard coal deposits there have an estimated commercial value of $11.9 trillion, SecDev estimates. They also have symbolic value as a storied energy source, with the regional metropolises of Donetsk and Luhansk being built on the backs of coal miners and steelworkers.

The toxic combination of a loss of raw materials plus damaged, destroyed or seized infrastructure has vast implications for a core industry like steel, which until the war sustained 4 million Ukrainians. Two large factories were destroyed or overrun in the siege of Mariupol. Other factories have reduced production and face a host of challenges.

Across the country, many of the Soviet-era steel plants still run on coal. But the nation's losses to Russian-backed separatists in the east between 2014 and 2017 forced Kyiv to begin importing significant amounts of coal, both for those plants and thermal power plants. In 2021, imports amounted to almost 40 percent of Ukraine's coal consumption.

Along with coal mines, Russia has recently seized a significant limestone deposit used for steel production. The impact of that has been minimized because Ukrainian steel production has dropped so much because of the war — 60 percent to 70 percent — that factories have been able to make do with lower-quality limestone deposits in the west. But Yuriy Ryzhenkov, chief executive of the Ukrainian steel and mining giant Metinvest, warned that ramping back up to normal levels will mean "we will have to import it."

Farther east, the onslaught unleashed by the invading army has laid waste to Ukraine's Donbas region, razing entire cities to the ground. Thousands of mine employees fled.

As it seeks to reactivate the economies in seized territories, Russia may try to restart some mining and steel production — as it has appeared to do in one of the two major steel plants in captured Mariupol. It's likely to face significant logistical hurdles, though, including a lack of access to previous buyers. While seizure of reserves may help achieve a war goal — to weaken pro-Western Ukraine — few predict Russia will be willing or able to make the large-scale investments required to extract the minerals.

Losses, if permanent, would compel what's left of Ukraine to realign its economy. The possible upside: a modernization that could make its dated steel plants more efficient and greener. Early estimates suggest the price tag for rebuilding the broader economy range upward of $750 billion.

Ukraine's more recent attempt to modernize its energy grid has been upended by war. Almost half its renewable energies plants — including 89 percent of its wind farms — are located in seized territory or conflict zones. More than half of its wind farms are shut down.

Any rebuilding effort with large-scale foreign investment would also probably require a true end to the fighting — as opposed to another protracted but contained conflict with Russia, as was seen in 2014.

"Not only will Ukraine have lost a lot of its territory and its resources, but it would be constantly vulnerable to another onslaught by Russia," said Jacob Kirkegaard, a fellow at the Washington-based Peterson Institute for International Economics. "No one in their right mind, a private company, would invest in the rest of Ukraine if this were to become a frozen conflict." (Anastacia Galouchka).

Geopolitics

China fumes over Somaliland's warm ties with Taiwan - Shortly after a fireplace destroyed the most important market on this independence-minded area of Somalia, a senior Chinese diplomat requested permission to go to pay his respects.

Fei Shengchao, Beijing's ambassador to Somalia, instructed Somaliland authorities he needed to debate how China may assist or mitigate the impression of the catastrophe, which devastated the native economic system, and assist victims of Covid-19 and the East African drought (sic).

As the go to approached, Mr. Fei added a number of different stops to his itinerary in Hargeisa, Somaliland's capital: He needed to satisfy with lawmakers. And opposition leaders. And college students.

The ambassador's requests raised fast suspicions amongst Somaliland authorities. Beijing's actual agenda, they concluded, wasn't to speak about any emergency assist. It was to recruit native allies to sabotage Somaliland' diplomatic relations with Taiwan.

"It was purely political," stated Essa Kayd, Somaliland's overseas minister.

Mr. Kayd advised Mr. Fei he wasn't welcome. The journey did not take place.

"We thought it wasn't appropriate—not because we feared anything but because it was different than the agenda we agreed upon," Mr. Kayd stated in an interview.

Few African states have the nerve to say no to China, whose state-owned corporations have blanketed the continent with sprawling seaports, airport terminals, easy highways – with monies owed against Chinese loans.

Somaliland is one of two African nations with Taiwanese diplomatic outposts in sub-Saharan Africa.

Somaliland is "open to all bilateral relations we can have with any country, but it has to be unconditional, no strings attached," Mr. Kayd stated. "We're not going to allow anyone to dictate who we can have a relationship with."

The China-Taiwan standoff elevating tensions within the Asia-Pacific area and pushing Washington and Beijing towards a brand new Cold War, can be seen to be impacting the Horn of Africa.

Somaliland, whose purpose is recognition as a state unbiased of Somalia, has allied itself with Taiwan.

Somaliland's leaders "are not only seeking secession, but also fanning the flames to undermine the independence and unification of other countries, harming others without benefiting themselves," Mr. Fei advised WSJ, "They will only end up shooting themselves in the foot."

Comment – this is very undiplomatic language from a representative of any country's foreign affairs section.

The Chinese ambassador declined to comment after his aborted visit.

Over the weekend, Somalia's foreign affairs ministry issued a statement denouncing US House Speaker Pelosi's visit to Taiwan. Somalia "declares its full solidarity with the People's Republic of China in defending its sovereignty and territorial integrity, while affirmed its firm position to respect the one-China policy, considering Taiwan an inalienable part of China's territory," the Somali ministry stated.

BRI loses steam, no fresh Chinese investment post-Covid pandemic - After Sri Lanka went bankrupt due to economic profligacy on count of white elephant Chinese funded projects, Bangladesh has joined Nepal by saying a big NO to any further loans from China. The two countries are now only interested in grants.

Nine years after it was launched by President Xi Jinping, the Belt Road Initiative (BRI) appears to have lost steam with virtually no new Chinese investment in third countries post-Covid pandemic.

While a section of Beijing watchers believe that this is an indicator of the hit that the Chinese economy has taken during the pandemic and as a result of its zero-Covid policy, BRI appears to be under revaluation with recipient countries wary of the debt trap and its economic feasibility.

Bangladesh Finance Minister AHM Mustafa Kamal has publicly blamed economically unviable Chinese BRI projects for exacerbating economic crisis in Sri Lanka. He has warned that developing countries must think twice about taking more loans through BRI as global inflation and slowing growth add to the strains on indebted emerging markets.

“Everyone is blaming China. China cannot disagree. It is their responsibility,” Kamal said in an interview to Financial Times. Bangladesh owes some six per cent of its external debt to China and has sought USD 4.5 billion loan from IMF last month to tide over economic crisis.

Fact is that Bangladesh has made it clear to China that it is not willing to accept any further loans but only grants from Beijing. The same pitch has been taken by Nepal as the Chinese debt trap looms large and economic collapse of Sri Lanka, which owes 10 per of its USD 51 billion external debt to Beijing, has become a classic example. The white elephant of Hambantota port in Sri Lanka is now under 99 year Chinese lease post 2017 under debt for equity swap with more than a billion dollar Rajapaksa international airport a nonstarter.

Another country that its reeling under Chinese debt is Pakistan with some USD 53 billion being spent by Beijing under the aegis of BRI on projects which are nowhere near fruition. Touted as a major strategic initiative between “milk and honey” allies, the Gwadar Port on Makran coast is still not complete with Baloch insurgents getting restive by the day and targeting the Pakistan Army and even the Chinese workers.

The Gwadar port, which was billed as an alternative to Dubai and economic future of Pakistan, is fast turning to be a mill stone around Islamabad’s neck. The country is currently seeking a multi-billion-dollar bailout from IMF with depleting foreign exchange reserves, double digit food and fuel inflation—a double whammy of Covid pandemic and Ukraine war.

In fact, the Chinese penetration into the Indian sub-continent has increased to a level where the bureaucracy and the media has been compromised and working against their own country.

After Pakistan, China has invested some USD 44 billion in Indonesia, USD 41 billion in Singapore, USD 39 billion in Russia, USD 33 billion in Saudi Arabia and USD 30 billion in Malaysia. Beijing has done massive investments in Cambodia because of which the ASEAN countries are mute spectators to the unilateral changes by China in South China Sea and war mongering against Taiwan.

The cry against Chinese BRI is not limited only to Indian sub-continent as its reverberations can be heard in the stalled USD 4.7 billion railway project in Kenya. Five years since its launch the project ends abruptly in an empty field, 200 miles from its destination in Uganda. The BRI is fast turning a road to nowhere.

US says Russian cooperation with Iran should be viewed as ‘profound threat’ - Washington said Tuesday that Moscow's growing cooperation with Iran should be viewed as a "profound threat" after an Iranian satellite launched by Russia blasted off from Kazakhstan Tuesday and reached orbit.

"We are aware of reports that Russia launched a satellite with significant spying capabilities on Iran's behalf," a US State Department spokesperson said.

"Russia deepening an alliance with Iran is something that the whole world should look at and see as a profound threat."

Speaking at the Moscow-controlled Baikonur Cosmodrome in the Kazakh steppe, Russian space chief Yury Borisov hailed "an important milestone in Russian-Iranian bilateral cooperation, opening the way to the implementation of new and even larger projects."