

Conflict Update # 304

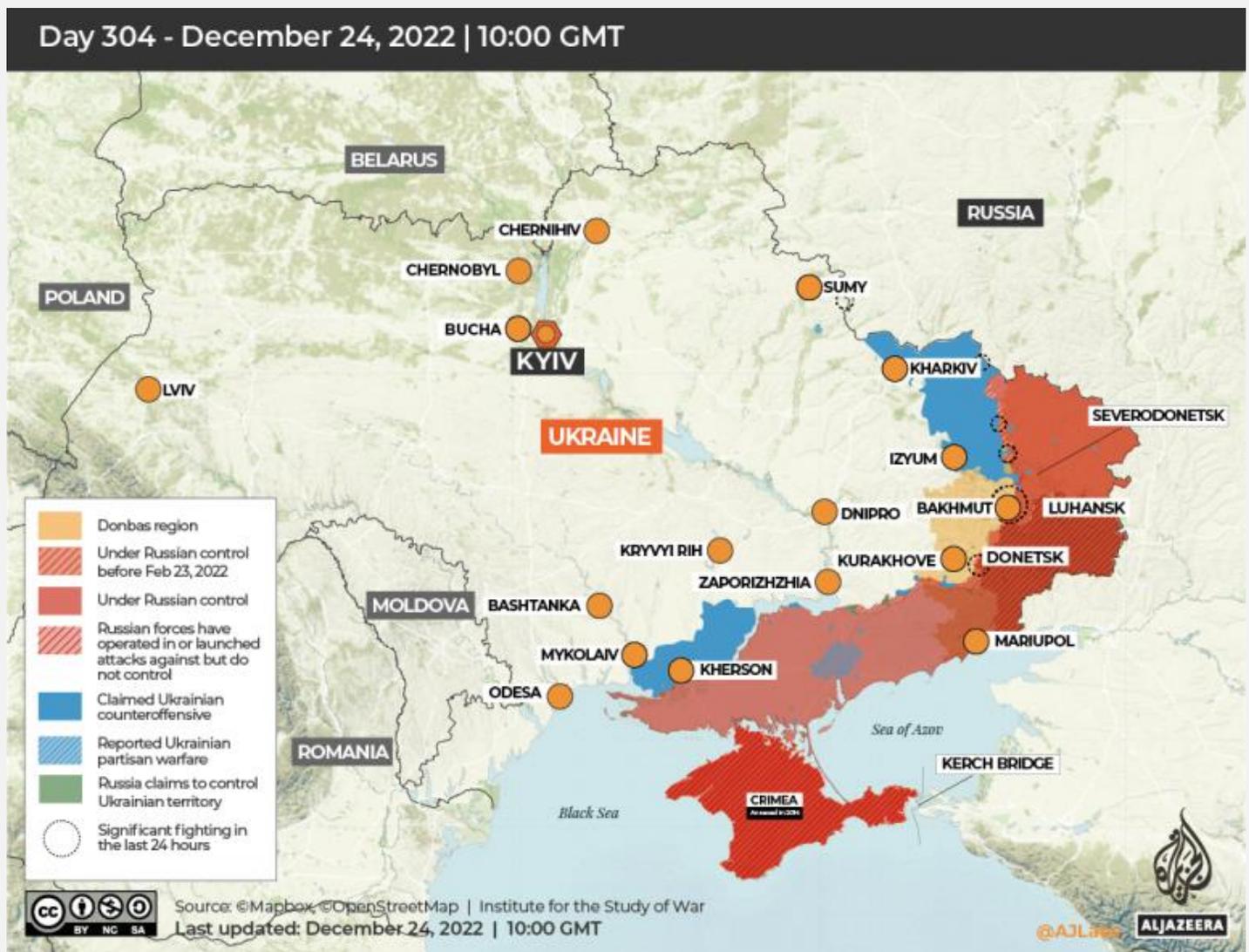
December 24th, 2022

Back issues at www.accgroupco.com

Conflict Assessment

Russian losses – 101,430 (480) soldiers killed, 3,006 (+1) enemy tanks, 5,994 (+8) armored combat vehicles, 1,988 (+4) artillery systems, 418 (+4) MLRS systems, 212 (+0) air defense systems, 283 (+1) warplanes, 267 (+0) helicopters, 1,706 (+8) UAVs of the operational-tactical level, 653 (+0) cruise missiles, 16 (+0) warships/cutters, 4,627 (+5) trucks and tankers, 4 Iskander Missile Launchers (+0), 239 fuel bowsers (+0) and 178 (+0) units of equipment.

Key Takeaways



Russian manpower losses – Russia has lost 3,730 soldiers over the past week, meaning at this rate they will burn through the mobilized troop count within 45 days. Where are they going to source a second mobilization with their economy already on its last legs through a manpower shortage and a planned northern front via Belarus? Equipment?

Watch what Ukrainian forces are doing – Poised for the freeze to harden terrain for mechanized battle, Ukraine is aiming at Crimea.

The peninsula is served from two points only, the land bridge via the mainland with supplies and replenishments that arrive by rail from Russia, and the Kerch Bridge, connecting eastern Crimea with the Russian mainland.

The latter is still not in full service after being struck some months ago, and the bridges connecting from the mainland are under constant assault by Ukrainian forces, both at the bridges and upstream along rail junctions from Russia.

The other primary connection is the water supply originating in Kherson and now under Ukrainian control.

Going back in history and across the Black Sea to the year 1402 AD, the 4th Ottoman Sultan, Bayezid I, trying to consolidate his grip on Anatolia, was at war with Timur, the Turco-Mongol emir, with the conflict around the Ottoman city of Ankara.

Timur surrounded the city and then cut off its water supply, forcing Bayezid I to engage in battle, with no access and water. He then defeated the Ottoman force and took them into custody.

The same can transpire with Crimea – another Ottoman territory back in those days – shutting off access and water. There are some 3 million citizens on the peninsula and their survival will be in dire straits, forcing them into a decision one way or the other.

Russia will be compelled to supply the island via sea, and we know how dangerous that has been for them.

The majority of Russia's backup and actionable equipment, armored vehicle supply and ammunition for its Ukrainian invasion is located in Crimea.

Lose Crimea and they lose the war.

Death toll rises to 10 in Kherson attacks - A Russian attack on the city of Kherson has killed at least 10 people, Ukrainian authorities have said.

Zelenskyy published photos showing streets strewn with burning cars, smashed windows and bodies.

"Social networks will most likely mark these photos as 'sensitive content.' But this is not sensitive content – it is the real life of Ukraine and Ukrainians," he wrote on Twitter.

Ukraine spy chief says threat of invasion from Belarus low: NYT - The director of Ukraine's military intelligence agency, Kyrylo Budanov, has told the New York Times that Russia is staging a "disinformation campaign" to persuade Kyiv to relocate part of its troops away from the combat zone in the southeast.

Russia sent conscripts to its military bases in allied Belarus and moved troops by rail, raising concerns that it might attempt a second siege of the capital from the north.

While the threat of such an event cannot be ruled out, Budanov said Russia was trying to convince Ukraine of this possibility in order to gain ground in the southeast.

In Bakhmut, in Donetsk, Wagner mercenaries were deployed to deliver a breakthrough after months-long battles. "Wagner units ... need to show they are a force, and they can do what the Russian army could not," Budanov said.

Russia might be preparing to attack Ukraine from Belarus: ISW - Russia might be preparing to renew its offensive on the Ukrainian capital Kyiv by launching a potential new invasion from north, the Washington-based Institute for the Study of War (ISW) has said.

“Verified evidence of a Russian buildup in Belarus makes more sense as part of preparations for a renewed offensive than as part of ongoing exercises and training practices, but there remains no evidence that Moscow is actively preparing a strike force in Belarus,” the think-tank said in its latest report.

While the institute said a renewed large-scale Russian invasion was unlikely this winter, the possibility of a new operation being launched from the Kremlin ally’s territory was “a possibility that must be taken seriously.”

Comment – Even if merely a feint, it will require Ukrainian reinforcements to be located to ward off any such threat.

Turkey says Ukraine war will ‘not end easily’ - Turkey has said that Russia’s war on Ukraine “will not end easily,” despite repeated attempts to arrange peace talks between Kyiv and Moscow.

“It would not be wrong to say that despite all our goodwill and call for a ceasefire, this war is likely to continue into 2023,” Defence Minister Hulusi Akar told journalists during a year-end briefing in the capital, Ankara.

Turkey, which helped broker a deal with the United Nations for the export of Ukrainian grain through the Black Sea, is seeking to bring together Russian and Ukrainian leaders for negotiations to end the war.

“As Turkey, we call for a ceasefire – at least a humanitarian ceasefire. Then, a permanent ceasefire and peace talks,” Akar said.

Kremlin bans media under its control from reporting on mobilization - The Kremlin has banned government-controlled media from publishing any statements concerning mobilization, reports The Moscow Times, citing their own source in Russian media.

“Before, we could write about the ongoing mobilization, and about possible scenarios and predictions. Now all predictions have to stop. The requirements state that we shouldn’t quote anyone [on mobilization], even a statement by a State Duma deputy or a senator,” the source said.

According to The Moscow Times’ source, an unspoken order came from the presidential administration on the eve of New Year’s holidays. The Kremlin’s decision is likely related to rumors about a “second wave” of mobilization, as well as Defense Minister Sergey Shoigu’s suggestion that Russia should increase the maximum size of its army.

Peace Talks

There will not be any sustainable movement towards peace negotiations as long as Russia continues to occupy Ukrainian territory. Crimea may be a negotiating ploy but not believed to be so, given the control it exerts over Ukrainian exports, vital for their future survival.

What will more than likely transpire is renewed conflict once the terrain hardens with the looming freeze, and Ukraine can assess its progression on several fronts with new and more advanced equipment, rotated troops, and Russian military ineptness, despite flooding war fronts with ill-trained and equipped recruits and plentiful stocks of “dumb” bombs.

If they (Ukraine) can progress and solidify their recapture of further territory, hopefully Crimea included although that is a longer term offensive, they will be able to exert heightened pressure on Putin and the Kremlin.

The next three months will be indicative and instrumental in how this plays out.

Lest we forget, loss of Ukraine places Russian nuclear forces right on NATO doorsteps which, together with their desire to reformulate the Soviet bloc also gives them control of one of the globe’s largest bread basket, seeing drastically increased pressure on future world food supply, an extremely handy tool of leverage for expanded hegemony.

US says Putin's call to end war in Ukraine insincere - Putin's call for an end to the war in Ukraine has been met with a sharp rebuke from the US, which said the Russian leader had shown "zero" interest in peace negotiations.

"Our goal is not to spin the flywheel of military conflict but, on the contrary, to end this war," Putin said on Thursday.

Russian Industry

Russia has a wealth of resources and strategic minerals and ores that are primary multipliers for global industry. According to Zeihan following are some of these absolute advantages

#1 In the world

- Natural gas
- Uranium
- Neon
- Processed nickel
- Semi-finished iron
- Wheat
- Fertilizer
- Potash

#2 In the world

- Crude oil
- Refined oil products
- Platinum group metals
- Refined copper
- Steel
- Seed oils
- Ammonia
- Sawn wood

#3 In the world

- Coal
- Aluminum
- Gas turbines
- Titanium

As mentioned in a previous Update, they have not been too savvy regarding their position of control and situational manufacture.

Neon

80% of global neon supplies come from Russia, manufactured in their steel mills in the Phase I of neon production, with Phase 2 – and the sole point of supply in their supply chain – in Mariupol, which they have bombed into smithereens, it is now a crater. 90% of global neon supply is used in the production of apertures. Very clever.

Titanium

Titanium ore is from Ukraine and sent to Russia for refinement. The biggest Russian customer is Airbus. This supply is now no-existent.

Aluminum

TO make this product plants require bauxite which Russia sources from Australia and Ireland, given that it has zero ore in their country. Both have sanctions in place against Russia – so, once again, now non-existent. The biggest Russian customer is once again, Airbus.

Fertilizer

There is a huge shortfall of fertilizer looming, with Ukraine having hardly prepared its fertile plains for next year's crop. We are still consuming last year's crop. Look for a food supply impact in this vital area.

Potash

As in the fertilizer analysis, potash will be in short supply in the next six months. Canada has supplies in the prairie provinces but not sufficient to make good looming shortages.

Seed oils

Ukraine provides $\frac{2}{3}$'s of global sunflower oil. When in Belarus some years ago I visited fish canneries, where they preserve product with sunflower oil from Ukraine. The three primary preservatives in food production are sunflower oil, saline solution and olive oil. Look for a drastic increase in preserved food price of canned and bottled foods.

Coal

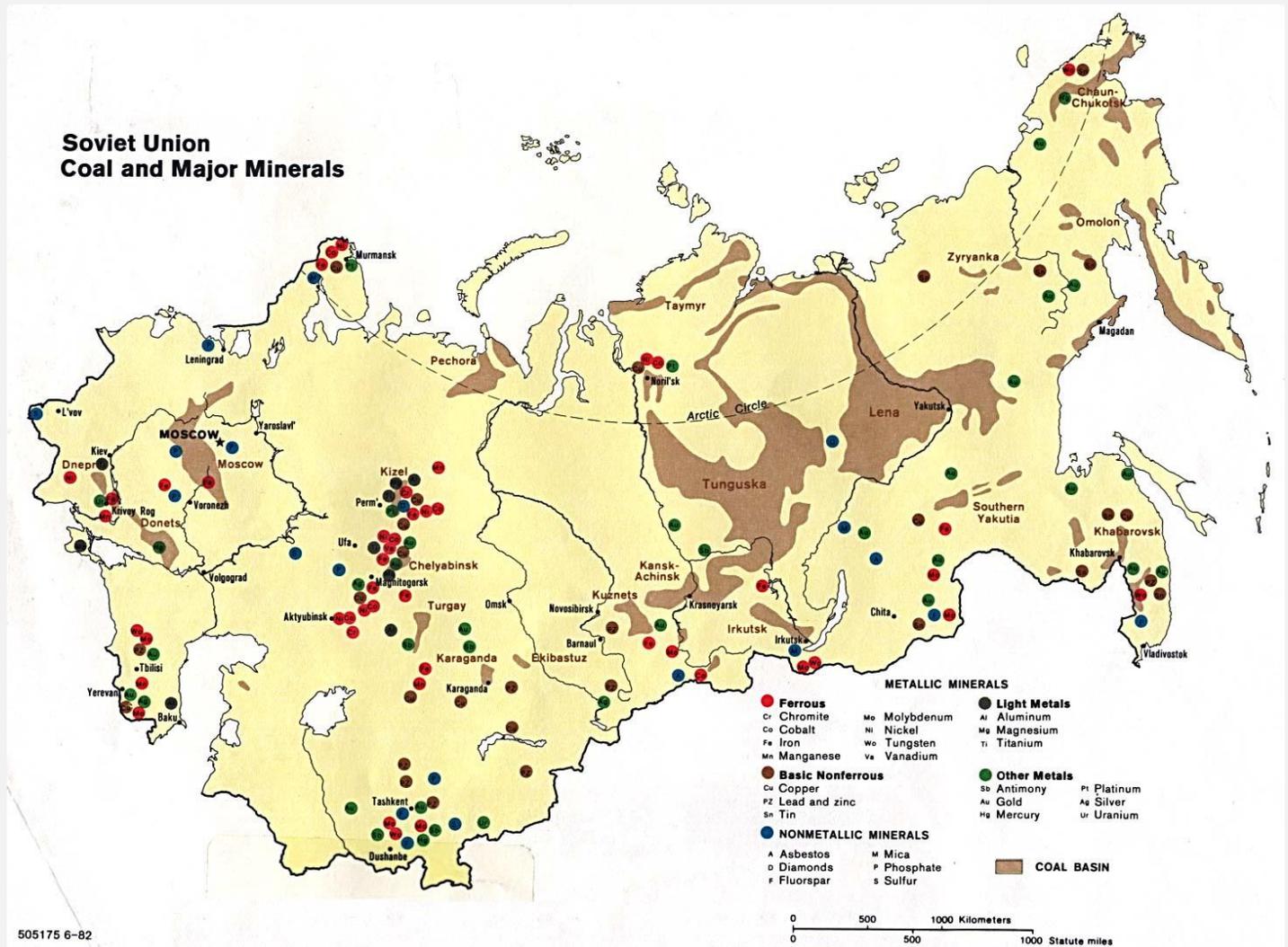
As can be seen from the map below, Russian coal is predominantly in the middle of the country, with a smaller amount from around Moscow – serviced solely by rail to ports, from where it is shipped to final destinations. Russia is the #3 supplier in the world, behind Australia and Indonesia and in 2020 supplied 57 million tons to the EU, now subject to a sanctions ban effective August this year.

Processed nickel

The top 5 uses of nickel is in the manufacture of stainless and alloy steel, nickel-based alloys, electroplating, batteries and catalysts.

Wheat

Ukraine's latest estimate is that their output fell by roughly 40% since the invasion of their country began. This has huge implications for global food supplies.



We need to remain keenly cognizant of the downstream effects of the Russian/Ukrainian conflict as global consumption of products originating in these two countries is immense with far-reaching implications.

Another Russian military base is on fire – Another Russian military base has caught fire under mysterious circumstances. This is becoming almost a daily affair with fuel dumps, rail yards, military barracks and hubs and other strategic locations strangely catching fire or seeing explosions.

Putin

Russia/US Relations in “Ice Age” - Russia’s ambassador to the United States Antonov said bilateral relations were in an “ice age” and the risk of a clash between the two countries was “high,” Russian news agency TASS reported.