

# Conflict Update # 333

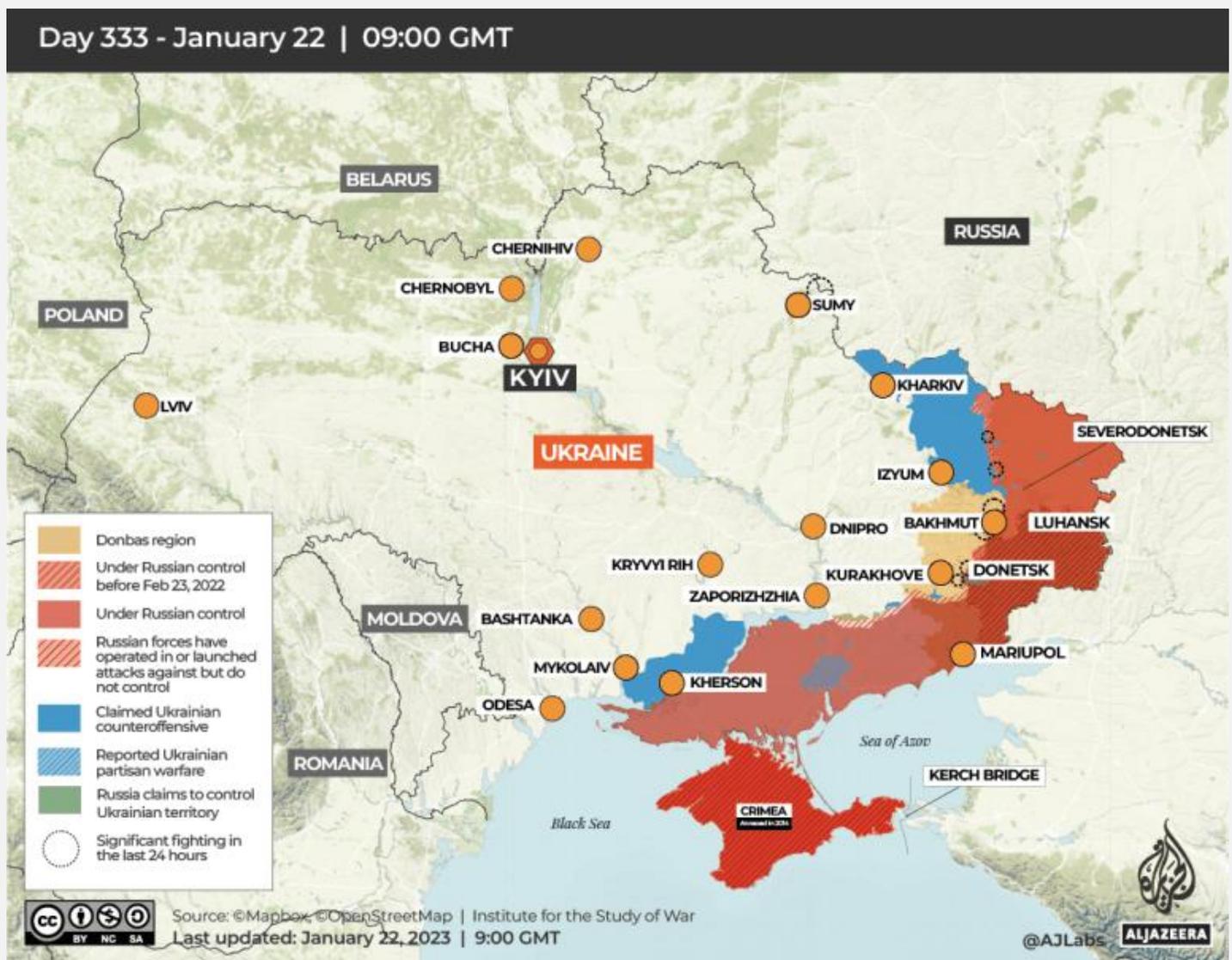
January 22<sup>nd</sup>, 2023

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## Conflict Assessment

**Russian losses<sup>1</sup>** – 120,760 (600) soldiers killed, 3,145 (+5) enemy tanks, 6,268 (+12) armored combat vehicles, 2,144 (+9) artillery systems, 445 (+2) MLRS systems, 220 (+0) air defense systems, 287 (+0) warplanes, 277 (+0) helicopters, 1,892 (+1) UAVs of the operational-tactical level, 749 (+0) cruise missiles, 17 (+0) warships/cutters, 4,932 (+14) trucks and tankers, 4 Iskander Missile Launchers (+0), 239 fuel bowsers (+0) and 193 (+0) units of equipment.

## Key Takeaways



**Russian troops<sup>3</sup> have increased shelling of Ukraine's eastern regions** outside the main front line in the Donbas industrial area, according to officials from Zaporizhzhia and Sumy regions.

**Mykhailo Podolyak**<sup>4</sup>, a senior adviser to Zelenskyy, has urged Kyiv's allies to "think faster" about stepping up their military support, a day after they failed to agree on sending battle tanks Kyiv says it needs.

**Senior United States officials are advising Ukraine**<sup>5</sup> to hold off on launching a major offensive against Russian forces until the latest supply of US weaponry is in place and training has been provided, said a senior official from the administration of US President Joe Biden.

**US designates Russian Wagner mercenary force a crime organization**<sup>9</sup> - The United States is designating Russia's Wagner Group as an international criminal organization. The White House said about 50,000 of its mercenaries are fighting in Ukraine. The classification will allow the US to apply wider sanctions to the group.

The US will impose additional sanctions next week against Russian private military company the Wagner Group, which US officials say has been helping Russia's military in the Ukraine war, the White House said.

The head of Wagner published a letter to the White House asking what crime his company was accused of.

**Fierce fighting continues over Ukraine's eastern city of Bakhmut**<sup>11</sup> - The front-line city of Bakhmut in eastern Ukraine continues to be the focus of intense fighting. Ukrainian forces appear to be holding out against the Russian military.

**Ukraine official downplays chances of Belarus joining war: 'no threat'**<sup>16</sup> - A Ukrainian intelligence official downplayed the threat of Belarus joining the Russia-Ukraine war amid speculation that the Kremlin ally could send troops into the country to fight by the end of the year.

President Lukashenko has emerged as one of Putin's closest and most strategic allies amid the invasion of Ukraine that was launched on February 24, 2022. As many world leaders condemn the war, Lukashenko has defended the Russian leader, even letting his troops enter Ukraine from Belarusian borders at the start of the war.

After almost 11 months of combat, Putin's troops have struggled to achieve substantial goals in Ukraine, which responded with a stronger-than-expected defense effort, bolstered by Western military aid. Amid Putin's floundering invasion, Belarus has conducted several military exercises in recent months, fueling speculation it could become more involved in the conflict.

## Diplomacy

**Japanese Prime Minister Fumio Kishida**<sup>6</sup> is considering visiting Kyiv in February and holding talks with President Zelenskyy.

**Boris Johnson visits Ukrainian town of Borodyanka**<sup>8</sup> - Britain's former prime minister Boris Johnson has made a surprise visit to Ukraine, saying it was a "privilege" to be there to show solidarity with the war-torn nation.

The former prime minister, who is facing new questions over his personal finances, was pictured in the town of Borodyanka in the Kyiv region.

The former British prime minister said the suffering of the people of Ukraine has gone on for too long.

"The only way to end this war is for Ukraine to win – and to win as fast as possible," he said. "This is the moment to double down and to give the Ukrainians all the tools they need to finish the job.

"The sooner Putin fails, the better for Ukraine and for the whole world," he added.

## Putin

**Putin's critics are getting louder<sup>21</sup>** - Almost a year into the Ukraine war, Putin is facing a growing chorus of criticism over his handling of the conflict.

The Institute for the Study of War (ISW), in an assessment published this week, drew attention to the fact that key Russian figures, including Wagner Group founder Yevgeny Prigozhin, and former Russian commander Igor Ivanovich Strelkov, also known as Igor Girkin, are increasingly vocalizing their discontent with the Russian leader.

Prigozhin, who founded the paramilitary group that provides soldiers for hire, and other notable voices in Russia are "carving out a new space to criticize Russian President Vladimir Putin without fear of retribution," the ISW said.

Girkin, who has regularly been critical of Russia's war effort, took to Telegram again late on Wednesday, saying that Russia needs to build up several armies and conduct a mass retraining of its troops as soon as possible in order to avoid an almost inevitable defeat.

The military blogger said he believes General Gerasimov and Russia's defense minister, Sergei Shoigu, are both incapable of "fulfilling any duties assumed."

The ISW said Prigozhin was also becoming "increasingly bold in his verbal attacks against the Russian MoD."

Although Prigozhin is an ally of Putin, he regularly criticizes the Kremlin and especially defense officials for setbacks in Ukraine. He made headlines in the fall of 2022 for his criticism of the defense ministry and Shoigu.

He recently cast doubt on the defense ministry's latest guidelines for soldiers after officials issued edicts to Russian troops that "restrict the use of certain personal electronic devices in combat zones."

Prigozhin is seeking to "undermine confidence" in Putin's defense ministry and promote himself as the face of the offensive in Ukraine, the ISW said.

### TV Pundits

Pundits on Russian state television have also been openly critical of Putin's war in Ukraine, with journalist and commentator Maxim Yusin questioning the official Kremlin line that the conflict "is going according to plan."

During an appearance on the program Pravo Znat (Right to Know) this month, he compared Putin's stated goals for invading Ukraine on February 24, 2022, with the current situation on the front lines.

In justifying his decision to invade Ukraine nearly a year ago, Putin said his forces sought to "demilitarize" and "denazify" the country.

"The Ukrainian army in the opinion of many is now more combat-ready than 10 months ago," having received "Western weapons they had not even dreamt of," Yusin said, adding: "Clearly it's not working out yet with demilitarization."

**Ex-Russian commander explains why Putin's success in Ukraine is impossible<sup>15</sup>** - Igor Girkin, a former Russian commander, explained on Sunday why Russian President Vladimir Putin's success in Ukraine is "impossible" after nearly 11 months of combat.

Putin ordered the invasion of Ukraine on February 24, 2022, aiming for a quick victory against his Eastern European neighbor, widely perceived as having a smaller, less capable military than Moscow. However, Ukraine responded with a stronger-than-expected defense effort that has been bolstered by Western military aid, blunting Russian military gains.

Putin's invasion exposed weaknesses within Moscow's military, opening up opportunity for Ukraine to launch its own counteroffensive in the fall. During these counteroffensives, Ukrainian troops retook thousands of square miles of formerly occupied territory—as Putin increasingly relies on the Wagner Group, a Russian paramilitary unit, to achieve new victories, such as in the battle for Soledar earlier this month.

However, the Biden administration has pushed back on Russia's assertions that it now fully controls Soledar. During a telephone briefing last week, John Kirby said "we do not assess that [the Russians] have actually unilaterally taken both cities," referring to Soledar and Bakhmut.

Girkin, who rose to notoriety for his military role in the 2014 annexation of Crimea, revealed in a Telegram post on Sunday the top factor inhibiting Russian success in Ukraine.

The former Russian commander pointed to low morale among Putin's troops as making success "impossible" for the Russian leader.

"The majority of mobilized (and most of the cadre) servicemen of the Armed Forces of the Russian Federation lack the motivation to sacrifice when conducting hostilities against the Armed Forces of Ukraine, since the goals of the war are not only not explained by the authorities, but even not officially defined at all," Girkin wrote.

Although Girkin, a self-described Russian nationalist, does not oppose the Ukraine war, he has grown critical of Kremlin leadership in recent months as the war stagnates. He added that, because Russia has officially classified the invasion as a "special military operation" rather than a war, leaders are limited in their disciplinary actions.

He explained Russia can deploy elite units for successful attacks "only in very narrow, limited areas," but a larger offensive would require numerical and technical superiority over Ukraine. Still, he said these conditions are "not a guarantee" when faced with "the most persistent and professional" Ukrainian troops.

Due to low morale, an offensive could only be "saved" by Ukrainian troops being in an even worse state, he said.

"Faced with persistent and skillful enemy resistance, such an offensive will inevitably die out due to the impossibility of the command to force its troops to go into battle with the necessary degree of military prowess," he wrote.

## Impacts

**Could Chechnya's 'Dark Horse' Emerge as Kremlin King-Maker?<sup>13</sup>** - Over the past few months, Russia watchers have been sounding the alarm about the domestic ramifications of Moscow's faltering campaign in Ukraine, which appears to have blossomed into a dense nightmare of unintended consequences. The rise of a new and still rare breed of Russian political actors who espouse hardline views and wield inordinate power is a novel phenomenon with potentially perilous ramifications for Russia's future.

One of these actors is Adam Delimkhanov, a Russian State Duma deputy and Ramzan Kadyrov's right-hand man, who has spent a great deal of time in eastern Ukraine but is much less keen on trumpeting his exploits or pontificating on the finer points of governance. Delimkhanov prefers to operate discreetly, sharing all actionable information with his boss in Chechnya, who then publicly takes the credit for any successful operations. Th

is secretiveness may not be practical in all circumstances and is certainly not conducive to furthering Delimkhanov's political career.

Nevertheless, it allows him to fly under the media's radar, lull the jealous and vindictive caudillo in Grozny into a sense of security and continue building his own little empire right under everyone's noses.

## Comments and Reports

**Putin ally warns of global catastrophe if West gives Kyiv heavy weapons<sup>12</sup>** - A close ally of President Vladimir Putin says deliveries of offensive weapons to Kyiv that threaten Russia's territories will lead to a global catastrophe and make arguments against using weapons of mass destruction untenable.

Vyacheslav Volodin, speaker of the Duma – Russia's lower house of parliament – warned that the United States and NATO's support of Ukraine is leading the world to a "terrible war".

"If Washington and NATO countries supply weapons that will be used to strike civilian cities and attempt to seize our territories, as they threaten, this will lead to retaliatory measures using more powerful weapons," Volodin said on the Telegram messaging app.

"Arguments that the nuclear powers have not previously used weapons of mass destruction in local conflicts are untenable. Because these states did not face a situation where there was a threat to the security of their citizens and the territorial integrity of the country.

**Comment** – The threat of modern weapons being used by Ukraine to ward off the illegal Russian invasion is increasingly understood by Putin and the Kremlin.

**"Transfer of heavy weapons to Ukraine aims to destroy Russia<sup>7</sup>** - The transfer of heavy weapons to Ukraine from Western countries aims to destroy Russia. former Russian President Dmitry Medvedev said.

"The meeting in Ramstein [Air Base in Kyiv leave no doubt that our enemies will destroy us. And they have enough new ones. Therefore, there is no need for Telegram.



Germany] and the allocation of heavy weapons to indefinitely try to wear us down, or better, weapons. If necessary, they will start producing illusions," Medvedev said in a message on

He said that the conclusion that can be drawn situation, is that a new military alliance will the event of a protracted conflict.

from this, in addition to being a difficult be formed by the US and its allies in

**Comment** – The solution is very the country you illegally invaded.

easy, Stop killing civilians and leave

**Wagner boss says troops have 'a lot to learn' from Ukrainian fighters<sup>20</sup>** - The head of the Russian mercenary Wagner Group said Thursday that his forces can take notes from Ukrainian troops amid the ongoing war.

Yevgeny Prigozhin's Wagner forces have been involved in the high-profile fights for the Ukrainian cities of Bakhmut and Soledar in the eastern Donetsk region.

Russia recently claimed to have captured Soledar, a small salt-mining town several miles from Bakhmut, and the U.K. Defence Ministry wrote in an intelligence update on Wednesday that Ukrainian forces had "likely withdrawn" from the town by the end of January 16.

Prigozhin acknowledged the performance of Ukrainian troops in the Bakhmut battle in a statement published by his press service on Thursday, according to the Kyiv Post.

"The Ukrainian army is working clearly and harmoniously. We have a lot to learn from them," Prigozhin said.

## Containment

**What's stopping German-made Leopard 2 tanks to Ukraine?**<sup>2</sup> - Ukraine has urged Germany to provide the stealth battle tanks but NATO allies have failed to agree on the transfer amid Russian threats.

Germany is under intense pressure to provide Ukraine with its Leopard 2 tanks, which could have a significant impact against the Russian invasion.

European allies have already sent hundreds of modernized Soviet tanks to Ukraine since the war started nearly 11 months ago. But Kyiv has pleaded for more advanced military equipment to get the upper hand in the fight against Russia.

The United States and its allies failed to agree to supply the coveted German battle tanks to Ukraine at a meeting on Friday, as Russia continued to issue threats the conflict may escalate in Europe.

Leopard 2 tanks are considered one of the best-performing models worldwide and are widely used across Europe.

The tanks are armed with a 120mm smoothbore cannon and can move at speeds of up to 70 kilometres (44 miles) per hour with a range of 500km (310 miles). They also provide “all-round protection” for troops from threats such as mines, anti-tank fire, and improvised explosive devices, according to the manufacturer.

The last four models produced are still in use – from the 2A4 to the 2A7.

Some analysts have said supplying the Leopards could further escalate the conflict with Russia, if it were construed as the direct involvement of NATO countries in the war.

Russia has warned of an “extremely dangerous” escalation if NATO were to deploy high-tech weapons. The introduction of such weapons, according to Kremlin spokesperson Dmitry Peskov would bring the war to “a whole new level, which, of course, will not bode well from the point of view of global and pan-European security.”

Anatoly Antonov, Moscow’s ambassador to the US, said Russia would retaliate if Ukraine were to use Western-supplied weapons to target Russia or the Crimea Peninsula.

Former Russian President Dmitry Medvedev, now a senior security official, warned the West’s continued support for Ukraine could lead to nuclear war.

**Comment** – Germany has indicated it will send these tanks to Ukraine – only after the US sends Abrahams tanks first.

**Latvia, Estonia, Lithuania call on Germany to send tanks to Ukraine**<sup>10</sup> - The Baltic states of Latvia, Estonia and Lithuania say they want Germany to step up its leadership and send its main battle tanks to Ukraine, putting further pressure on Berlin to move faster on aiding Kyiv in its war against Russia.

“We, Estonia, Latvia and Lithuania Foreign Ministers, call on Germany to provide Leopard tanks to Ukraine now,” Estonia’s Foreign Minister said on Twitter.

“This is needed to stop Russian aggression, help Ukraine and restore peace in Europe quickly. Germany as the leading European power has special responsibility in this regard.”

The call came a day after Germany and Western allies reached no decision on whether Berlin would agree to send its Leopard 2 tanks to Ukraine or permit other countries that have them to do so.

**Ukrainian blood the price of German Leopard 2 hesitation: Poland**<sup>17</sup> - International criticism of Germany is building over its reluctance to approve the delivery of Leopard 2 tanks to Ukraine to fight against Russian aggression.

A meeting of Ukraine's allies at the U.S. Army base in Germany to discuss how to arm Ukraine ended with an impasse over the German-made tanks, seen as an essential upgrade to the Soviet-era vehicles Kyiv's forces currently use.

Poland is among the European countries who have agreed to supply the tanks to Ukraine but their re-export requires Berlin's permission.

German Defence Minister Boris Pistorius has denied Berlin was blocking their delivery and said that "we have to balance all the pros and contras before we decide."

However, Poland's foreign minister Zbigniew Rau tweeted that "arming Ukraine in order to repel the Russian aggression is not some kind of decision-making exercise."

"Ukrainian blood is shed for real. This is the price of hesitation over Leopard deliveries," "We need action, now."

Several thousand people also gathered outside the Bundestag building in Berlin to protest against Germany's hesitation to provide the Leopard 2 tanks.

Germany is one of Ukraine's leading weapons suppliers but Chancellor Olaf Scholz also has gained a reputation for hesitating to take each new step which has created frustration among allies.

A day before the meeting in Germany, the Polish Prime Minister Mateusz Morawiecki had suggested Warsaw could supply Leopard 2 tanks to Ukraine without Germany's consent if it waits too long for approval.

According to the Italian newspaper La Stampa, EU Parliament President Roberta Metsola on Saturday said: "If we don't support Zelensky, we're playing Putin's game. Russia never stopped in the past, our job today is to save lives."

**Comment** – Putin is gleefully rubbing his hands at the German position.

**France does not rule out sending Leclerc tanks to Ukraine – Macron**<sup>21</sup> - French President Emmanuel Macron said on Sunday he does not rule out the possibility of sending Leclerc tanks to Ukraine, speaking at a summit with German Chancellor Olaf Scholz.

Macron told a news conference that sending tanks must not escalate the situation, must take into account the time to train Ukrainians to be effective, and must not endanger France's own security.

"Regarding the Leclerc's, I asked the Army minister to work on it, but nothing has been ruled out," Macron said, adding that the move would have to be coordinated with allies such as Germany in the coming days and weeks.

**Ukrainian soldiers have arrived in America to begin training on Patriot missile systems**<sup>14</sup> - The first group of Ukrainian troops to be taught how to operate the Patriot missile defense system have arrived in the United States according to the Pentagon.

**How Germany's Leopard 2 tanks compare to U.S. M1 Abrams**<sup>18</sup> - The German-made Leopard 2 main battle tank is at the top of Ukraine's shopping list as Kyiv lobbies its Western partners to expand military aid. The tank - about 2,000 are used by a number of NATO nations—is considered to be one of the most formidable in the world.

Ukrainian commanders believe some 300 Western main battle tanks (MBTs) will be enough to help their troops eject all Russian forces from their territory in the coming months.

The Pentagon dismissed the suggestion, noting that using American M1 Abrams MBTs would pose significant logistical challenges for Ukraine, primarily because they generally run on jet fuel rather than diesel. Diesel-powered Leopard 2s, the Pentagon says, make more sense.

The German Leopard 2 was first introduced in 1979, one year before the M1 Abrams. Around 3,600 Leopard 2s of various types have been built since, seeing action in the Afghanistan War and the Syrian Civil War AND has been built under production license in three other countries, and operated in various forms by 21 nations. The most common variant is the Leopard 2A4, with the most recent version the Leopard 2A7+.

Around 10,700 M1 Abrams and variants have been built, and the tank has seen action in the Gulf War, Afghanistan War, Iraq War and the Yemeni Civil War, among others AND is currently used by nine nations. The most advanced version used by U.S. forces is the M1A2 SEP.

The Leopard 2 was designed by Krauss-Maffei. Its cannon was made by Rheinmetall, and its engine by MTU Friedrichshafen. The M1 Abrams was first built by Chrysler Defense, which was later acquired and became General Dynamics Land Systems.

### Mobility

The Leopard 2A4—the most likely variant to be sent to Ukraine—has a top forward speed of around 42.2 miles per hour, and 19.2 miles per hour in reverse, weighs around 52 tons empty, and 55 tons equipped for battle.

Its 1,500-horsepower, 12-cylinder twin-turbocharged diesel engine has a capacity of 1,160 liters, giving it an average range of around 173 miles before it needs to refuel (210 miles by road, 136 miles cross country).

The M1A2 SEP Abrams has a top forward speed of 42 miles per hour and a reverse speed of 25 miles per hour. The various SEP variants weigh between 69.5 tons and 73.6 tons, and uses a 1,500-horsepower multi-fuel gas turbine engine, which U.S. forces typically fill with jet fuel. It has a maximum range of roughly 264 miles.

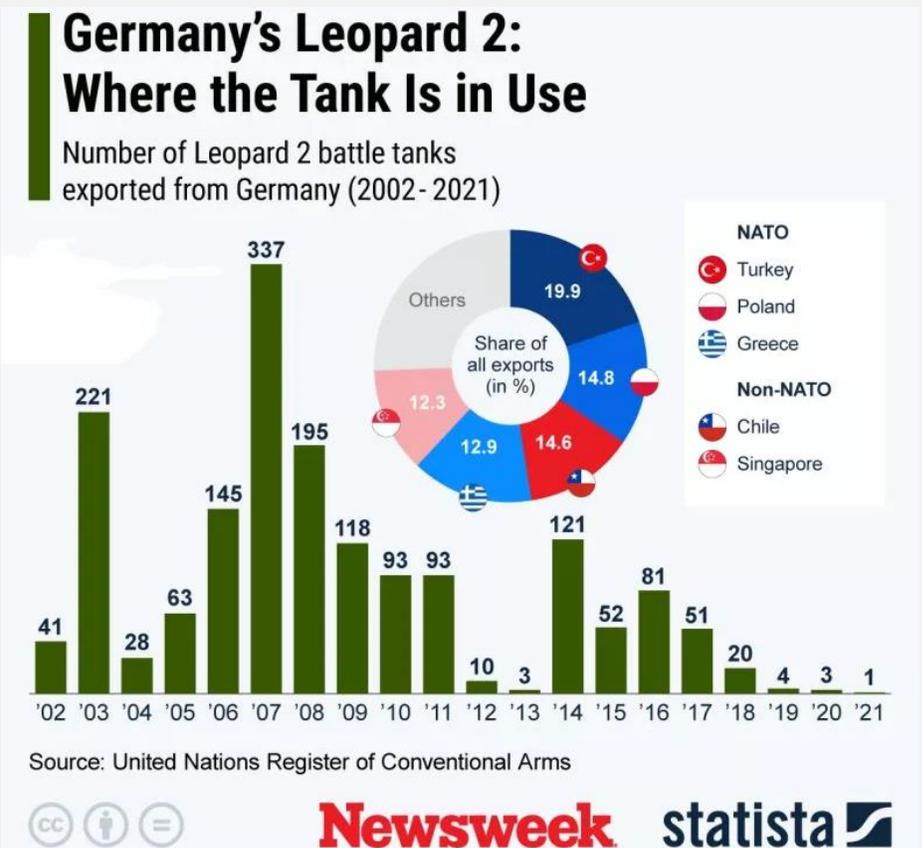
Both tanks have four crew members: a commander, a gunner, a loader and a driver.

### Protection

The Leopard 2A4 is protected by a mixture of steel, tungsten and modular armor whilst modernized variants have additional titanium and tungsten armor protection added to the turret area, as well as added belly protection. It can also be fitted with active protection measures.

The M1A2 SEP is fitted with depleted uranium inserts in the hull and turret areas, with improved Chobham armor and increased turret armor. Slat armor, explosive reactive armor and other active protection systems can also be fitted.

Exact armor thickness for tanks is classified, given the value of such information to enemy forces.



Both tanks have shown durability on the battlefield. The Leopard 2 impressed with its ability to survive anti-tank and IED attacks in Afghanistan, though Turkey's armed forces lost several to anti-tank weapons and roadside bombs during their involvement in Syria.

No U.S.-operated Abrams has ever been lost to enemy fire, though some have been lost to friendly fire or destroyed by friendly forces to prevent capture. Less sophisticated export versions have been destroyed while being operated by the Iraqi and Saudi militaries.

### **Firepower**

The 2A4 is armed with Rheinmetall's 120mm smoothbore gun and two 7.62mm machine guns; one fitted by the driver hatch and the other to the left of the main gun. Its gun has an effective range of around three miles, though this can be extended to more than six miles when using modern fire control systems with specialist munitions. It can hold 42 120mm shells and 4,750 7.62mm rounds when fully loaded.

The M1A2 SEP is armed with the 120mm M256A1 smoothbore gun and three machine guns: one 12.7mm heavy machine gun with 900 rounds and two 7.62mm machine guns with 10,400 rounds. A fully-loaded tank can hold 40 120mm shells. The 120mm gun has an effective range of more than 2.5 miles.

**The Guardian view on Germany and Ukraine: a fateful hesitation<sup>23</sup>** - Last week's decision not to commit western tanks against Russia will be seen in Moscow as proof of European weakness.

As Sherlock Holmes once pointed out, something that does not happen can be as significant as something that does.

Friday's meeting of defence ministers at Ramstein in Germany had been billed as the moment when the western allies, Germany above all, would finally commit the battle tanks that Ukraine has been demanding. It didn't happen. As our own weekend report delicately expressed it, Germany declined to take a decision.

Although tanks dominated the headlines, a lot of military commitments came out of Ramstein. A US package, worth \$2.5bn, includes fighting vehicles, air defence and rockets. Nine other allies gave more support, too, including tanks from the UK. These are the latest steps in the gradual extension of western military support and hardening of attitudes. They are a recognition that the spring will be decisive and that Ramstein will shape the military outcome.

Germany nevertheless hesitated to commit tanks itself or to allow allies with German tanks to do so. It did this for many reasons, each individually understandable but which cumulatively underestimate the larger reality of Russian aggression. The worries include American caution, German history, reluctance to be Europe's military leader, divisions in German public opinion, coalition government unity, a new defence minister and, above all, future relations with Russia. Berlin may be Ukraine's biggest European backer in spending terms, but it is often slow to act.

Reactions to Ramstein in the Baltic states, but also in Germany, suggest the hesitation over tanks may in fact be temporary. It was not an irrevocable rejection. It nevertheless embodies lingering indecision about how far to engage in support of Ukraine. That will be read in Moscow as European weakness, not unjustly. Yet the case for supporting Ukraine has not changed by one iota. The need to resist the threat from Russia has not declined. The threat from Putin in eastern Europe and to democracy is undiminished.

Overall, as the UK's Ministry of Defence claimed at the weekend, the military situation in Ukraine is currently a winter stalemate. But Russia is engaged in a massive buildup of troops in the east and south of occupied Ukraine, and hints at a fresh push from Belarus. Although the Russian effort is riddled with disinformation, logistical shortcomings and factional rivalries, not least between the official defence forces and the parallel Wagner Group, Vladimir Putin is determined to escalate the assault.

Large deployments of western tanks would reshape Ukraine's war effort. Western battle tanks are faster than Russian ones, have bigger and more accurate firepower, are better protected and can operate at night. They would be a crucial part of any integrated Ukrainian military advance, aiming to retake territory from the Russians and perhaps creating conditions for some kind of provisional peace talks. They would also be essential to any large-scale defence of Ukrainian gains in the face of Russian counterattacks.

Last Friday's hesitation is logistical as well. Getting tanks to the frontline is not straightforward. In the end, though, all of this comes back to German political will. Berlin has already given Ukraine more arms – including self-propelling heavy artillery and armored personnel vehicles – than is sometimes acknowledged. But Germany could now allow Ukraine to receive the tanks to beat the Russians back. If it does not, the fate of Ukrainians may have been decided by what did not happen at Ramstein.

## Costs

**The Skyrocketing Costs for Russia's War Effort<sup>19</sup>** - The final deficit of the Russian federal budget for 2022 appeared to be 3.35 trillion rubles, almost \$48.8 billion according to the average exchange rate during the year. In addition to its monetary woes, Moscow is challenged by the inability of arms manufacturers to increase their capacity. Despite these facts, the Kremlin is trying to solve this problem at any cost. And the main option considered here for 2023 is using storages of components and materials that are aimed for arms manufacturing in 2024–2025. Traditionally, the Russian defense industry creates such storages before the long-term arms contracts start. Consequently, the Russian defense industry may produce as many arms as possible in 2023, instead of adhering to the previously scheduled work for 2023–2025. The immediate result would be a cost-plus inflation, with the inevitable prospect of further inflation and a decline in production in coming years, which means that the average arms manufactured annually will either stay the same or decline. Nevertheless, the Russian leadership prefers to ignore this prospect.

**Putin's Russia may lose \$150B this year on western sanctions, steep Urals discount: Analyst<sup>22</sup>** - As the West implemented sanctions on Russia, including the oil price cap of \$60 per barrel, in the backdrop of the Ukraine war, the country has reportedly lost over half the physical volume of its former gas sales to Europe while gas prices in the continent are now back to pre-February levels.

This could potentially see Russia lose \$50 billion in annual business in 2023, says an opinion piece by Timothy Ash, Associate Fellow at Chatham House, published on the CEPA website.

Ash pointed out that if the Urals continue to trade at a 30-40% discount to Brent, even if Brent was to trade in the mid-70s, Russia could witness a further \$100 billion shaved off oil export receipts. "Potentially that would see a total \$150 billion loss this year," he said.

Ash also pointed out that despite Russian President Vladimir Putin's belief that Europe will buckle to his energy tactics, there are five things that he got wrong.

1. Higher prices created a striking demand response. German gas consumption has declined by around 25%, he says.
2. So far, west European winter has been relatively mild but ironically, it is turning out to be harsh in Russia itself.
3. Western solidarity stood strong and Europe managed to get alternative sources of energy.
4. Despite much debate amongst Western allies, an agreement was finally reached on the \$60 oil price cap barrel.
5. The Ukraine war has negatively hit global growth and demand for commodities, particularly oil and energy has been impacted.

Ash says global demand taking a hit will compound volume losses to Russia with a price effect. “The overall result will be a damaging hit to Russian macro stability, accelerating Russia’s longer-term economic malaise and decline,” he wrote.

## Projection

It appears Russia is buttoning down for an extended conflict.

The only way it knows how to win a war is through absolute attrition – a “Scorched Earth” policy and strategy. It knows no other way to win. In doing so, it reverts to type whilst simultaneously showing Russian Main Street it is engaged, lock, stock and barrel. Putin and the Kremlin need the support of its citizens in both Moscow and St. Petersburg because these are the two untapped areas from where they will need to draw soldiers from.

Supporting this projection is their buildup along Ukraine’s southern borders, a looming 2<sup>nd</sup> Mobilization call, Putin’s increasing use of the term “War” as opposed to “Special Military Operation,” the burgeoning threat from Belarus to the north and increasing threats regarding NATO supplies of ever more modern equipment, especially state-of-the-art tanks.

They will build up huge resources, men and equipment, acquire hundreds of Iranian drones and perhaps ballistic missiles and saturate every Ukrainian border it can with a threat of escalated invasion.

Attacking civilian targets and infrastructure to distract and threaten them, throwing hundreds of drones into battle and forging across as many conflict zones as they can will, they hope, break Ukrainian resistance or at the very least allow for incurred territorial gains.

They will throw everything at Ukraine that they can in order to hopefully make an incisive strike and achieve momentum.

The problems, however, are the same elements as have reduced and undermined their overwhelming numerical superiority since February 24<sup>th</sup> last year. Witness some of the elements of this soft Russian underbelly:

- Their organizational structure is a centrally-controlled command hierarchy with limited to zero decision-making ability down the ranks. This has proven fatal at every battle turn thus far.
- Battalion morale is extremely low and without any sign of improving, more likely to deteriorate even further.
- Equipment is dated, some units drawn from reserve stock going all the way back to the 1960’s, which explains why they fear the looming and massive surge of ultra-modern NATO tanks and equipment into Ukraine.
- Limited training with experienced handlers literally nowhere to be found, casualties in early stages of the war.
- Their supply chain is almost exclusively rail-centric, and extremely prone to guerilla and drone strikes.
- Tactics are dated with immobile, massive cumulation points and slow movement, all predictable and obvious.
- Military manufacturing of equipment and supplies has been crippled, through massive underestimation of their Ukrainian adventure needs and requirements, as well as through a broken production infrastructure. They obliterated tank factories, raw material sources and IT centers in Ukraine during the first weeks of the war, none of which have not been nor and will be replaced. Hence their need of North Korea and Iran for supplies.
- Their supply topographical map is not only discoverable but imminently visible and Ukrainian strikes against roughly 15 locations will strangle all replenishment capability.
- The death toll in the early days of any renewed invasion will not filter but cascade back to Russian Main Street, and this time it will be extremely difficult to bottle up death messages and bad news.
- And most importantly of all – the West will not allow Ukraine to fall, under any and all circumstances.

Lastly, the “Russian Bank” is losing money, and in all gang structures, money is absolute king.

## Credits

<sup>1</sup> <https://www.mil.gov.ua/en/news/2022/09/22/the-total-combat-losses>

<sup>2-12</sup> <https://www.aljazeera.com/news/2023/1/21/what-is-stopping-the-supply-of-german-made-leopard-2-tanks>

<sup>13, 19</sup> The Jamestown Foundation [pubs@jamestown.org](mailto:pubs@jamestown.org)

<sup>14, 21</sup> <https://www.msn.com/en-ca/news/world/ukrainian-soldiers-have-arrived-in-america-to-begin-training-on-patriot-missile-systems>

<sup>15</sup> <https://www.msn.com/en-ca/news/world/ex-russian-commander-explains-why-putin-s-success-in-ukraine-is-impossible>

<sup>16, 17, 18, 20</sup> <https://www.newsweek.com/>

<sup>22</sup> <https://www.benzinga.com/>

<sup>23</sup> <https://www.theguardian.com/commentisfree/2023/jan/22/the-guardian-view-on-germany-and-ukraine-a-fateful-hesitation>