

Conflict Update # 352

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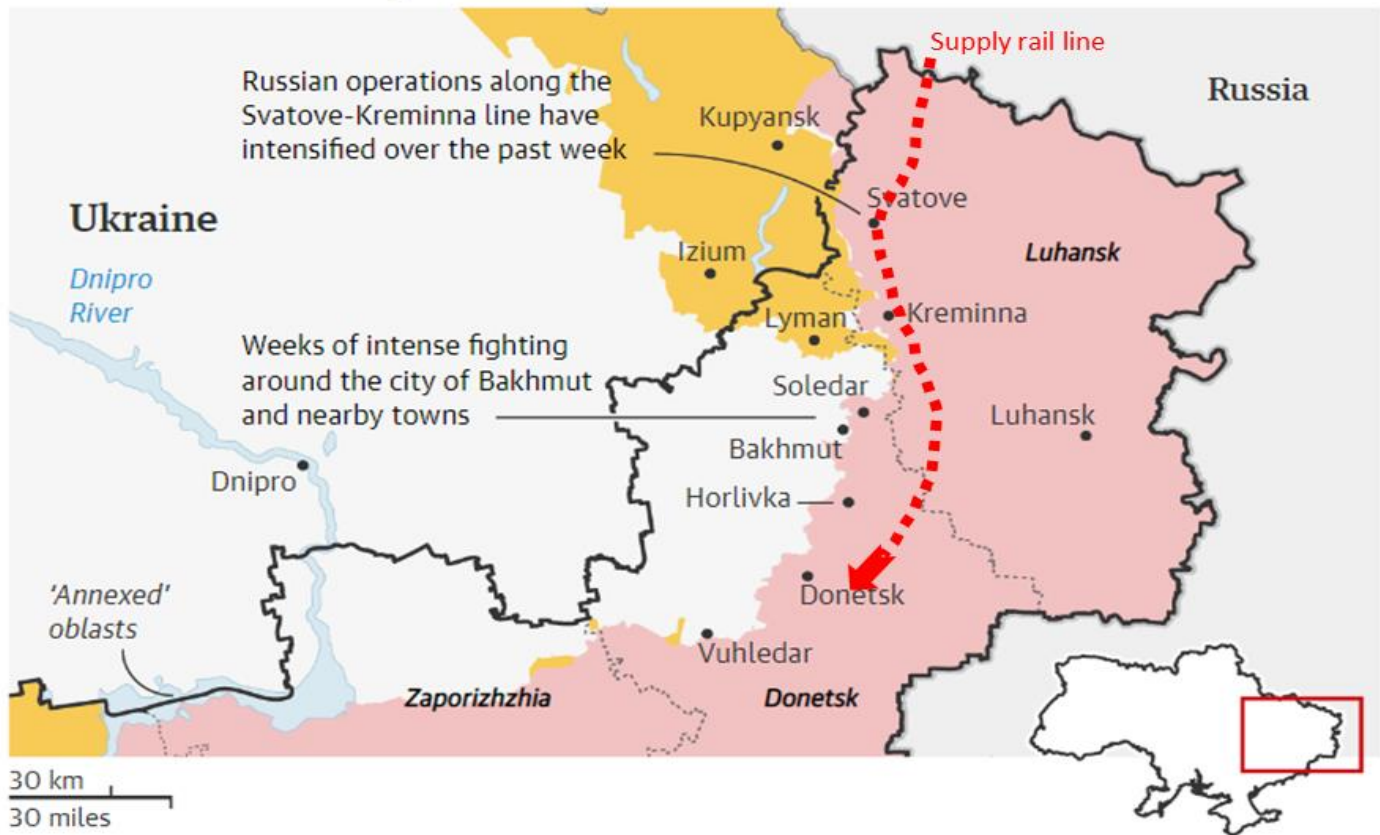
Conflict Assessment

Russian losses – 135,740 (730) soldiers killed, 3,258 (+3) enemy tanks, 6,471 (+3) armored combat vehicles, 2,251 (+7) artillery systems, 463 (+0) MLRS systems, 233 (+1) air defense systems, 295 (+0) warplanes, 286 (+1) helicopters, 1,970 (+3) UAVs of the operational-tactical level, 796 (+0) cruise missiles, 18 (+0) warships/cutters, 5,126 (+5) trucks and tankers, 4 Iskander Missile Launchers (+0), 239 fuel bowsers (+0) and 211 (+0) units of equipment.

Key Takeaways

Reports say a new Russian offensive is under way in the Luhansk region

- Russian-controlled territory and most recent Russian operations*
- Areas where Ukraine has regained control



Guardian graphic. Source: the Institute for the Study of War with AEI's Critical Threats Project. *Areas where ISW assesses Russian forces have operated in or launched attacks against but do not control

Included in the map above is a red dotted line showing the main enemy rail link from supply sources in Russia that is utilized for replenishing a large sector of their forces throughout southern Ukraine.

Russia massing 500K soldiers, 1.8K tanks to launch offensive in 10 days: official - Russia is preparing to launch a powerful new offensive in 10 days' time involving up to 500,000 conscripts and thousands of pieces of military equipment with the aim of capturing the entire Donbas region in eastern Ukraine, according to Kyiv's military officials.

Ukrainian analysts have predicted for weeks the Kremlin is gearing up for a decisive push to seize the battlefield initiative from Kyiv's forces in the hope of scoring a major victory in time for the Feb. 24 first anniversary of the war.

A Ukrainian military official speaking to Foreign Policy magazine on condition of anonymity said, "We expect in the next 10 days a new, huge invasion."

According to the official, Russia has already amassed an estimated 1,800 tanks, 3,950 armored vehicles, 2,700 artillery systems, 810 Soviet-era multiple rocket launch systems, 400 fighter jets and 300 helicopters.

Ukrainian Minister of Defense Reznikov said in a recent interview with a French TV network that Russia is preparing to throw 300,000 to 500,000 soldiers into battle in the coming weeks.

Although new recruits are believed to be poorly trained and equipped, they have a significant superiority in numbers on their side — a crude tactic that has succeeded in stalling Ukraine's counteroffensive, albeit at a colossal cost in lives.

Close to 550,000 Russian troops have been killed or wounded since the start of the war, it is reported, citing Ukrainian sources.



According to Ukrainian MoD latest estimates, more than 135,000 enemy combatants have been killed (see above).

“They don’t pay attention to any casualties or losses on the (battlefield),” the unnamed Ukrainian military official said while discussing the coming offensive, which is anticipated to be more devastating than the initial invasion a year ago.

Experts predict the spring onslaught will focus on the contested Donetsk and Luhansk regions in the east, which have seen some of the fiercest fighting of the war.

Luhansk Governor Haidai said Wednesday enemy soldiers were trying to capture the city of Kreminna and the nearby village of Bilohorivka. “We are repulsing all their attempts to break through,” he said in televised remarks. “The enemy is having no success.”

ISW wrote in a recent update that Russian military command may be rushing to launch a large-scale offensive to conquer Donetsk “in an unrealistic timeframe and likely without sufficient combat power.”

The Kremlin is in a race against time to turn the tide of war in its favor before the first battle tanks and long-range missiles pledged to Kyiv by the US and European countries begin arriving in Ukraine, which could be as early as March.

Ukrainian President Zelensky has redoubled efforts to convince allies to supply fighter jets to Kyiv — a proposition that until this week had been taboo among Western leaders fearful of being dragged into a direct confrontation with Russia.

Putin’s spring offensive in Ukraine set to ‘fail in bloody fashion,’ says ex-head of British Army Lord Dannatt – Lord Dannatt believes Ukrainian armed forces, supplied with heavy weapons from West, will be ready to launch counter-offensive as Putin’s troops are ‘reeling’ from battlefield setbacks.

A new Russian offensive in Ukraine will probably “fail in bloody fashion” leaving his army’s morale at risk of cracking and being defeated, the ex-head of the British Army said on Thursday.

Lord Dannatt believes that the Ukrainian armed forces, supplied with heavy weapons from the West, will be ready to launch a counter-offensive as Putin’s troops are “reeling” from setbacks on the battlefield.

British Challenger II tanks, and Leopard 2s supplied by other European nations, may be delivered in time for Ukraine to use to seize back territory.

“We are going to see a fresh Russian offensive in the coming weeks and months, probably as winter eases in Ukraine.

“With the equipment that has already been provided to the Ukrainians and their own determination, that Russian offensive will in all probability fail, and probably fail in a rather bloody fashion.

“That’s then the moment for the Ukrainians to mount a counter-offensive, to strike while the Russians in a sense are reeling from their own imminent defeat.”

He added: “They will have to go with what they have got.

“It sounds as if from what we heard yesterday that British tanks will be available. Let’s hope that the Leopard IIs are also available to combine with the existing tanks, armoured infantry fighting vehicles, self-propelled artillery that the Ukrainians have either got or are being given to mount an effective counter-offensive in the spring.”

Britain is now set to supply long-range missiles to Kyiv to force back the Russian army and is investigating whether any of its fighter jets could be supplied, though, military experts say F-16s from other European countries such as Poland or the Netherlands may be more suitable.

Ukrainian tank crews are being trained as quickly as possible in the UK to use Challenger II tanks, with 14 of them set to be sent to the battlefield. Captain Sam Upward, lead for tank training of Ukrainian Armed Forces in the UK,

told LBC Radio: "They are absolutely obsessed with getting on the platform and learning everything that they can do, and milking every bit of knowledge out of our instructors."

Pressed on their determination to return to Ukraine to fight, he added: "They are absolutely obsessed with that, and working long hours."

"They just want to get these things back and defend their homeland."

Russian generals killed in war 'unbelievably high': Japanese Intelligence - Putin has lost more of his top commanders in the war in Ukraine than previously reported, according to Japanese and Western intelligence.

The estimate of Russian generals killed increased to 10 this week after former retired Major General Dmitry Ulyanov, 44, reportedly died in a fire in the Donbas region. A top paratrooper and commander of the elite 98th Guards Airborne Division, Ulyanov's death was the first among Russian generals reported for several months.

Ukrainian sources claimed in July that 14 Russian generals had been killed although some claims have been rebutted. While there have not been reports of Putin losing generals for several months, the scale of losses of such high-ranking officers is rare.

However, Japan estimates that 20 of Putin's generals have been killed in the war, based on intelligence gathered by Tokyo in cooperation with the United States and Europe.

Retired General Kiyofumi Iwata, the former chief of staff of Japan's Ground Self-Defense Force, described the tally as "unbelievably high," while speaking to Nikkei Asia, especially when compared with the U.S. which has seen almost no combat deaths of officers ranked that highly.

"The death of a general weakens troop morale," he said. The news outlet reported that one theory for such high losses was that Ukraine located commanders by tracking signals from their cell phones, which were used due to communication shortcomings earlier in the war but have since been banned.

Viewing the chart below, one can see the astronomical level of overall Russian losses suffered since a year ago.



British PM Rishi Sunak said: "I had very good conversations with President Zelensky yesterday about our ability to provide long-range missiles that they don't currently have, which again are going to make a big difference in the struggle against Russian aggression.

"And of course, we're talking about further support, **potentially with aircraft as well**. The important first step is to make sure that we provide the training for Ukrainian pilots to be able to use that very sophisticated equipment.

"And we announced yesterday we'll be the first nation to start training Ukrainian pilots on Nato-standard aircraft.

"That's a really positive forward step and we will continue to stand by Ukraine because we want to see them victorious."

Downing Street indicated that Britain will train Ukrainian pilots on fighter jets the UK has while also instructing them on NATO tactics.

The PM's official spokesman said: "Obviously we can train them on aircraft the UK have. What we can also do at the same time is instruct trainees on tactics and procedures that all Nato nations use."

Asked about the training timeframe, the official added: "What we are doing is exploring how quickly this can be done, particularly given some Ukrainian pilots may have years, albeit in Soviet-era jets that are very different to our own."

The UK will work with Ukraine's armed forces to understand their pilots' capabilities to try and "adapt our training and get pilots up to full flying standard as quickly as humanly possible."

Russian army burning their own dead to hide massive losses - Ukrainian military officials said Thursday that the Russian military is burning its own dead to conceal the scale of combat losses for the country, further muddying the already unreliable estimates of Russian casualties so far in the war.

The claim, posted to a Ukrainian military Facebook page, says Russian forces had set up a mobile crematorium outside of Tokmak, a small city of about 32,000 people situated on the Molochna River in southeastern Ukraine.

The city has been under Russian occupation since last March, and has been subject to repeated offensives by Ukrainian forces since last summer, including a strike in January that resulted in an estimated 80 casualties on the Russian side, according to The Kyiv Independent.

The main indicator, the Ukrainian military reported, was the smell. "Locals complain of a constant corpse stench in the southeastern part of the city, especially at night," Ukrainian officials wrote Thursday on Facebook.

Ukraine kills its first Russian Terminator combat vehicle - Ukrainian forces have put an advanced Russian BMPT Terminator armored fighting vehicle (pictured) out of commission for the first time. The Terminator is a relatively new addition to Russia's ground arsenal and only a small number of them are known to be in service, making this kill quite the trophy for the Ukrainian military.

Members of the Ukrainian Separate Reconnaissance BMPT.

In the video shared, the Terminator stopped in the middle of a road. Within seconds it is struck by progressively get more exact are seen taking their toll on the Terminator, before it erupts in flames.



Marine Corps' 140th Battalion helped destroy the

Terminator can be seen flanked on either side by forest. artillery fire. Rounds that

According to captions on photos of the aftermath shared on Instagram by Serhiy Haidai, head of the Luhansk Regional Military, the Terminator kill was said to have taken place in Kreminna. This city is located in the contested and strategic Luhansk Oblast region. (**Comment** – See Kreminna in the map above on p1 situated on the rail link).

Russia likely lost dozens of tanks in failed attack on Vuhledar: UK - Russian forces likely lost dozens of armored vehicles during a failed attack on the eastern Ukrainian city of Vuhledar, (see map above for location) British intelligence said today.

Vuhledar, a Ukrainian-held bastion at the strategic intersection between the eastern and southern front lines, has seen some of the bloodiest fighting of the war as Russia continues a relentless assault on the eastern front.

"Russian troops likely fled and abandoned at least 30 mostly intact armored vehicles in a single incident after a failed assault," Britain's defence ministry said in a daily briefing.

Reuters was not able to immediately verify the reported loss of tanks.

Russia's defence ministry has not commented on the report but it says military operations near Vuhledar and the city of Bakhmut in eastern Ukraine - which Russia has been trying to encircle - are progressing well.

Update – It is now being reported that Russia lost over 30 armored vehicles in one of its pushes in southern Ukraine.

Russian ground forces are closing in on the eastern city of Bakhmut - But about three hours to the south, "Russian units have likely suffered particularly heavy casualties around [the city of] Vuhledar as inexperienced units have been committed," according to the British military, writing Friday on Twitter. "Russian troops likely fled and abandoned at least 30 mostly intact armored vehicles in a single incident after a failed assault," the Brits said.

Russia probably has about 250,000 troops inside Ukraine, Michael Kofman of CNA wrote this week in an explanatory thread on Twitter that examines the likelihood of coming offensives from both Kyiv and Moscow in the weeks and months ahead.

Russian missiles rained down on Ukrainian energy infrastructure targets on Friday, with some of the projectiles flying into Moldovan airspace along the way, according to Moldova's defense chief. At least one missile traveled "over the town of Mocra in the Transnistrian region and, later, over the town of Cosauți in the Soroca district, heading towards Ukraine," the military said in a statement, and emphasized that it "strongly condemns" the violation of its airspace, which occurred shortly after 10 a.m. local.

In all, 71 Russian cruise missiles were fired into Ukraine, which said it shot down all but 10. Nearly three dozen S-300 air defense missiles were also fired into Ukraine; and another seven alleged Iranian-made drones were also used in the attacks Friday.

Putin's men are sick of fighting: Why 600 Russian soldiers in Luhansk region rebelled - Roughly 600 mobilized Russian soldiers in the Luhansk region refused to fight on the frontlines of Ukraine and were returned to Russia according to a report from the General Staff of the Armed Forces of Ukraine.

Russia may have lost up to half of its operational tank fleet in Ukraine, monitoring group says - Russia has potentially lost up to half of all its operational tank fleet since the start of the Ukraine war, according to information collected by a monitoring group, as its military struggles to meet the goals of Putin's invasion.

Zelenskiy claimed that several European Union leaders said they were ready to provide Kyiv with aircraft, but gave no further details about the pledges. There was no immediate confirmation from any European countries. "Europe will be with us until our victory. I've heard it from a number of European leaders ... about the

readiness to give us the necessary weapons and support, including the aircraft," he told a news conference on Thursday. "I have a number of bilaterals now, we are going to raise the issue of the fighter jets and other aircraft."

France doesn't rule out fighter jets for Ukraine, but says more immediate firepower needed - French President Macron said today he did not rule out sending fighter jets to Ukraine at some point, but that Kyiv was in need of more immediate military firepower, as Ukrainian officials said a fresh Russian offensive was under way.

President Zelensky has long urged Ukraine's allies to send fighter jets, and on Thursday said that several European leaders were ready to supply aircraft.

"Europe will be with us until our victory. I've heard it from a number of European leaders... about the readiness to give us the necessary weapons and support, including the aircraft," Mr Zelensky told a news conference.

Such a move would be one of the biggest shifts yet in Western support, and Moscow has warned it would escalate and prolong the conflict.

"I exclude absolutely nothing," Mr Macron said when asked about the possibility of sending jets at the end of a summit of European Union leaders that was attended by Mr Zelensky.

But Mr Macron said the current priority was to help Ukraine in the weeks and months ahead – fighter jets could not be delivered in that timeframe, and it would take time to train Ukrainian pilots to fly them.

Mr Macron said the priority should be on items such as artillery, which had proven to be effective and on which Ukrainian forces were already trained.

He said it might be necessary to intensify delivery of such items, and Ukraine's allies would examine this possibility in coming days.

Ukraine intercepted plans to destroy Moldova - Ukrainian President Zelenskyy said yesterday his country has intercepted plans by Russian secret services to destroy Moldova

Speaking to EU leaders, Zelenskyy said he recently told Moldovan President Sandu about the alleged scheme.

"I have informed her that we have intercepted the plan of the destruction of Moldova by the Russian intelligence," Zelenskyy said through a translator.

He said the documents showed "who, when and how" the plan would "break the democracy of Moldova and establish control over Moldova," adding the plan was very similar to the one devised by Russia to take over Ukraine. He added that he did not know whether Moscow ultimately ordered the plan to be carried out.

Russia pulls troops from front lines after soldiers beaten by own allies - Mobilized Russian soldiers have been moved from the Donetsk People's Republic (DPR) to a different brigade after being the targets of their own allies' aggression.

Vladislav Khovalyg, the governor of Tuva in southern Siberia, wrote on Telegram that the Russian Ministry of Defense approved a request to transfer the mobilized troops from DPR to the 55th brigade—which includes the majority of Tuva residents who were among the approximate 300,000 conscripted in September at the command of Vladimir Putin.

The request was made due to a militia of the Donetsk People's Republic beating and threatening said soldiers earlier this month.

Russian troops were originally trained in the Novosibirsk region of Russia before fighting on the frontlines in Ukraine. Conscripted troops, through videos shared with Russian outlets and posted on Telegram, shared their peril.

"On February 4, the military from the DPR arrived. They fired at us with machine guns," said the Russian troops from Tuva, Siberia, according to a Telegram post by the account Asians of Russia. "The military police came and beat us."

'He's really dangerous': fear as Wagner convict soldiers return from Ukraine - Anatoly Salmin, a convicted thief and murderer, is home from prison years ahead of schedule, his reward for volunteering for a suicide mission in Russia's war in Ukraine – and then managing to survive.

Hundreds of convicts recruited into the ranks of Wagner, a private military company tied to the businessman Yevgeny Prigozhin, have been killed or severely wounded in Ukraine, where the mercenaries have been tasked with some of Russia's most desperate campaigns.

But a video released last month showed several dozen former convicts – among them murderers, drug dealers and domestic abusers – now heading to their home towns in northern Russia, supposedly having earned pardons by surviving six months in Wagner's ranks in Ukraine.

In interviews, those who knew Salmin said they feared running into the same man who once terrorized their home town and may now have been made untouchable by his association with Prigozhin, one of Russia's most notorious figures.

"We started seeing him in town a few weeks ago," one local resident who has known Salmin for many years told the Guardian. "He is a dangerous man, we all know what he did to his friend. I told my kids not to run around alone in the coming days. It wasn't just what he did to his friend, he stole from people, got in many fights and was harassing girls. He drank a lot, used drugs and was violent."

"We don't want such people back in Pikalevo," said the person, who asked not to be identified for fear of retribution. "What kind of hero is he?"

Comments, Developments and Reports

Pressure on China's factories grows as U.S. demand falls - For some factories in China, it's not full steam ahead after the end of zero-Covid.

All the factories that U.S. toy maker Basic Fun works with in China — about 20 of them — told workers not to return immediately after the Lunar New Year holiday, said CEO Jay Foreman.

That's because of a flood of inventory in the first half of last year, which didn't get sold as consumer prices in the U.S. surged over the summer and into the fall, he said. Basic Fun's products include Care Bears and Tonka Trucks.

The official Lunar New Year holiday in China ended Jan. 27, but the travel period runs until Feb. 15. The festival is typically the only time each year that migrant workers — more than 170 million people in China — can visit their hometowns.

"Every factory I spoke to said they're going to have less people employed this year than last year," Foreman said. He expects U.S. consumer demand to pick up later this year.

China's exports to the U.S. in the toys, games and sports category account for about 6% of all exports to the country, according to China customs data accessed through Wind Information. That category of toy exports to the U.S. saw a slight drop in 2022, the data showed.

"Retail, anything consumer discretionary, they were hit quite hard. It was really a combination of high inventory and demand dropping quite a lot for the export markets," said Johan Ansell, partner at Asia Perspective, a consulting firm that works primarily with Northern European companies operating in East and Southeast Asia.

He said consumer electronics was seeing a similar situation.

“For other industries, the picture is much better. Some are struggling to keep up with trailing orders and catch up with everything they had to deliver last year,” he said.

China abruptly ended its zero-Covid policy in December. But restrictions on business activity were tight for most of 2022, including a lockdown of Shanghai for about two months in the spring.

Comment – This is a precarious situation for China in that it needs to maintain a steady workload in order to ensure peasant workers are occupied and have no reason to be dissatisfied with their lives in general.

Baltics, Poland make push on use of Russia’s frozen assets ahead of EU summit - Poland and the Baltic states are expected to push EU leaders to accelerate work on the use of frozen assets to support Ukraine’s reconstruction, according to a joint letter seen by EURACTIV.

“Those frozen assets must be used as soon as possible; we cannot wait until the war is over and a peace agreement is signed,” they said in a letter addressed to European Council President Charles Michel, European Commission President Ursula von der Leyen and Sweden’s Prime Minister Ulf Kristersson.

The frozen assets should be used to “cover the cost of Russia’s aggression against Ukraine, including to support Ukrainian internally displaced people, as well as to the benefit of the future reconstruction of Ukraine,” the prime ministers of Poland, Latvia, Lithuania and Estonia wrote.

Thursday’s (9 December) summit thus “should have a conclusive political discussion” followed by “concrete guidance” to the EU’s executive on the matter, the countries wrote.

“This guidance will be the basis for the legislative proposal on the use of frozen assets to support Ukraine’s reconstruction, drafted without delay,” they added.

Putin & Russia

World War Three is the only way to stop Putin, with NATO countries having to 'fight for real', warns Russia's former richest man - now exiled in Britain - A leading Putin foe has warned the West that NATO will inevitably be dragged into war with Russia.

As the West contemplates supplying warplanes to Zelensky, exiled opposition figure Mikhail Borisovich Khodorkovsky, known as MBK, issued a stark analysis that there will be no other way than World War Three to stop the dictator.

'The NATO countries and the Western Europe will have to fight for real,' said Russia's former richest man. Khodorkovsky was jailed for a decade under Putin after falling foul of the Russian president.

He was eventually released from jail with a pardon in 2013, and went into exile. He is now based in Britain.

Khodorkovsky was Russia's wealthiest man in 2003, worth an estimated \$15bn.

After the collapse of the USSR, he acquired several oil fields and quickly built his wealth as an oligarch beneficiary of privatization. He challenged Russia's governance in 2001, founding Open Russia, an organisation advocating democracy and human rights.

'Sooner or later, they will have to...fight. The sooner they realise it, the better because Putin can't stop.

'Stopping for him is death.'

Putin 'might pause to digest territories he conquers' but then he will continue, mobilizing men from the places he conquers.

The interview on Khodorkovsky Live channel suggested that 'the first year of the war was just a try out' and that 'everything is beginning just now'.

The Putin regime could only maintain stability 'in the conditions of the continuation of the war'.

Putin's own words used against him in Ukraine war debate - Past comments made by Putin were recently used against him in an argument about the ongoing Russia-Ukraine war.

In a series of tweets on Wednesday, Michael McFaul, a former U.S. Ambassador to Russia, shared past remarks from Putin that appeared to contradict some of his more recent statements about the war in Ukraine and NATO.

"Some inconvenient facts for those incredibly still arguing that NATO 'provoked' Putin to invade Ukraine," McFaul wrote. "When asked if Russia should join NATO, here's what one Russian leader said about the scary, horrible NATO: 'Why not? Why not . . . I do not rule out such a possibility . . . it is with difficulty that I imagine NATO as an enemy,'" McFaul wrote in a subsequent tweet, and revealed that the comments mentioned were made by Putin.

Putin's war in Ukraine is backfiring in historic way - Switzerland may buck centuries' worth of military neutrality and aid Ukraine in its long and continuous war against Russia.

Politicians from multiple Swiss parties are pondering arming Kyiv while simultaneously concluding a ban on exports of Swiss weapons in war zones, Reuters reported on Tuesday. It would likely add increased resistance to Russia's long-term strategies.

"We want to be neutral, but we are part of the Western world," Thierry Burkart, leader of the center-right FDP party.

Iran appears to be modifying drones for Russia to inflict maximum damage on targets in Ukraine, report find - Iran appears to be modifying the attack drones that it's providing to Russia so that the explosive warheads can inflict maximum damage on infrastructure targets inside Ukraine, according to a new investigative report obtained exclusively by CNN.

An unexploded warhead from an Iranian Shahed-131 drone found in the Southern Ukrainian region of Odesa in October 2022 was examined last month by the UK-based investigative organization Conflict Armament Research, along with the Ukrainian military. CAR provided its findings first to CNN.

The group's analysts believe the warheads, which measure just under two-feet long, were hastily modified with poorly fitted layers of dozens of small metal fragments that on impact scatter across a large radius. In addition to the fragments, there are also 18 smaller "charges" around the circumference of the warhead that, when melted by the blast, can pierce armor and create a kind of "360-degree" explosive effect.

The accumulation of those elements essentially maximize the warhead's ability to shred targets such as power stations, distribution grids, transmission lines and large, high-power transformers. They also make repair efforts substantially harder.

"It's as though they looked at the finished warhead and said, 'How can we make this even more destructive?'" said Damien Spleeters, one of the investigators who examined the warhead.

Warheads targeting battlefield assets such as tanks or artillery pieces might be designed differently, Spleeters explained, with a frontal shaped charge that is used for more concentrated targets. The warhead examined by CAR, though, has a radial shaped charge effect, which can result in a larger area of impact.

Containment

Ukraine makes official request for Dutch F-16 jets - Ukraine has officially asked the Netherlands for F-16 fighter jets, its air force has said.

Ukraine's arsenal of western tanks poised to get another upgrade - Ukraine might be in line to receive powerful new tanks from Western allies, but it will take some time.

Armin Papperger, CEO of German defense contractor Rheinmetall, told German publication Handelsblatt this week that his company has been in talks with Kyiv to deliver its most modern Panther battle tank. It comes on the heels of previous announcements of German-made Leopard 2 tanks and U.S.-made M1A2 Abrams tanks headed to Ukraine.

Ukraine, which was invaded by Russia last February 24, would be the first country to receive the Panther, which debuted in Paris during a trade show last summer and has been billed as the strongest military tank in the world.

Rheinmetall in Talks to Supply Ukraine With Panther Battle Tanks - German arms manufacturer Rheinmetall AG is in negotiations with Ukraine, with the view of exporting its state-of-the-art Panther battle tank to Kyiv, CEO Armin Papperger said in an interview Thursday.

"We are talking to Kyiv about exporting the Panther," Papperger told German business daily Handelsblatt, adding that Ukraine is also interested in the Lynx, Rheinmetall's most modern infantry fighting vehicle.

Papperger said deliveries of the Panther to Ukraine are feasible within "15 to 18 months," adding that the tanks could be built in either Germany or Hungary.

Rheinmetall is also the maker of the Leopard battle tank, which European countries have recently agreed to send to Ukraine, with the first units expected to arrive in the spring. As with the Leopard, the provision of the Panther and the Lynx to Kyiv would have to be approved by the German government.

Papperger's remarks come as Ukrainian President Volodymyr Zelensky addressed European Union leaders in Brussels Thursday, reiterating his country's need for modern tanks to protect its security, adding that Ukraine's security is also Europe's security.

More on the Panther battle tank: The Dusseldorf-based company introduced the Panther at a trade fair in Paris last summer, touting it as the strongest battle tank in the world. According to Rheinmetall, the Panther is still under development, but is eventually meant to replace its Leopard 2 battle tank and is "destined to be a game changer on the battlefields of the future."

No "red line" on fighter jet supplies to Ukraine, says Portuguese PM - Portuguese Prime Minister António Costa said his country did not have a red line when it came to providing fighter jets to Ukraine, but cautioned his country did not have the means to relinquish any of its own aircraft.

"It's not a red line," Costa told journalists as he arrived in Brussels for a special European Council meeting on Thursday.

Portugal operates a total of 27 F-16 AM fighter jets but Costa says they are already tied to several NATO commitments.

"That's an area where we simply don't have the possibility [of giving to Ukraine], given that the means we have are all allocated to missions that we cannot do without," he said.

Costa went on to say Portugal had done its best to support Ukraine since the beginning of the war, highlighting the recent commitment to send three of its Leopard 2 tanks.

He added that supplies to Ukraine had the ultimate goal of achieving peace, but only on Ukrainian terms.

“Peace is our objective,” he said. “War is a means to achieve peace and this war, it should be reminded, was not started by Ukraine, Ukraine is the victim of war.

“The moment, the terms and conditions for peace can only be defined by Ukraine,” he added.

Blinken won't rule out sending fighter planes to Ukraine eventually - The US government continues to resist calls to provide Ukraine with fighter jets, but Secretary of State Antony Blinken stopped short on Wednesday of ruling out such assistance later.

UK Prime Minister Rishi Sunak earlier said Britain would train Ukrainian pilots to fly western fighter jets, and would explore the possibility of providing such aircraft.

“At every step along the way, as needs have evolved, so too has what we have provided Ukraine,” Mr Blinken said when asked about sending planes.

“And that most recently took place with the decision to provide the Abrams tanks, and of course Germany providing the Leopard tanks and other Europeans doing the same.”

The US has so far spurned Ukrainian pleas for fighter jets, which officials consider to be too provocative a move.

Standing alongside Nato secretary general Jens Stoltenberg at the State Department, Mr Blinken said that US and foreign security assistance to Ukraine continues to evolve to meet the changing nature of the conflict.

Earlier, The National asked White House National Security Council spokesman John Kirby whether the UK's announcement on possibly sending planes would influence the US position.

Russian Recruitment & Mobilization

Putin sidelines Wagner by taking over Ukraine war recruitment in prisons - Russia's MoD has taken over the recruitment of convicts to send to the frontlines, wresting control of the enterprise from the Wagner Group, according to the country's leading prison NGO.

Olga Romanova, the founder of Russia Behind Bars, told The Daily Beast that the Kremlin has sanctioned the recruitment of prisoners into the army for the first time since the Second World War.

On Thursday morning, the Wagner Group boss, Yevgeny Prigozhin, announced that his mercenaries would no longer sign up convicts, which has become a signature move as the group sometimes known as “Putin's private army” plays a key role in Ukraine. “The recruitment of prisoners by the Wagner private military company has completely stopped,” he said on social media.

Usurping Wagner could be a sign that the Kremlin is keen to clip Prigozhin's wings amid increasing signs of tensions between the men who could one day replace Putin. Wagner will continue to play a key role, but stripping them of the ability to use prison recruits removes one of their greatest strengths.

The move to officially allow convicts into the army also shows the problems the Kremlin is having with its recruitment drive almost one year into the increasingly unpopular war in Ukraine. Romanova said prisoners, who started signing up on Sunday, have been told they will be freed after six months of fighting.

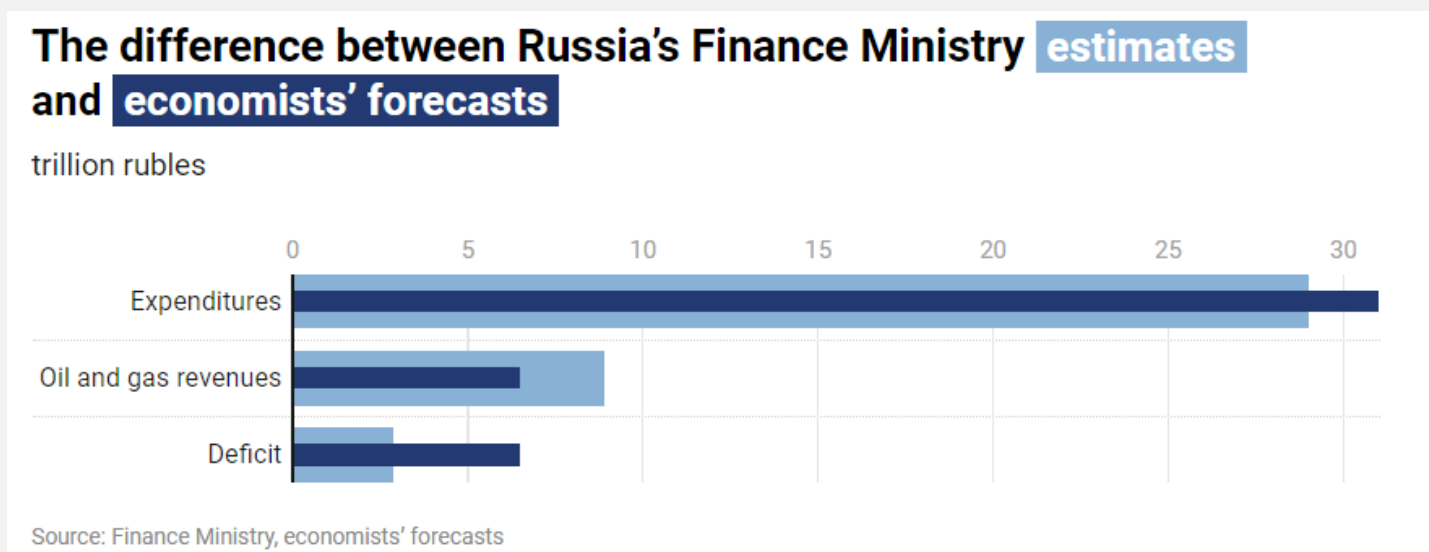
Comment - It remains to be seen when the Kremlin looks to Moscow and St. Petersburg for mobilization rollout as this is where most young Russians live. Once enacted, the “mobilization cat” will truly jump out of the proverbial bag.

Sanctions

Budget off to the front - Russia's budget was short 1.7 trillion rubles in January. Still, there are enough funds for 'a couple years of war,' Novaya-Europe's source says.

The deficit of Russia's federal budget turned out to be unexpectedly high in the first month of 2023, reaching 1.7 trillion rubles (approximately €21.7 billion). This is the highest January figure since 1998, which amounts to 60% of the planned deficit for the year.

Oil and gas budget revenues have dropped significantly: the price of Russian oil fell sharply over the past two months, while the volume of gas supply to Europe more than halved in a year. However, the main reason for the record-high deficit is the sharp rise in expenditures that reached 1.1 trillion rubles (€14 billion). Novaya-Europe investigates what this sum was spent on and how long Russia can finance the war.



What happened to the revenues.

Total budget revenues have fallen by 35% compared to last January, reaching 1.3 trillion rubles (€16.6 billion). Oil and gas revenues have dropped by 46% to 426 billion rubles (€5.4 billion). The Russian Ministry of Finance suggests this is due to falling prices for Russia's flagship Urals crude and the decline in gas exports. Gas supply has nearly halved over the year, while the price of Urals dropped by about 30% due to Western sanctions, standing at about \$50 per barrel, Novaya-Europe previously reported.

What will happen by the end of 2023.

All in all, single budget losses for January are estimated at about 1.4 trillion rubles (€17.9 billion). Another 0.4 trillion (€5.1 billion) are sustainable losses caused by the current price levels and export volumes, Alex Isakov, Russia and CEE Economist for Bloomberg Economics, told Novaya-Europe.

Dmitry Polevoy, Investment Director at Loko-Invest, also assured Novaya-Europe that a deficit this high in January is an exception, and that it will not continue to grow at this rate over the coming months.

Over the year, non-oil and gas revenues will recover and reach the planned 17 trillion rubles (€216.8 billion), Isakov predicts. "The tax dynamics rarely diverge from the tax base for long. A simple benchmark for the VAT base is retail

turnover. In nominal terms, retail turnover is on the rise, although it is lower than the price increase. This means that VAT will likely turn around over the coming months. Besides, a drop in VAT in the first month of the quarter is a typical scenario for last year. It is related to the simplified return procedure,” he explained.

The rise of tanker shipping’s ‘shadow fleet’ - The European Union and G-7 nations, together with Australia and Japan, implemented sanctions against Russian refined products exports Feb. 5. Restrictions on Russian crude exports began Dec. 5. The system was designed to keep Russian cargo flowing — and it’s definitely still flowing.

“We see no indication that Russia will have to cut back its exports of crude or refined products,” said David Wech, chief economist of Vortexa, during a presentation Thursday.

And despite predictions to the contrary, he believes there will be enough vessels to handle rerouted refined product flows, as has already proven to be the case in crude shipping.

The reason: Russian sanctions spurred a massive increase in the so-called “dark fleet” or “shadow fleet,” older tankers with opaque ownership that operate outside Western insurance, financial and shipping-service circles, and that have a habit of turning off their location beacons.

A representative of Trafigura, one of the world’s largest trading companies, told Bloomberg that the shadow fleet now numbers around 600 vessels, comprising 10% of the world’s crude tankers and 7% of its product tankers.

“Frankly, it is becoming a big deal,” said Svein Moxnes Harfjeld, CEO of crude tanker owner DHT (NYSE: DHT), during a quarterly call on Thursday.

“Maybe the politicians that set up the current sanctions were aware this would happen and it was an acceptable collateral damage ... but there is a lot of murky stuff going on.”

Shadow fleet is ‘the new scrapping.’

Older tankers that pollute more and are less safe to operate would normally go to the scrapyards for recycling and be replaced by modern, more efficient vessels. But why scrap them when they can earn huge premiums in sanctioned or semi-sanctioned trades?

The shadow fleet first emerged on a smaller scale when the U.S. sanctioned oil exports from Iran and Venezuela. Over the past year, it has ballooned in size as older tankers were acquired to move Russian cargoes.

The shadow fleet “could be viewed as the new scrapping,” said Harfjeld.

“We have seen, in the last six to nine months in particular, a significant amount of funds made available to companies in Dubai that are either owned by Russians or other people,” he explained.

“We have a sense that a lot of the businesses buying the older ships are funded by Russian capital in some shape or form and they are buying these ships to transport Russian crude oil — and they do that at a significant premium. They make more money than in the ‘complaint’ market.

How trading patterns have changed

Since the EU ban on Russian crude imports began Dec. 5, almost all of Russian crude has gone to India and China, with Turkey, previously a major buyer, pulling out.

“There are essentially only two countries left buying Russian crude,” said Wech. As a result, “they are in an extremely strong position to ask for substantial discounts.”

Crude from Russia's European ports is loaded on Aframax (tankers with 750,000-barrel capacity) and Suezmax (1 million-barrel capacity), then moved onto very large crude carriers (VLCCs; 2 million-barrel capacity) via ship-to-ship (STS) transfers, largely off Ceuta, Spain and Kalamata, Greece, then shipped to India or China.

The product tanker scenario is different. "There are many more markets to place Russian diesel than Russian crude," noted Vortexa senior analyst Pamela Munger.

Turkey is continuing to buy Russian diesel and Morocco has dramatically increased its imports, replacing cargoes from Saudi Arabia.

Wech noted that media attention is squarely focused on Russian crude flows. "From the amount of media requests we are getting, I have the feeling that every single journalist out there is currently tracking Russian oil on VLCCs," he said.