

# Conflict Update # 357

February 15<sup>th</sup>, 2023

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## Conflict Assessment

**Russian losses** – 139,770 (690) soldiers killed, 3,290 (+4) enemy tanks, 6,507 (+7) armored combat vehicles, 2,303 (+4) artillery systems, 466 (+0) MLRS systems, 236 (+2) air defense systems, 298 (+0) warplanes, 286 (+0) helicopters, 2,011 (+0) UAVs of the operational-tactical level, 857 (+0) cruise missiles, 18 (+0) warships/cutters, 5,161 (+6) trucks and tankers, 4 Iskander Missile Launchers (+0), 239 fuel bowsers (+0) and 219 (+1) units of equipment.

## Key Takeaways

Positions of Ukrainian and Russian forces in eastern Ukraine as of February 15.



**Russia's new offensive grinds into action as Ukraine punches back hard** - For weeks if not months, Ukrainian military and political leaders, along with some Western intelligence officials, have warned that Russia is preparing for a major new offensive.

Cold temperatures had dialed down the tempo of fighting while both sides replenished their manpower and materiel, positioning equipment, digging trenches, rebuilding units -- preparing for the war's next phase.

That new offensive now appears to be under way, with Russian forces in eastern Ukraine building on months of intense localized assaults in several places in an effort to regain momentum in their sputtering, year-long invasion.

The intensifying clashes come as the February 24, 2022, invasion nears the one-year mark and Russian forces struggle to achieve even President Vladimir Putin's least ambitious goals.

"The Russian military has likely begun offensive operations and these are early attacks and early efforts to seize positions," Michael Kofman, a Russia director at the Center for Naval Analyses, a US-based think tank, said in a podcast on February 7. "These look like the very early phases of it."

Putin has shuffled commanders at least three times to try and improve the military's checkered performance to date.

Ukrainian officials, Western intelligence, Russian and Ukrainian military bloggers, and other open sources all indicate that Russia has intensified assaults in multiple locations over the past week -- in particular near Kreminna, in the western part of the Luhansk region, and in Vuhledar, to the south of the city of Donetsk.

This latest phase of the war may herald a return to one of the Kremlin's original stated priorities: complete control of the Donbas, parts of which have been occupied by Russia-backed forces since 2014.

"The enemy is trying to take full control of Donetsk and Luhansk oblasts," Ukraine's General Staff said in a February 9 post on Facebook.

Meanwhile, there are indications that Ukraine is girding for potential offensives as well -- possibly on the southern front in the Zaporizhzhya region, for instance -- but they do not appear to have begun.

The Institute for the Study of War said on February 8 that Russian forces had regained the initiative in Ukraine and had begun their next major offensive in the Luhansk region. Russia has also deployed units from at least three divisions in the fighting in the northern Luhansk region.

**Comment** – I differ with the entirety of this statement as although Russia has indeed made small incursions via throwing thousands of untrained and ill-prepared conscripts into battle, and losing as many thousands, they have made little to no gains of strategic and tactical import. Ukraine has not yet mounted any (winter) offensive moves but are building to their (post-winter) objective of engagement.

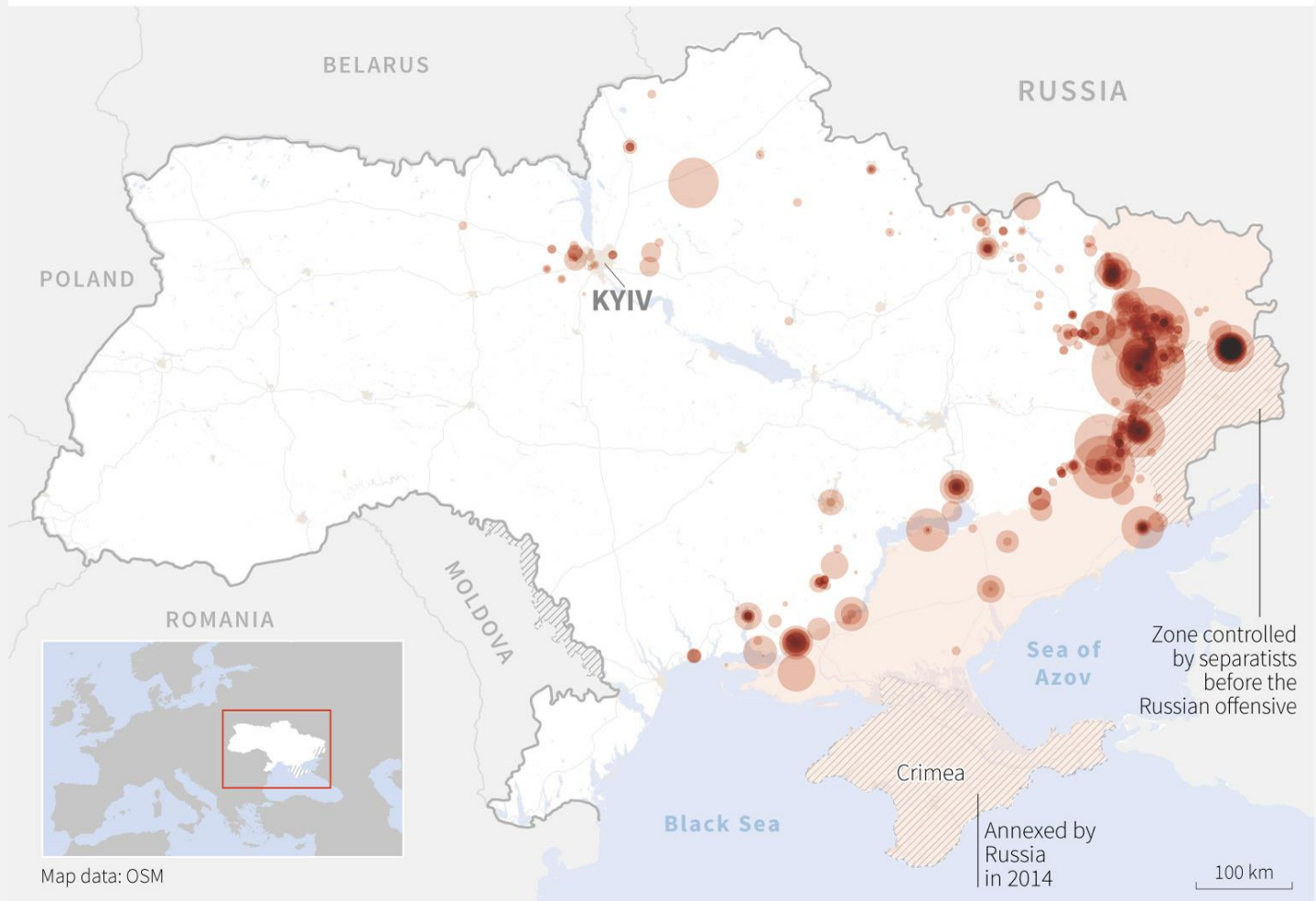
Russia has been spooked into action because of their fear of pending (Western) advanced weaponry deliveries and is trying to push forward ahead of arrival of these tanks and missiles. Putin is also as keenly aware of pending Ukrainian offensive intentions and their ability to successfully engage. "Offense is often the best form of defense" as they say.

As such there is no genuine regaining of initiative by Russia, merely a re-positioning to get ahead of Ukraine's next offensive – but hugely unsuccessfully to date. Witness their defeat around Vuhledar where they lost an entire battalion in a day, the eliminated army forming part of the Kremlin's new offensive.

Ukraine also continues to lambast enemy supply lines and assembly points across all southern and southeastern Russian deployments and occupied zones, effectively reducing Kremlin reserves and supplies demonstrably. These are not the signs of any Russian gain of initiative against Ukraine. Referring to the map below, one can see the various areas of conflict, still all where they have been for months. So I respectfully differ from ISW in this regard.

# Fighting in Ukraine

Number of people killed in fighting since the start of the Russian invasion on Feb 24, 2022, recorded by NGO Acled



In televised comments, Serhiy Hayday, the head of Luhansk's military administration, said that Russian forces were trying to overrun Ukrainian defenses near Kreminna and that there had been "maximum escalation."

The attacks "are all tied to specific dates there," Hayday told RFE/RL's Ukrainian Service. "February 24 will mark a year since Russia attacked Ukraine on a full scale. They would like to advance to some sort of administrative borders, so they have at least something to sell to the [Russian] population."

Bakhmut, a Donetsk region crossroads city once known for its sparkling wine and salt mines, has been under a withering assault for months now, with the private mercenary group Wagner sending waves of soldiers -- many of them former prison inmates -- to try and overwhelm Ukrainian positions.

The city sits astride several important highways. One leads northwest, to the cities of Slovyansk and Kramatorsk, both heavily fortified and defended by Ukrainian troops. Another leads northeast to the Luhansk region town of Lysychansk and, across the river, Syevyerodonetsk, both of which were captured by Russia last summer.

**Russia just lost one of its most advanced weapons systems** - A new video that has gone viral shows that the Ukrainian military has managed to destroy (reportedly another) BMPT Terminator armored fighting vehicle, one of the most advanced weapon systems the Russian forces have.

The Ukrainian forces landed the “kill” in the east of the country.

Ukrainian marines managed to incapacitate the BMPT Terminator and called in artillery fire that destroyed the Russian armored fighting vehicle.

**20 trucks full of wounded Russian soldiers reported arriving at hospital in Starobilsk** - The surgical department of the hospital in the Russian-occupied town of Starobilsk in Luhansk Oblast is closed off to the public as it houses hundreds of wounded Russian soldiers, the General Staff of Ukraine's Armed Forces reported earlier today.

As of Feb. 11, 20 trucks carrying wounded soldiers had been observed arriving at the hospital, suggesting an unusually high casualty rate in the area, the General Staff's evening briefing said.

Starobilsk lies approximately 55 kilometers east of the strategic cities of Svatove and Kreminna, where heavy fighting has been ongoing since Ukrainian forces liberated the neighboring area in October.

In the past several weeks, Russian attacks have intensified along this sector of the frontline, where Luhansk Oblast Governor Serhii Haidai said Russian forces had begun a major offensive.

This was backed up in a Feb. 8 update by Washington D.C.-based think tank the Institute for the Study of War, which agreed that a large-scale offensive had commenced in the area.

**Russians burn dead soldiers' bodies to hide losses** - A local crematorium is cremating dead Russian soldiers around the clock in Krazna Zorka, a village in occupied Crimea, to hide losses, the General Staff reported today.

A constant line of up to 10 trucks bringing soldiers' dead bodies has been spotted near the crematorium, according to the report.

A Feb. 12 report by the UK MoD says Russia has likely suffered from its highest rate of casualties over the past two weeks since the first week of its full-scale invasion that began on Feb. 24.

“The mean average for the last seven days was 824 casualties per day, over four times the rate reported over June-July 2022,” the MoD said.

The deadliest battles are ongoing near Bakhmut and the town of Vuhledar, located more than 100 kilometers south of the city, according to the ministry's report.

“Lack of trained personnel, coordination, and resources across the front” are among the factors that led to the sudden spike in Russia's casualties, according to the report.

As Russian forces attempt to advance in Donetsk Oblast, Western intelligence reports that both sides suffer from an increasingly high casualty rate.

As of Feb. 15, Russia has lost 139,770 troops in Ukraine since the beginning of its full-scale invasion on Feb. 24, according to the General Staff of Ukraine's Armed Forces.

In April 2022, the Mariupol City Council reported that Russia's special brigades were collecting and burning the bodies of murdered residents, using mobile crematoriums to hide their war crimes. Tens of thousands of civilians may have been killed in Mariupol, it added.

**Russia is using an estimated 97% of its army for the ongoing invasion of Ukraine**, Britain's military chief Ben Wallace said earlier this morning. He also said those Russian soldiers are experiencing "First World War levels of attrition" due to the tough resistance Ukraine's defenders are putting up—with a great deal of support from partners like the U.K., the United States, and the European Union.

### **Where did my generals go?**



**Tanks at the Battle of Gaugamela** - What Ukraine's answer to Russia's 'offensive in Donbas' will be.

In an article, Novaya Gazeta (NG) proceeded with the assumption that certain "consultations" between US officials and Putin on the possibility of a ceasefire did in fact take place, just like NG Zurcher Zeitung previously reported.

One of the obvious signs of these "consultations" having taken place is also indicated by military expert, Ukraine's Armed Forces pilot, and reserve colonel Roman Svitan. He notes that American aid to Ukraine suddenly plummeted in November-December, and the newer assistance packages usually included ammunition for the weaponry Ukraine already possessed and light equipment.

Rumor has it that Putin was offered those parts of the Donbas and Luhansk regions he currently controls - in exchange for withdrawing from the Zaporizhzhia and Kherson regions and agreeing to determine the fate of Donbas and the Luhansk region within the next 5-6 years. Crimea's fate would be decided within the next 15. Basically, a new Minsk Agreement, "Minsk-3."

In response, he demanded all of Donbas and the Luhansk regions - a crazy reaction.

The thing is that those parts of the Zaporizhzhia and Kherson regions currently controlled by the Russian army are the so-called “land corridor” to Crimea; strategically, the corridor is doomed. Meanwhile, the parts of Donbas and the Luhansk region not controlled by Putin are precisely the territories being secured by three powerful lines of defence, built over the last eight years, that Putin has been trying to storm over the past year unsuccessfully.

Thus, he asked to exchange nothing for something: the territories he will not be able to keep for the territories he has been failing to capture for a year.

No matter what these “consultations” entailed — a cunning move aimed at entrapping Putin, an initiative shown by CIA Director Burns and US National Security Advisor Sullivan (Russian political scientist Andrey Piontkovsky seems to think so), a way of testing out the waters, or something else entirely — they showcased the Russian president’s lack of sense.

Because of his refusal to negotiate, Putin had to:

- **Replace Surovikin**, commander of the Ukraine invasion force, with Gerasimov. Surovikin belonged to a faction of the Russian General Staff advising on defence. Meanwhile, Gerasimov is part of the faction that thinks any order from above should be carried out, even if it contradicts laws of gravity and common sense;
- **Locate and place air defence systems** in Moscow and other Russian cities to cover the Kremlin and his other residencies;
- **Start an offensive** in Donbas;
- **Schedule his long-postponed address** to the Russian parliament on 21 February.

We can name three goals of an offensive in Donbas.

1. **To make Ukraine’s Armed Forces deploy their reserves**, which Ukraine is currently preparing deep within its territory for a future offensive, to Donbas and “burn them down” there.
2. **To capture Donbas and Luhansk regions in their entirety and go back to the negotiation table** with a new set of rules: see, we did it, now let us come to an agreement.
3. **To have at least something to show for his actions at the 21 February address** — excluding the nonsense of charlatans on TV.

Judging by how the offensive is going, these goals, excluding the last one, are not feasible. Russian forces still attack the same way the Red Army did in 1944. A wall of fire followed by cannon fodder.

This is exactly what happened near the town of Vuhledar, where Russian commanders hurled armored columns into attack along the roads which have become an easy target for Ukraine’s artillery some time ago and were destroyed with soldiers fleeing the battleground, running through mined fields.

Russian Command continued sending more and more columns.

Z-Telegram channels, not to mention former Russian commander Igor Strelkov, critiqued these decisions harshly.

This was probably the first time this year when an offensive followed the script for Purgatory: soldiers on fire (the cheap Russian uniforms catch fire easily), jumping out of tanks, while armored personnel carriers are running over their own fellow soldiers. An entire Russian BTG was eliminated in one day. (**Comment** – I have not included visuals of these results being too graphic).

I will emphasize once again that these are not tactical errors — this is the modus operandi of the Russian army, in which a commander’s success still depends not on whether a victory was achieved, but on the number of soldiers killed on the battlefield. It is even more important to understand Putin lacks the resources needed for this modus operandi.

In the 21st century, one cannot fight a war with a 20th century army — the reason being the same as to why one could not fight a war using Roman legions in the 19th century. (**Comment** – We have reported extensively on these futile Russian tactics since we started covering this illegal invasion in February 2022).

The “wall of fire” does not work against HIMARS systems that are able to blow up all depots in the 70 km range from the front line. Putin will simply not be able to provide the necessary troop and armored vehicle density.

Let us recall that Putin gathered about 200,000 more-or-less trained contract servicemen for the offensive on Ukraine in 2022 — against the 60,000 trained soldiers Ukraine’s Armed Forces had back then. This is a normal ratio when it comes to an offensive — one to three.

Currently, Ukraine can count on about **500,000** people at the front line. This means that Putin needs at least **1.5 million** people at the front simultaneously. He just does not have the numbers. (**Comment** – this does not take account of the superior Ukrainian NATO-supplied advanced weaponry, meaning that the **3:1** ratio should increase to around **6:1**).

Mobilization gave the Kremlin around another 250,000 soldiers, some of whom were sent to the front line untrained and ill-equipped and certain death or maiming, while some underwent training and are currently being deployed.

Mobilisation stopped at 250,000 people not because Putin felt empathy towards Russians, but because this is the maximum turnaround Russian training grounds can withstand with a chronic and huge lack of instructors, training grounds, food, and uniforms needed to simultaneously train 1.5 million soldiers.

Even now, used bulletproof vests are being given out at the front. Training 250,000 soldiers simultaneously means limited to no opportunity to create a cannon fodder tsunami, seeing precisely what we are witnessing in Vuhledar and Bakhmut. (**Comment** – as reported above and in previous Updates).

Furthermore, the more people get drafted, the more Russian Main Street realizes this war is not just happening on their TV screens and a de-virtualization process will begin.

A war in which generals send people straight to their death in droves, hungry and without a dime, is not the “heroic defence against NATO with the use of the Wunderwaffe” that Russian state-controlled TV media keeps promoting. In the battle between the TV set and the fridge, the former does gain the upper hand. But even TV is bested by a refrigerated morgue truck. (**Comment** – Again, as we have copiously covered in previous months).

Putin’s offensive on Donbas is strategically doomed. He could advance 10-20 km for the price of dozens of thousands of lives. He could take Bakhmut to have something to talk about on 21 February. He could continue the offensive for a month, two, three, ten. It does not matter.

The main task for Ukraine’s troops in this offensive — and they know it very well — is not to waste their reserves and crush as many Russian soldiers as possible.

Because alongside Putin’s offensive, another process, an absolutely catastrophic one for Putin, is occurring. You cannot even call it the Ukrainian forces’ preparation for an offensive. It would be more correct to call it the restructuring of Ukraine’s Armed Forces.

Having made sure that Putin cannot be reasoned with, the West changed its strategy and began flooding Ukraine with modern weaponry. After Putin’s refusal to negotiate, a smart iron rain started pouring in Ukraine’s direction: from tanks and GLSDB missiles to aircraft, the deliveries of which are also soon to come.

And once again, the heart of the matter is not only the arms supply. The thing is that all of this weaponry, once it arrives and is integrated, will transform the Ukrainian forces into a 21st-century army.

In the middle of the 20th century, the Red Army advanced using a wall of fire and cannon fodder, and this method was not among the best even back then. At the end of the 20th century, the US-led coalition waged war in Iraq mainly from the sky. In 42 days, the coalition carried out 100,000 strikes, dropping 88,000 tonnes of bombs on the Iraqi military and civil infrastructure.

Ukraine's forces will not receive the same weaponry: they will not get thousands or even hundreds of aircraft. But as military expert Yury Fedorov reminds us, they will be provided with better high-precision weapons, which within the framework of a modern, network-centric war will strike precisely against the concentration of enemy's troops and equipment. This will allow Ukraine to get by without such large numbers of weaponry as the ones used against Iraq in 1991 and 2003.

One should not think that these weapons will start operating tomorrow. It could take months to integrate them. But once the integration is complete, it will turn out that it does not matter at all where Ukraine's forces decide to attack at that exact moment and how many kilometres Putin has advanced on Donbas at the cost of lives of dozens of thousands of Russian soldiers.

The effect will be the same as if a modern tank battalion appeared at the Battle of Gaugamela, the decisive battle between Alexander the Great and Persian King Darius III. It does not matter where this battalion with appropriate support advances on the Macedonian phalanx — the results are obvious.

Judging by the arms supply and the fact that the Netherlands directly accused Putin of the MH17 plane crash, the West decided to give Ukraine an opportunity to win. Russia's General Staff and the elites better come to this realization as soon as possible.

*From a Novaya Gazeta article earlier today.*

**Comment** – The article above doesn't reference three cardinal elements debilitating Russian invasion effectiveness –

- a) **Russian military structure** where all command originates in the Kremlin, emasculating local command and control, primarily in tactical on-the-ground battlefield reaction.
- b) **War tactics** where Ukraine has surgically targeted Russian supply lines, assembly points, fuel reserves and ammunition dumps, sometimes within Russia itself, and
- c) **Supply chain management**, with Russia entirely dependent upon a vulnerable rail infrastructure and enforced elongated and stretched distances between reserve location and battle station.

**Russia prepares 'air fight' as Ukraine ground war grinds on** - NATO officials push for quick procurement of air defences for Ukraine as Russia eyes the skies for battlefield edge.

Russia may be planning to launch attacks on Ukraine with heavy air power to break a battlefield deadlock as NATO intelligence indicates Moscow is assembling fighter jets and helicopters near the border.

The deployment of aircraft would mean it is crucial to get air-defence systems into Ukraine as fast as possible as Russia has intensified its offensive with the anniversary of its invasion upcoming, NATO officials said on Tuesday.

US defence chief Lloyd Austin, speaking at NATO's headquarters in Brussels where officials were meeting, noted Ukraine's air defences at the moment were "not enough and we're going to keep pushing until we get more because that threat is out there".

"We do know Russia has substantial aircraft ... and a lot of capability left," said Austin. "We want to make sure they have the ability to protect themselves in the event Russia decides to introduce its air force into the fight."



NATO intelligence reports say Russia is “amassing fixed-wing and rotary aircraft close to the border with Ukraine”, the Financial Times quoted two defence officials as saying.

“The Russian land forces are pretty depleted so it’s the best indication that they will turn this into an air fight,” one told the Times. “If the Ukrainians are going to survive they need to have as many air defence capabilities and as much ammunition ... as possible.”

**Putin’s war against Ukraine hitting Russia’s numerically smallest nations hardest** - The disproportionate use of soldiers from the primarily non-ethnic Russian republics in the North Caucasus, Middle Volga and Far Eastern regions in Putin’s illegal war against Ukraine has attracted widespread attention since the beginning of Russia’s campaign a year ago.

Whether this reflects poverty, ethnic discrimination or a desire by Moscow to avoid losses in major Russian cities, which might spark more serious anti-war protests, has been the subject of much debate (see EDM, March 1, March 31, 2022; Idel-ural.org, April 11, 2022; Posle Media, December 4, 2022).

Far less attention, however, has been devoted to the impact of Moscow’s draft and mobilization on Russia’s numerically smaller nationalities (malye narody), including those that possess autonomous territory, such as Sakha (Yakutia), and those that do not, the latter numbering far more.

It is unfortunate that such a lack of attention has persisted because it is becoming clear that Moscow’s mobilization of men from these nationalities as well as the deaths of many of them in Ukraine are not only hitting these peoples harder than anyone else but are also sparking protests, placing them on an accelerated course to disappearance.

**Comment** – The logic of Putin’s approach in this regard is simple. Outlying regions do not have a ready stream of revenue other than what Moscow provides. They need the unemployed to be employed and they need the revenue this brings to their states. All Moscow needs do is threaten governors with cutting off their revenue stream in order to force compliance for increased numbers of young conscripts.

The more callous reason though is that communications and electronic interactions in these areas is much reduced from that in the more-populated regions such as Moscow and St. Petersburg, making for a much reduced outcry threat.

**Russia has claimed** its forces have broken through parts of Ukrainian defenses in the eastern Luhansk region, while Ukraine's military says its troops are repelling some attacks, but the situation is difficult.

**NATO Secretary-General Jens Stoltenberg** urged the alliance's 30 member countries to commit to spending at least 2 percent of their gross domestic product on defense by a set date.

**Authorities in Kyiv said the city's air-defense forces shot down** "most" of what they said were six Russian balloons that appeared over the city and might have carried intelligence equipment or reflectors to interfere with the air-defense system of Ukraine.

**Russia draining a Ukrainian reservoir is a reminder that water is a weapon in a warming world** - Attacks on water supplies are an ancient war tactic, but climate change is making water’s role in armed conflicts more likely.

In a warming world, water is an increasingly precious resource — and it can also be used as a weapon when conflict breaks out. The latest example comes from Ukraine. NPR reported last week that Russia appears to be draining the Khakovka Reservoir in southern Ukraine, imperiling water for drinking and agriculture and potentially endangering the Zaporizhzhia nuclear power plant by limiting its cooling water.

Though Russia's specific motivations remain unclear, the weaponization of the reservoir's water joins a human martial tradition dating literally to antiquity. It's also a worrying portent, with experts warning that targeting of water infrastructure is likely to increase as climate change stresses supplies across the world.

**Comment** – Russia could also be draining the reservoir so as to prevent Ukraine from flooding Kremlin positions south of the dam.

## Containment

**Sweden considers Ukraine's request for fighter jets** - Sweden received a request from Ukraine to transfer Gripen fighter aircraft, and it is being considered, Swedish Defense Minister Paul Johnson said earlier today. But these aircraft are very important for Sweden's defense, he said.

According to Johnson, the priority for Sweden is to strengthen Ukraine's air defense for now.

The Swedish government has provided Ukraine with military aid in the amount of about 1 billion euros and is ready to continue its support, he said.

The decision on whether to provide Ukraine with Western fighter jets is "not the most urgent issue now," NATO Secretary General Jens Stoltenberg said on Feb. 14, ahead of a meeting of the alliance's defense ministers.

Earlier, several Western officials also told the Financial Times that Ukraine's needs for ammunition and air defense outweighed longer-term requests, such as fighter jets, as Russia has started its new offensive.

President Zelenskyy said on Feb. 9 that "several" European leaders expressed readiness to provide Ukraine with fighter jets and other necessary weapons without further details.

**U.S. Awards \$522 million in contracts for artillery shells for Ukraine** - The US Army has announced the award of contracts worth \$522 million to two companies to manufacture artillery ammunition for Ukraine. The orders went to Northrop Grumman Systems and Global Military Products and come amid worries that Ukraine was fast depleting its stockpiles of artillery shells. Deliveries of the new ammunition are scheduled to begin in March, the army said in a statement on February 14. The contracts are funded by the Pentagon's Ukraine Security Assistance Initiative.

**Marcos is bringing the Philippines back into the U.S. Fold** - The Philippines and the US will this year carry out their biggest joint military drills since 2015, Manila's army.

Philippine President Ferdinand Marcos condemned the "increasing frequency and intensity" of China's maritime aggression following a laser incident as reported in yesterday's Update.

## Comments, Developments and Reports

**Free travel** – For those wanting free travel, they should travel to Russia if they are dual Russian/American citizens. The Kremlin has just published an offer not to be refused if seeking cheap or free travel in Europe.

They will "Shanghai" you upon arrival in Russia, conscript you and accompany you to Ukraine's front lines – all for free. But you need to bring your own equipment, ammunition, food and coffin.

**Russian industrial production and retail sales in December fell to their worst year-on-year** contractions since the onset of the Covid-19 pandemic in early 2020.

**Russian GDP drops by 2,2%** - According to the World Bank, the International Monetary Fund and the OECD, Russian GDP dropped by at least 2.2% in a best-case scenario in 2022 and by up to 3.9%.

**And is widely expected to contract again in 2023** - Russia's budget deficit hit a record 1.8T Russian rubles (\$24.4 million) in January, with spending growing by 58% from the previous year while revenues fell by more than a third.

Russian Industrial production and retail sales in December fell to their worst year-on-year contractions since the onset of the Covid-19 pandemic in early 2020, with retail sales dropping by 10.5% year-on-year while industrial production shrank by 4.3%, compared to a 1.8% contraction in November.

**Comment** – This is catastrophic for an overall Russian Federation system where far-flung and distant low-revenue states and republics dependent upon Moscow for revenue and financial support will suffer demonstrable hardships going forward.

**Russian exodus of capital to the West \$2T(?) and counting** - If you look at the quantity of assets owned by Russian oligarchs and Russian large wealth-owners more generally, you can see that the number of the assets that have been frozen in Western countries is very small compared to the extent of the capital flight from Russia.

Putin's regime is really a kleptocratic one, we've never seen something like that in the modern economy. We're talking about a country [Russia] that over the past 20 years has been exporting the equivalent of about 5% to 10% of GDP per year of trade surplus, mostly in oil and gas exports.

So this is a country which should have very large foreign reserves in the rest of the world. If you have a trade surplus of 5% to 10% of GDP each year during 20 years you should have somewhere between 100% and 200% percent of GDP in foreign reserves.

But if you look at the case of Russia, the foreign reserves are ten times smaller, maybe 10% or 20% of Russian GDP.

My colleagues Gabriel Zucman, Filip Novokmet and I have done estimates of total (Russian) financial assets held by wealthy Russians in the West. We cannot be sure but it's somewhere between **1-2 trillion euros**.

So where has all the money gone? The obvious explanation is that you've had enormous capital flight by wealthy Russians and mostly people who are sufficiently close to the regime that [capital] they can appropriate for themselves.

Some of these wealthy Russians are based in western countries, many in Russia. Some are using the Western legal system, through legal entities based in Western financial centres, or in offshore financial centres, all of which cannot exist without the West. And the assets that have been frozen since the beginning of the previous year are somewhere between 10-30 billion Euros which is 100 times smaller than what they should be.

The bottom line is that Western countries play a major role in making this possible. This would not be possible if Russia was an autarky. It is possible only because Western countries have made it possible. Putin's kleptocratic regime is a product of Russia and the West and describing it as a sort of rational evil simply doesn't work.

So then comes the war, and what do you do? When you have a country of 45 million people being destroyed in front of you, the civilian population being bombed, people don't have access to heating and electricity in the middle of the winter. I think when Western countries look at this 10-20 years from now, they will feel very ashamed of how little has been done.

So very little has been done partly because [Putin's regime] is so embedded into the Western legal and financial system. It doesn't mean it's impossible to do it, but if you want to, you have to question not only the Russian elite but these Western systems that have benefited not only Russian oligarchs, but also Western oligarchs, billionaires, multimillionaires who might lose from a radical increase in transparency.

And this is what makes people in the West afraid that [this fact] might be used against them. And this is part of the explanation as to why so little has been done.

## **Sanctions.**

Whether sanctions are sufficient to bring down Putin's regime now or whether it is too late, toughening them (sanctions) should follow. It would be very important to show that the West is able to be very tough against the wealthy Russians.

Western governments are viewed as very hypocritical by many people, not only in Russia, but throughout the world in the sense that they like to give lessons about democracy and about human rights to the entire planet. But in practice, when they can inject more money into their financial system(s), whether it comes from Russian, Chinese or Dubai oligarchs or anybody who wants to put money in Paris or London or Cote d'Azur or Courchevel, it is most welcome.

The rest of the world is quite realistic about that, and part of the reason why Western countries have difficulties being heard and being credible in other parts of the world.

I don't know whether at this time tougher economic sanctions would be sufficient.

## **Other actions required.**

There's also the issue of military action, having a no fly zone over parts of Ukrainian territories, in particular the larger cities.

There has to be limits on what the Russian military can do. If they start bombing and killing half of the population in Kyiv I guess at some point NATO will be forced to do something. When you make people freeze and have no access to electricity or energy in the middle of winter, where is the limit exactly? If you don't put any limits and if you don't say anything about the possibility of a no fly zone and more direct military protection of Ukraine, when are things going to stop? Both economic sanctions and military assistance have proven weak thus far.

By targeting the wealthy elite, the West could put down that regime, not sure how effective this will be but I think there's a serious possibility. So we should give it a chance.

## **Energy action against Russia**

We should've stopped importing these commodities [oil and gas] right away. It's a very strange situation like with China a few years ago when the Chinese government cracked down on the Hong Kong elections and basically destroyed the democratic electoral system in front of everyone.

The reaction of the EU at the end of 2019, just before COVID-19, was to propose a new Chinese investment treaty. That was the EU reaction - let's have a new free capital-flow treaty between China and the EU, and the official excuse for this kind of attitude was that we need to trade with China because otherwise we would be so poor we cannot afford that.

But this is completely crazy. European countries have never been as rich as they are today. They have multiplied their average income by 10-15 [times] over the past 100 years. So they are much wealthier today in terms of income, wage, wealth, every economic indicator there is. And this is not due to China or due to Russia. This is due to an incredible increase in productivity.

So the idea that we cannot afford applying sanctions against China or Russia because we would be poorer is a symptom of a political system where we have sort of stopped thinking about changing the economy in the direction of a more equitable distribution of resources and income, taking that we cannot make billionaires pay and we cannot have a more equal distribution of wealth as a given.

If you accept this assumption, then indeed you end up in a situation where there's very little you can do. I think when people look at these political choices in 10 or 20 years from now, they will look at institutions and look at western

countries that are so rich but still do not do anything. We just watch a country being destroyed on TV. This is really quite sad and quite unusual by historical standards.

And if you do not want to change the level of inequality, it leads to this conservative political attitude toward Russia and China. Because then you say, 'Oh, but, if we do something then the minimum wage workers in France or Germany are going to suffer and they would not accept it so we cannot do anything.'

*The entire unredacted and unedited article is covered in Novaya Gazeta February 13<sup>th</sup> Edition.*

<https://novayagazeta.eu/articles/2023/01/13/we-just-watch-a-country-being-destroyed-on-tv-en>

**Russia placed thousands of Ukrainian children in camps for reeducation, report says** - US researchers say Russia has relocated thousands of Ukrainian children to a network of sites in Russian-occupied areas of Ukraine and in Russia whose main goal is to "reeducate" the children to make them pro-Russian.

The researchers said in a report published on February 14 that they had identified 43 camps and other facilities where at least 6,000 Ukrainian children have been held.

"The primary purpose of the camp facilities we've identified appears to be political reeducation," Nathaniel Raymond, one of the researchers, said in a briefing to reporters.

The report also provides evidence of the Russian government's efforts to sever communication between the children and their relatives in Ukraine and to prevent the children's return to Ukraine. Some of the camps are thousands of kilometers away from the children's homes.

**'Russia's playbook': US diplomat says Washington is 'deeply concerned' about alleged plot to destabilize Moldova** - The United States is "deeply concerned" about reports of a Russian plot to destabilize Moldova, US Assistant Secretary of State Karen Donfried said on February 15 in an interview with RFE/RL.

"I think we are -- all of us -- all too familiar with Russia's playbook," Donfried said. "We've seen what Russia has done in many places, including Moldova, including Ukraine, including Georgia. The list could continue."

Moldovan President Maia Sandu earlier this week spoke of the alleged plot, saying she had received documents from Ukrainian intelligence services that showed Moscow was planning actions against her country.

The United States has been "in very close contact with our Moldovan partners during what is a critical time, and we strongly support the leadership of Moldovan President Maia Sandu," Donfried said.

She noted that Moldova is in a vulnerable geographical position, with a war in neighboring Ukraine and the challenge of the breakaway Transdnister region, where Russia maintains troops.

**Comment** – We have long reported on the vulnerability of Moldova.

## Putin & Russia

**Russian flash drive identifies key figures in occupation of Ukraine** - A flash drive left by fleeing Russian forces in Ukraine contains hundreds of documents, including citations for medals, which identify key officials involved in handling civilians who allegedly hold anti-Russian views in occupied areas. Many of those civilians say they have been tortured. Schemes, the investigative news project of RFE/RL's Ukrainian Service, obtained the flash drive and has exclusive details about the Russian officials involved.

**Putin had one of his 'strongest public outbursts' since invading Ukraine, says British Intelligence** - Putin had one of his “strongest public outbursts” last month when he took aim at one of his own ministers over the Ukraine war, according to UK intelligence.

The Russian president has not managed to secure any major victories in the last few months of the war, despite the Kremlin allegedly expecting to conquer the European country within a matter of days back in 2022.

The UK MoD warned that Russia’s “military industrial output is becoming a critical weakness” – which Putin and other senior Russian leaders are “likely” to be aware of.

As it claimed, Putin “castigated” the deputy prime minister Denis Manturov on January 12 in a televised meeting. Manturov is responsible for the defence industry in Russia.

He told Manturov off for “fooling around” in what the MoD described as “one of the president’s strongest public outbursts since the invasion.”

## Diplomacy

**Moldova Accuses Russia of Coup Plot** - Moldova says it’s confirming what Ukraine discovered. Russia says Moldova is distracting citizens. Russia has denied the Moldovan leadership’s allegations that the Kremlin sought to overthrow the country’s government.

Moldovan President Maia Sandu said Russia was planning to attack government buildings, take hostages, and put the nation “at the disposal of Russia” to keep it from joining the European Union. Last week, Ukrainian President Volodymyr Zelensky said it had intercepted Russian plans on the destruction of Moldova. Moldova said it confirmed the allegations. Moldova gained EU membership candidate status last June on the same day that Ukraine did.

Russian foreign ministry spokesperson Maria Zakharova said Sandu’s claims were “completely unfounded and unsubstantiated.”

“They are built in the spirit of classical techniques that are often used by the United States, other Western countries, and Ukraine,” she added. “First, accusations are made with reference to purportedly classified intelligence information that cannot be verified, and then they are used to justify their own illegal actions.”