

Conflict Update # 62

May 17th, 2022

Conflict Assessment

Key Takeaways

The Ukrainian military command ordered the remaining defenders of Azovstal to surrender, likely conditionally, in hopes of returning them to Ukraine as part of yet-to-be-negotiated prisoner exchanges.

The announcement of the likely conditional surrender generated outrage in the Russian information space and demands in the Russian Duma for laws prohibiting exchanging the surrendered defenders of Azovstal.

Russian forces continued to make limited advances in Donbas, primarily focused on setting conditions for the Battle of Severodonetsk.

Subordinate Main Effort—Southern Kharkiv, Donetsk, Luhansk Oblasts - Russian forces unsuccessfully attempted to improve their tactical positions south of Izyum to resume offensive operations in that sector.

Ukrainian General Staff reported that Russian forces are replenishing troops and accumulating reserves to renew their drive on Slovyansk. Russian forces likely did not secure the highway east of Dovhenke—a village approximately 30 km south of Izyum, a highway that is necessary to advance toward Slovyansk. Russian aviation attacked Ukrainian positions near Izyum, and Russian ground forces made limited territorial advances in the Lyman district. Ukrainian artillery reportedly destroyed Russian equipment just 15 km north of Izyum on May 17.

Russian forces continued their efforts to secure highways to Lysychansk from the south and Bahmut from the east with insignificant progress. They advanced a small distance north of Popasna in an effort to reach a major road connection to Severodonetsk. The Luhansk People's Republic claimed to have seized Novozvanivka just southwest of Popasna on the way to the Bahmut-Lysychansk highway but have likely not entered the settlement judging from reports of Russian

Assessed Control of Terrain in Ukraine and Main Russian Maneuver Axes as of May 17, 2022, 3:00 PM ET



shelling in the area, which suggest that Ukrainian defenders are still there. Ukrainian General Staff reported that Russian forces conducted an unsuccessful assault on a settlement 6 km southeast of Severodonetsk on May 17.

Russian forces may be pushing hard to win the Battle of Severodonetsk in part to forestall emerging criticism of the Russian military campaign in the domestic information space. Russian State Duma Deputy from the Communist Party Viktor Sobolev expressed surprise over the lack of significant victories in Donbas compared to a number of successful operations in 2014. Sobolev said that Russian forces must finally finish up the “special military operation” in Donbas and at least create an effective cauldron (encirclement) in Severodonetsk.

Sobolev also criticized the Russian command for initiating a large-scale offensive operation without destroying Ukrainian strike capabilities. Luhansk Oblast Head Serhiy Haidai claimed that Russian forces are committing most of their combat power to a shallow encirclement to reassure the Russian population of Russian successes in Ukraine. Pro-Russian Telegram channels began celebrating the arrival of a BMPT “Terminator” urban warfare vehicle in Severodonetsk’s vicinity, portraying it as a Russian wonder weapon.

Russian forces also today conducted a series of unsuccessful ground assaults in western Donetsk Oblast. Ukrainian General Staff reported that invading forces unsuccessfully attempted to seize a segment of the N20 highway to Slovyansk east of Avdiivka. Russian forces also reportedly attempted to advance in settlements east of Avdiivka but did not make any territorial gains. Russian forces attempted to break Ukrainian defenses and reach the N15 highway to Zaporizhia without success.

Supporting Effort #1—Mariupol - The Ukrainian military command ordered defenders at the Azovstal Steel Plant to surrender to Russian forces. Russian officials likely accepted the Ukrainian surrender and evacuated over 260 wounded servicemen on May 16. The Ukrainian Military Intelligence Directorate (GUR) announced that Ukrainian officials will attempt to negotiate prisoner exchanges for Mariupol defenders and undertake further unspecified measures to rescue the remaining servicemen. The Russian Defense Ministry today posted videos of a mass evacuation of the Azovstal, but ISW cannot confirm if all of Mariupol’s defenders left the plant. Reuters reported that at least seven buses with Ukrainian servicemen who did not appear wounded left Mariupol on May 17. Russian media also filmed the Donetsk People’s Republic forces reportedly demining Azovstal.

Supporting Effort #2—Kharkiv City - Ukrainian forces continued to push the remaining Russian forces northeast of Kharkiv City. Kharkiv Oblast Administration Head Oleg Synegebov reported that Russian forces are attempting to repel Ukrainian counteroffensives in the direction of Vovchansk, a border settlement approximately 90 km northeast of Kharkiv City. Ukrainian forces are continuing to threaten Russian lines of communication to Izyum via Vovchansk. Pentagon officials noted that Russia may still hold positions close to Kharkiv City, likely referring to occupied settlements along the Belgorod-Kharkiv highway in the north. Ukrainian forces downed a Russian attack helicopter just east of Kharkiv City on May 16.

Supporting Effort #3—Southern Axis - Russian forces did not conduct offensive operations throughout the southern axis today. Ukrainian General Staff reported that Russian forces continued to reinforce defense lines with concrete structures and fired on Ukrainian positions. The Russian Defense Ministry claimed that Russian forces prevented a large-scale Ukrainian counteroffensive in a settlement approximately 30 km west of the Donetsk and Dnipropetrovsk oblasts, but ISW cannot independently verify these claims.

Russian forces are continuing to pressure Ukrainian civilians into accepting Russian occupation in southern Ukraine. The Zaporizhia Military Administration reported that Russian forces are preparing for a referendum in Enerhodar. The Ukrainian Southern Operational Command said that Russian forces are continuing to set information conditions to promote the creation of a proxy republic or a Russian province in occupied settlements of Kherson and Mykolaiv oblasts.

The Ukrainian Resistance Center reported that locals found two Russian soldiers dead in Melitopol, likely due to Ukrainian partisan activity in the area.

Russian forces continued to launch rocket and airstrikes on Odesa and Mykolaiv oblasts in an effort to disrupt transportation infrastructure in the region. The Ukrainian Southern Operational Command reported that Russian forces launched two cruise missiles at a bridge over the Dniester estuary on May 17. The bridge connects Odesa Oblast with the highway to Romania and has reportedly been damaged and out of operation for over two weeks. Russian forces likely seek to destroy the bridge beyond the possibility of repair to disrupt Ukrainian supply lines from Romania. The Ukrainian Southern Operational Command also reported that Russian forces struck maritime infrastructure 70 km southwest of Mykolaiv Oblast.

Immediate items to watch

- Russian forces will likely complete their withdrawal from the vicinity of Kharkiv City but attempt to hold a line west of Vovchansk to defend their GLOCs from Belgorod to Izyum. It is unclear if they will succeed.
- The Russians will continue efforts to encircle Severodonetsk and Lysychansk at least from the south, possibly by focusing on cutting off the last highway connecting Severodonetsk-Lysychansk with the rest of Ukraine.

Mariupol - Ukrainian troops ended their "last stand" in Mariupol, as hundreds of them "turned themselves over to Russian hands," the Associated Press reports from southern Ukraine. A few still remain inside, however; their numbers are reportedly unclear.

Russian Sub Fired Missiles at Lviv Training Center, Ukraine Says - Russia fired long-range missiles at Lviv on Sunday, hitting Ukraine's international military training center in strikes that were likely fired from one or more Black Sea submarines, the Ukraine's Air Command said in a post to Facebook.

A senior U.S. defense official confirmed the attack Monday, saying that about a half-dozen missiles had caused "minor damage to a few buildings," but adding that the Pentagon could not yet independently confirm the missiles were submarine-launched.

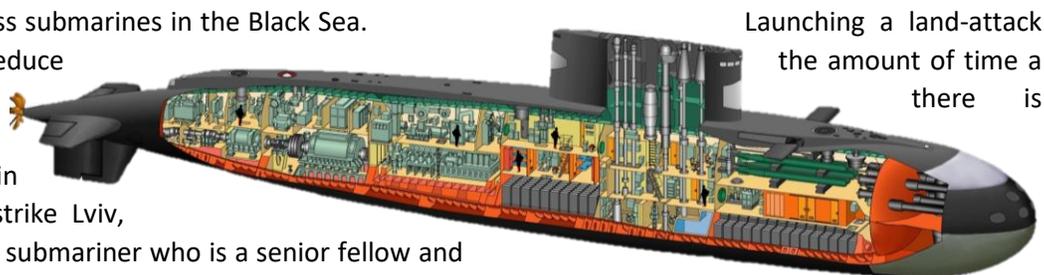
Ukraine's Air Command said it intercepted two of the missiles.



Russia has a half-dozen Kilo-class submarines in the Black Sea.

Launching a land-attack missile from a submarine can reduce the amount of time a defender has to react, but there is little advantage in using subs instead of missile trucks in

Russian-controlled Crimea to strike Lviv, said Bryan Clark, a former Navy submariner who is a senior fellow and director of the Center for Defense Concepts and Technology at the Hudson Institute. So their use likely underscores that Russian stockpiles are dwindling.



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For weeks, Pentagon officials have been noting that Russia is running through its precision guided munitions and, due to sanctions, will have a difficult time resupplying.

"We do assess that they are running through their precision guided missiles munitions at a pretty fast clip," Pentagon press secretary John Kirby said last week. "We know that in Mariupol, for instance, their use of of munitions has migrated from almost all precision guided to a significant number of what we would call dumb bombs: non-precision guided munitions.

Howitzers Proving Very Effective Against Russians, DOD Official Says - 155 mm M777 towed howitzers supplied by the U.S. and other types supplied by ally and partner nations to Ukraine are having a big impact on the battlefield, a senior Defense Department official said at a Pentagon press briefing today.

"You're already seeing the Ukrainians being willing to go on the counteroffensive in the Donbas [region of Ukraine]. They are taking back some towns that the Russians have taken in the past," the official said.

For example, the Ukrainians are pushing Russian forces to the east and to the north of Kharkiv, Ukraine, the official said. "We do believe that the howitzers ... are having an impact, particularly in Kharkiv. Now is that the only reason? I don't think we would go that far to say that, but we do believe that the systems they're getting â€” not just the U.S. systems but the systems from other countries â€” are absolutely helping them regain some momentum and to take back some territory," the official said.

Yesterday, Secretary of Defense Lloyd J. Austin III had a conversation with Ukraine Defense Minister Oleksii Reznikov. Reznikov told Austin that 74 of the 90 M777 artillery cannons that the U.S. supplied Ukraine are forward in the fight, providing long-range, indirect fire capability, the official said, noting that the tubes are being used not only in the Kharkiv area but elsewhere in the Donbas.

Currently, Russian President Vladimir Putin has committed about 80% of his total battalion tactical groups to Ukraine. "And there's no question that of that 80%, he has lost quite a bit," the official said.

Russia Asserts Ukraine Blew Up Ammonium Nitrate Storage Facility Near Mazanovka - As the war in Ukraine continues on its 83rd day, the Defence Ministry of the Russian Federation has claimed that Ukraine's Special forces blew up a land mine near Mazanovka, which is in the Donetsk People's Republic. The media report suggests that the land mine was reinforced with an ammonium nitrate overlay of up to one ton and as a result of the explosion a deadly cloud drifted towards Kramatorsk, reaching a height of one kilometre.

State Duma deputy calls for maximum sentence for nationalists in Azovstal (sic) - The State Duma deputy Sultan Khamzaev told RIA Novosti that the nationalists who had taken refuge in the Azovstal steel plant and surrendered should be given the maximum sentence of life imprisonment. The Russian Defence Ministry on May 17 said that "265 militants", including 51 seriously wounded, had surrendered at Azovstal and those who required treatment were shifted to the Novoazovsk hospital in the Donetsk People's Republic. Khamzaev stressed that "all nationalists" after undergoing treatment must be convicted for the crimes they have committed, RIA Novosti reported. He emphasized that nationalists need to be brought to justice after which they regret their work. He said that no work is being carried out to "cancel" the crimes committed by the "criminals of the Azov National Regiment." It is pertinent to note here that Russia launched a military operation in Ukraine on February 24. Since then, the hostilities between the two warring nations have led to deaths on both sides.

Ukraine Destroys 'Large Supply' of Russian Ammo: Report - Ukrainian fighters have said they destroyed a "large supply" of Russian ammunition as the Kremlin continues seeing setbacks in its invasion of Ukraine.

The fighters said they located warehouses in the city of Izyum that contained large amounts of Russian ammo, according to a Monday report from Ukraine's General Staff of the Armed Forces. The ammo was destroyed "as a result of fire," according to the government report, which outlined updates in the Ukrainian military's efforts to defend the country against the Russian invasion.

Putin

Cracks Are Emerging in Putin's Alliance Against the West – A meeting of the Moscow-led military alliance of post-Soviet countries "did not go well", according to one Russia analyst, amid internal squabbles and no public consensus expressing support for President Vladimir Putin's invasion of Ukraine.

The statement issued after the gathering of the six members of the Collective Security Treaty Organization (CSTO) made no mention of Ukraine nor what Russia calls its "special operation."

The group with Putin as its geopolitical center of gravity is the post-Soviet world's answer to NATO and was hosted by the Russian leader at the Kremlin, marking the 30th anniversary of its founding.

But only the Russian leader, and his Belarusian counterpart, Alexander Lukashenko, spoke about the war in Ukraine.

Russian news agencies reported how Putin repeated unfounded claims that Ukraine was developing biological weapons and revisited his justification for the war he is waging by describing the "rampant neo-Nazism" in his neighbor.

Lukashenko spoke about the "attempt to dismember" Ukraine and condemned how the country had fallen under the influence of the West. However, independent Russian-language news site Meduza reported "other participants in the meeting did not publicly say anything about Ukraine."

Putin also appeared to be on the defensive about NATO's enlargement, telling the summit that Russia "has no problem" with Finland and Sweden's plans to join the alliance, as announced last week, although he did say, "we will respond accordingly."

"It was no happy meeting & did not go well," tweeted Russia expert and economist Anders Aslund. He said that the comments expressed by the leaders of the CSTO's other countries, Tajikistan and Kyrgyzstan, "were a world apart from Lukashenka & Putin."

"Putin had a really bad day & whined & lied even worse than Lukashenka," tweeted Åslund, author of the book "Russia's Crony Capitalism."

Putin undergoes operation to remove fluid from abdomen, claims Russian source - The Kremlin insists he is in robust health yet there has been a flood of worldwide speculation on his condition in recent months, especially as he has taken Russia into a war with Ukraine

While there was no independent corroboration of the treatment, General SVR Telegram channel claimed the procedure the Russian president had, was successful.

'The whole world is against us' - Retired colonel gives damning assessment of Russia's war in Ukraine on state TV as he urges Putin to 'get out of' the conflict.

- He warned that myths of the Ukrainian army being demoralized and in disarray are 'to put it mildly, false'
- Said Ukraine may soon have 1m troops armed with western weapons who are ready to 'fight to the last man'
- Russia is in 'full geopolitical isolation' with 'virtually the entire world against us', Khodaryonok added, saying it is a situation that the country 'needs to get out of'

Russian state media's trumped-up narrative of Putin's glorious war in Ukraine was last night shattered by a retired colonel who gave an unusually frank and damning assessment of the situation on the frontlines and world stage.

Mikhail Khodarenok, a former air defense commander and graduate of some of the Soviet Union's top military schools, used his platform on one of Russia's most-watched talk shows to warn that the war is going badly and is likely to get worse, and that nuclear sabre-rattling - far from being threatening - actually 'looks quite amusing'.

Ukraine, he said, will soon have mobilized more than a million soldiers who will be trained by the West and equipped with modern weapons, ready to fight and die to protect their homeland against Russia.

Batting aside repeated interruption from propagandist Olga Skabeyeva that the army will be mostly made of conscripts, Khodarenok insisted that how an army is recruited is irrelevant - what really matters is willingness to fight, and Ukraine 'intends to fight to the last man.'

Russia's position on the world stage is no better, he added, pointing out that 'we are in full geopolitical isolation, and that, however much we would hate to admit this, virtually the entire world is against us. And it's that situation that we need to get out of.'

Khodarenok's remarks, broadcast to millions of Russians who until now have been spoon-fed a narrative of their military's prowess and Ukraine's weakness, mark a stunning break with the state-sanctioned narrative and puts him at extreme odds with the Kremlin stooges stood to either side of him.

Officials believe Putin's decision to take personal control of on-the-ground troop movements could be contributing to the military failures.

Radio jamming has forced Moscow to send more battalion leaders to the front line in order to communicate with their troops, only for Ukrainians to take advantage by killing Russia's generals - with 12 confirmed dead.

The news comes after Ukrainian soldiers became the country's first to reach the Russian border after retaking Kharkiv from occupation.

Containment

Russia is a state sponsor of terrorism. Designate it so - Sen. Richard Blumenthal has co-sponsored a resolution calling on Secretary of State Antony Blinken to designate the Russian Federation a state sponsor of terrorism. Such a call is long overdue.

For nearly three decades Russian military and security forces have been murdering civilians on three continents, and the West has offered only token opposition, often in the form of diplomatic condemnations, to the massacres.

Ukraine deploys new US howitzers at front lines of war - Ukraine has deployed many of its new US M-777 howitzers at the front lines and Washington has delivered all but one of the 90 artillery pieces they were due to send, the US embassy in Kyiv said on Sunday. The M-777 is seen as particularly significant because of its long-range and accuracy.

Hundreds of Ukrainian military troops have finished training on new weapons provided by the US, a senior Pentagon official stated. "Up from roughly 200 [trained personnel] one week ago," the officer added, 310 troops were trained on US-made M777 howitzers.

Ukrainian soldiers began howitzer training at a German artillery school last week, where they will spend the next weeks learning how to operate the artillery weapons before they are shipped for active use to Ukraine, German media reported.

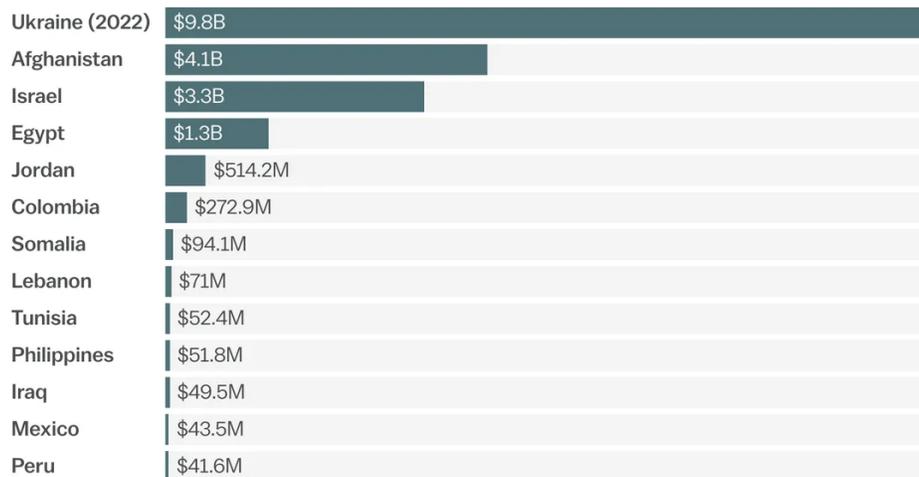
A third type of U.S. hypersonic weapon has now been successfully flown - On Saturday, the Lockheed Martin-built AGM-183A Air-launched Rapid Response Weapon achieved Mach 5 after three failed test flights, the Air Force announced Monday.

The staggering amount of US military aid to Ukraine, explained in one chart - American weapons are pouring into Ukraine.

President Joe Biden requested that Congress send \$33 billion of emergency aid to the country at war with Russia, and the US House increased the pot to \$40 billion, with about 60 percent going toward security assistance in some form or another. A bipartisan majority in the Senate is expected to approve it this week. It's an unprecedented ramp-up that builds on the rapid transfer of billions' worth of weapons already sent.

US security assistance to Ukraine since the invasion exceeds the top 2021 recipients

Top US security assistance recipients in fiscal year 2021 vs. Ukraine since February 24, 2022



Projection as of May 17, 2022

Source: Security Assistance Monitor databases, Center for International Policy

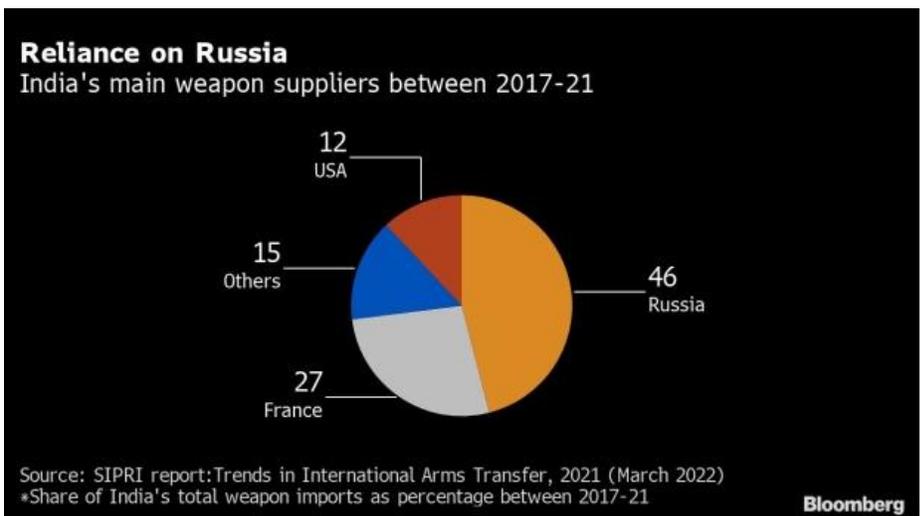


Geopolitics

US Seeks to Wean India From Russia Weapons With Arms-Aid Package

The US is preparing a military aid package for India to deepen security ties and reduce the country's dependence on Russian weapons, people familiar with the matter said.

The package under consideration would include foreign military financing of as much as \$500 million dollars, according to one person, which would make India one of the largest recipients of such aid behind Israel and Egypt. It's unclear when the deal would be announced, or what weapons would be included.



The effort is part of a much larger initiative by President Joe Biden's administration to court India as a long-term security partner, despite its reluctance to criticize Russia for its invasion of Ukraine, according to a senior US official who asked not to be named.

Cambodia Naval Base Gets a Chinese Upgrade - Satellite images released revealed recent construction at Ream Naval Base on Cambodia's Gulf of Thailand coast, part of a China-backed redevelopment plan. Cambodian authorities maintain that the construction work, involving a newly-dredged port and ship-repair facility, is part of an expansion project in Cambodia's national interest, while insisting that the Southeast Asian nation does not intend to play host to Chinese troops.

Cambodia has in recent years drifted away from the United States and allied closely with China. In 2017, it suspended joint military drills with American troops. Cambodia has held several annual "Golden Dragon" joint exercises with China yet stationing naval assets at Ream would only bring relatively small strategic benefits to China, as Chen Heang recently argued in *The Diplomat*. Waters off the coast are too shallow for submarine access, while a Chinese presence there would not allow it to circumnavigate the shipping chokepoint of the Malacca Strait.

Ukraine War: A Reshuffling of the Global Monetary Order? - As a regular conflict, the ongoing Ukraine war is being fought with kinetic weapons and traditional power projection platforms in conventional operational battlefields.

However, its span transcends the domain of military statecraft. It goes much further. In fact, this unfolding confrontation must also be understood as a major clash in the rising strategic competition to determine the future architecture of the global financial and monetary system – a dangerous game played for the highest stakes. On this chessboard, currencies, monetary assets and financial vehicles are being weaponized as instruments of coercion, manipulation, disruption, subordination and conquest. Therefore, said arena is one the key dimensions of the Second Cold War, in which the Western bloc of maritime powers – under US leadership – and the Eurasian axis of continental powers – headed by Russia and China – are struggling with each other to advance their corresponding views of what the world order should be like. The realm of money is now at the forefront of the current rivalry between Leviathan and Behemoth.

The Russian ruble has come under fire several times in the post-Cold War era. The first instance took place in the wake of the annexation of the Crimean Peninsula shortly after the Euromaidan movement – backed by both Washington and Brussels – managed to overthrow a pro-Russian regime in Kiev and replace it with another staunchly aligned with the West. In early 2014, the US implemented punitive economic and financial sanctions against Russia as a reprisal. Their effect was magnified by force multipliers such as falling oil prices and the downgrading of Russia's credit ratings.

As one of the main Western responses to the 2022 Russian invasion of Ukraine, the assets of the Russian Central Bank held abroad – in places like the US, the UK, the EU and Switzerland – were frozen. The sum of money that was confiscated is equivalent to nearly half of Russia's total foreign exchange reserves. Perhaps unsurprisingly, Ukraine is reclaiming the delivery of this cash to Kiev as a compensation that would also punish and humiliate Moscow; but it is unclear if this request will be granted by the West, especially because holding Russian money could be leveraged as an incentive to engage in diplomatic negotiations. In contrast, an outright appropriation or direct transfer would be seen as an unequivocally escalatory move. In order to keep things in perspective, it must be borne in mind that as late as January 2022, Russia had the world's sixth largest forex reserves.

In this respect, although stealing an enemy's wealth for its own sake is not uncommon in war, this measure was intended to diminish Moscow's ability to fund its campaign in Ukraine, bring down the ruble's value, undermine the ability to implement monetary policy, trigger hyperinflation, provoke a credit crunch, prompt the collapse of the Russian banking system, and stimulate the evaporation of savings. Moreover, it was expected that – along with other Western retaliatory actions – this could lead to regime change in Moscow.

This was followed by the Russian threat to halt the flow of natural gas through its network of pipelines to ‘hostile countries’ (i.e., those who have adopted sanctions against Moscow) unless payments are denominated in rubles instead of euros or dollars.

A second Russian accomplishment has been to deter European countries from adopting the hardline approach towards Moscow promoted by the US, the UK, and Poland. Implicitly, this deal demonstrates that Europe has no choice but to rely on Russian energy whether it likes it or not, at least for the time being, and that European nations are reluctant to sacrifice their economic prosperity and to antagonize Russia merely to protect Ukraine, please the Americans, or uphold abstract values.

Moscow now has the market power needed to shape the euro-ruble bilateral exchange rate in accordance with its interests. The larger significance of this development must not be overlooked. With this counterintuitive masterstroke, the Russian ruble is now tacitly a currency backed by a hard asset with intrinsic value and whose continuous demand is steady in international markets. Furthermore, natural gas is not just an ordinary commodity that can bring wealth to those who sell it. Above all, it is essential for the energy security of European consumer markets. Accordingly, the value of the Russian ruble has been pegged to energy in a way under Moscow’s control.

Another remarkable issue is the Kremlin’s warning that the alchemical gas-ruble financial association is merely a ‘prototype.’ The endgame, according to the statements made by official spokesmen, is to eventually carry out the exports of other Russian natural resources through transactions involving the ruble as well. Hypothetically, that gradual process could include various commodities such as metallic minerals, oil, neon, uranium, gemstones, cereals, and timber.

Moreover, harnessing the condition by the Russian Federation as one of the world’s leading producers of gold, the Russian Central Bank has established the equivalence of 5,000 rubles in exchange for one gram of gold. Since the official provision contemplates that gold can only be traded for rubles, this means that the Russian currency is now also tied to the aurous metal, the hardest form of money.

In the grand scheme of things, Moscow has brought the gold standard back to life, which had been prematurely dismissed by neoclassical economists, dogmatic central bankers, and narrow-minded technocratic policymakers. Hence, the new organic connection of the Russian ruble with energy and gold represents a strategic and paradigmatic challenge for Western fiat currencies, especially considering that the accumulation of unpayable debts and the overuse of quantitative easing motivate reasonable doubts about their sustainability in the long run as effective stores of value.

The greenback is still the globe’s hegemonic reserve currency. According to the International Monetary Fund (IMF), in the last quarter of 2021, claims in US dollars represented 54.78 % of the world’s total foreign exchange reserves, well above other hard currencies such as the euro, the Japanese yen, the pound sterling, the Chinese renminbi, the Canadian dollar, the Australian dollar and the Swiss franc. Moreover, information released by SWIFT about the total volume of payments made during February 2022 reveals that, in terms of value, the dollar is the currency employed in 38.85 % of recorded transactions, followed by the euro (37.79 %), the pound sterling (6.76 %), the Japanese yen (2.71 %) and the yuan (2.23 %). Aside from the sheer economic might of the United States, the dollar’s strength is underpinned by US military might and its undisputed leadership in international financial markets. In comparison, the overall gravitational pull of the Russian ruble and the sheer planetary weight of the Russian economy are limited.

Nevertheless, in an attempt to armor itself with gas and gold, the Russian counterstrike has opened Pandora’s box. Although mostly defensive, the path followed by Moscow might trigger a chain reaction that could overthrow the dollar’s hegemonic position and unravel Western control of the international financial grid.

More than ever before, the domain of money has become a fierce arena of global strategic competition in which currencies, monetary assets and financial vehicles can act as weapons, shields and targets, a puzzling and exceedingly

complex reality that needs to be grasped by contemporary statesmen, warriors, and strategists. First, the ruble was under attack but now it looks like it is the dollar's turn to find itself in the crosshairs.

With the direct offensive involvement of money in conflict, a dangerous genie is out of the bottle and there is no way to put it back. Therefore, analysts are assessing if, as a powerful catalyst of structural change, the current period of increasing upheaval can eventually lead to 'currency multipolarity' and/or the bifurcation or fragmentation of international finance. It is a matter of time before a reckoning occurs and the clock is ticking. In one way or another, the ultimate fate of the international monetary system will mirror the future configuration of the global order. After all, the trajectories of both have always evolved symbiotically. Both are literally two sides of the same coin. (Geopoliticalmonitor).

China's Solomon Islands Deal and the New Geopolitics - The controversial new security deal between the Solomon Islands and China has become a prism through which all other components of Pacific geopolitics, indeed the geopolitics of the greater Indo-Pacific, will now be refracted.

A draft of the deal, leaked on social media on March 24, set off an immediate firestorm. A chorus of pleas came from domestic and international quarters alike, requesting the Solomon Islands' government, headed by Prime Minister Manasseh Sogavare, step back from the deal. Instead, Sogavare fiercely rejected all criticism and expressions of "grave concerns" and on March 31, China and the Solomon Islands began formalizing the agreement. Now Sogavare's troubled nation and the Indo-Pacific region must grapple with the extensive consequences of this game-changing development.

The new security agreement has far-reaching domestic and geopolitical implications. The two contexts are now dangerously interwoven, with the greater geopolitical contest between China on the one side and Taiwan, the United States, Australia, and other allies on the other mapped onto long-standing and increasingly precarious domestic tensions. These tensions have regularly erupted into conflict throughout the 44 years since the Solomon Islands gained its independence from Britain in 1978.

The China-Solomon Islands security agreement comes only four months after peacekeepers from Australia, New Zealand, Fiji, and Papua New Guinea again came to the assistance of the Solomon Islands in late November 2021 following the urgent request of Sogavare. Days before, peaceful protests made up mostly of men from the island of Malaita were in the capital, Honiara, calling out what they saw as Sogavare's punitive treatment of Malaita for maintaining a pro-Taiwan stance after Sogavare dramatically switched the national allegiance to China in September 2019. After the Malaitan protestors were roughly confronted by Solomon Islands police, the peaceful protests devolved into a deadly spree of looting and arson that centered on Honiara's Chinatown. Warnings had been issued by Malaitan leaders that peacekeepers were propping up Sogavare's unpopular and corrupt government and, in doing so, were carrying out China's work.

Only four months later, these warnings have been proven correct. Not only does Sogavare firmly grip the reins of power, thanks to the recent peacekeeping interventions, but his government's power is now guaranteed by China. As a result, a recalibration of Pacific geopolitics is now needed.

Exactly what the Solomon Islands and China have agreed to is not clear, as the final version of the pact has been kept secret, it appears, from all but a select few government ministers. Sogavare has stressed that the secrecy surrounding the security agreement was not nefarious but rather an assertion of his nation's "sovereignty."

Chinese BRI (Belt and Road Initiative)



Humanitarian

Ukrainians moved into Russia - Liudmyla Denisova, the Ukrainian Parliament's Ombudswoman for Human Rights, has described how Ukrainian civilians trapped in the rubble of Mariupol have "uncovered dozens of corpses of peaceful residents" beneath the ruins of every building in the destroyed city. She has said that this "gives support to suspicions that the official count of human losses in Mariupol will far exceed 20,000" dead. Mass graves in the suburbs of Mariupol, dug since the end of March, may contain as many as 9,000 bodies of murdered Ukrainian civilians.

Denisova has also described how, since February 24, Russian military and security forces have illegally deported nearly 1.2 million Ukrainian citizens from Russian-occupied regions of Ukraine to the Russian Federation. Most of these Ukrainians are forced to pass through so-called “filtration camps” where they are subjected to barbaric conditions and dehumanizing interrogations and searches. Those imprisoned in filtration camps are left without sufficient food, water, or sanitation for their numbers.

Those who are “cleared” from the camps face an uncertain future involving either forced labor, forced service in the Russian military, or forced resettlement to Siberia. Petro Andriushchenko, an advisor to Mariupol’s mayor, stated on April 16 that an estimated 5-10% of filtration-camp-prisoners “fail” and are removed to Dokuchaievsk or Donetsk, Ukrainian cities occupied by Russian military forces since 2014. What becomes of them afterwards is unknown.

Russian forces are also committing mass rape of Ukrainian civilians in what is part of a “consistent pattern appearing to be the result of orders” from Russian military commanders. Liudmyla Denisova has stated in an interview that her office has documented at least 400 cases rape or sexual abuse committed by Russian soldiers against Ukrainian women, children, and men. This number may be only a small fraction of the total count of sexual assaults committed by Russian soldiers against Ukrainian civilians.

Mass rape is certainly consistent with Russia’s targeted destruction of the Ukrainian civilian population. In parts of northern Ukraine which fell under Russian military occupation through March and April, Ukrainian journalists and investigators have uncovered mass graves of local civilians. Many of the bodies buried in these graves show signs sexual abuse and torture.

NATO

Sweden Signs NATO Admission Request; Finland Approves Membership Bid - Finland and Sweden have taken another major step toward joining the NATO military alliance in response to Russia's unprovoked invasion of Ukraine, as Moscow warned it would watch the developments and respond accordingly.

Finland's parliament on May 17 overwhelmingly endorsed a bid to join NATO, abandoning more than seven decades of neutrality.

Lawmakers voted 188-8 in favor of the proposal put forward by Finnish President Sauli Niinisto and Prime Minister Sanna Marin, which came hours after neighboring Sweden signed a formal request to become a member of the Western alliance.

Earlier, Swedish Foreign Minister Ann Linde signed the official request to join NATO after Stockholm announced on May 16 it would seek membership in the 30-member alliance.

Finland is now expected to also sign a formal application and file it to NATO headquarters in the coming days together with Sweden.

Turkey’s objection - According to Turkish President Recep Erdogan, who is facing re-election next year, there are too many northern Europeans of Kurdish descent. Indeed, six members of Stockholm's Riksdag (parliament) are Kurds, according to the Wall Street Journal. And Erdogan has been engaged in a fierce counterinsurgency campaign against the stateless Kurds for nearly a decade, with tensions peaking around the time of the attempted coup in Turkey back in the summer of 2016.

A further reason Erdogan is heated: Sweden and Finland joined other European countries in sanctioning Turkish defense firms after Erdogan's military carried out an offensive inside Syria in 2019.

Sanctions

Russia to Nationalize Renault Plant, Revive Soviet-Era Moskvitch Car After Handover - Russia has nationalized a major factory that belonged to Renault and intends to use it to revive the famous Soviet-era Moskvitch car in what the French automaker categorized as a “responsible choice” for its thousands of employees in Russia.

The move appears to be the first major transfer of private assets into state hands after Russian officials threatened to nationalize Western businesses exiting over Moscow's invasion of Ukraine.

EU Gives Companies Green Light to Keep Buying Russian Gas - The EU said companies can keep buying gas without breaching sanctions, as it softened its stance in a standoff with Moscow over energy supplies.

The European Commission sent its revised guidelines to member states on Friday, a spokesperson said on Monday. In the updated recommendations, it said companies should make a clear statement that they consider their obligations fulfilled once they pay in euros or dollars.

Impacts

Is America’s military headed down the same path as Russia’s? - Putin’s failure to rapidly defeat a much smaller foe is not just a failure of strategy, but an overestimation of his military’s capability, training and prowess. U.S. leaders will need to take a hard look in the mirror and question whether we are treading similar ground with a set of military capabilities too small and too old given current threats.

American leaders are fond of saying ours is the best military in the world. They fail to realize that key elements of our forces have shrunk by half since our last clear-cut victory: 1991’s Operation Desert Storm. Furthermore, the U.S. has been unfocused on great power competition for over three decades as it overprioritized and overspent on counterinsurgency operations.

This means the United States is less able to deter conflict and fight to win if necessary. That is one reason why Putin felt emboldened to invade Ukraine. He sensed weakness in U.S. and NATO forces and pressed forward with his aggression. We see the Chinese making similar calculations in the Pacific by seizing and militarizing neutral territory and flaunting international norms without an adequate U.S. response; freedom of navigation missions won’t cut it.

This should be a wake-up call to rebuild the U.S. military.

The choices Putin made with respect to his military’s force structure left him with the wrong force design and poor readiness for the war he chose to fight. Likewise, the choices the U.S. has made in recent years — and the ones it makes today — are inadequate to the challenges posed by its competitors.

Nor will we be able to build needed military power once the enemy triggers a tripwire. Today’s world moves too fast and is too complex to allow for a reactive buildup. F-35 fighter jets, B-21 bombers and Virginia-class submarines, plus their highly trained crews, do not manifest overnight. Unless we make the right defense choices today, there will be no time to recover when an adversary requires us to fight.

In previous Updates we have spoken about the changing face of war and that smaller nations will feel emboldened by the Ukrainian ability to withstand a much larger foe in the field and electronically.

Israel has shown this repeatedly — lessons that are being learnt across the geopolitical world.

India halts Ka-31 helicopter deal with Russia - India has halted negotiations with Russia for the former to acquire 10 Kamov Ka-31 airborne early warning helicopters for \$520 million, following uncertainties in arms supplies amid Russia's invasion of Ukraine.

The Indian government indefinitely suspended the negotiations with Rosoboronexport and original equipment manufacturer Russian Helicopters, an Indian Defence Ministry official told Defense New on condition of anonymity. The official, who was not authorized to speak to the press, said the government-to-government deal added that the suspension is due to concerns over Moscow's ability to execute orders as well as issues related to payment transfers.

Ukraine's rail link to the west is EU's top priority – The rail transportation links from Ukraine to Europe are now more important than ever. These links are not only a channel of refugee for those fleeing the country, but also the most important channel for Ukrainian export. This export is essential for global food security, as well as the economy of Ukraine itself.

Ukraine was the world's fourth largest grain exporter in the world in 2020-2021, Russia ranks third. Together, the countries account for almost 30 percent of global wheat exports, almost 20 percent of corn exports, and more than 80 per cent of the world supply of sunflower oil.

However, most of this export was taking place via sea shipping, and the Black Sea ports have been blocked since the start of the war. Railways are only accounting for a fraction of this transport.

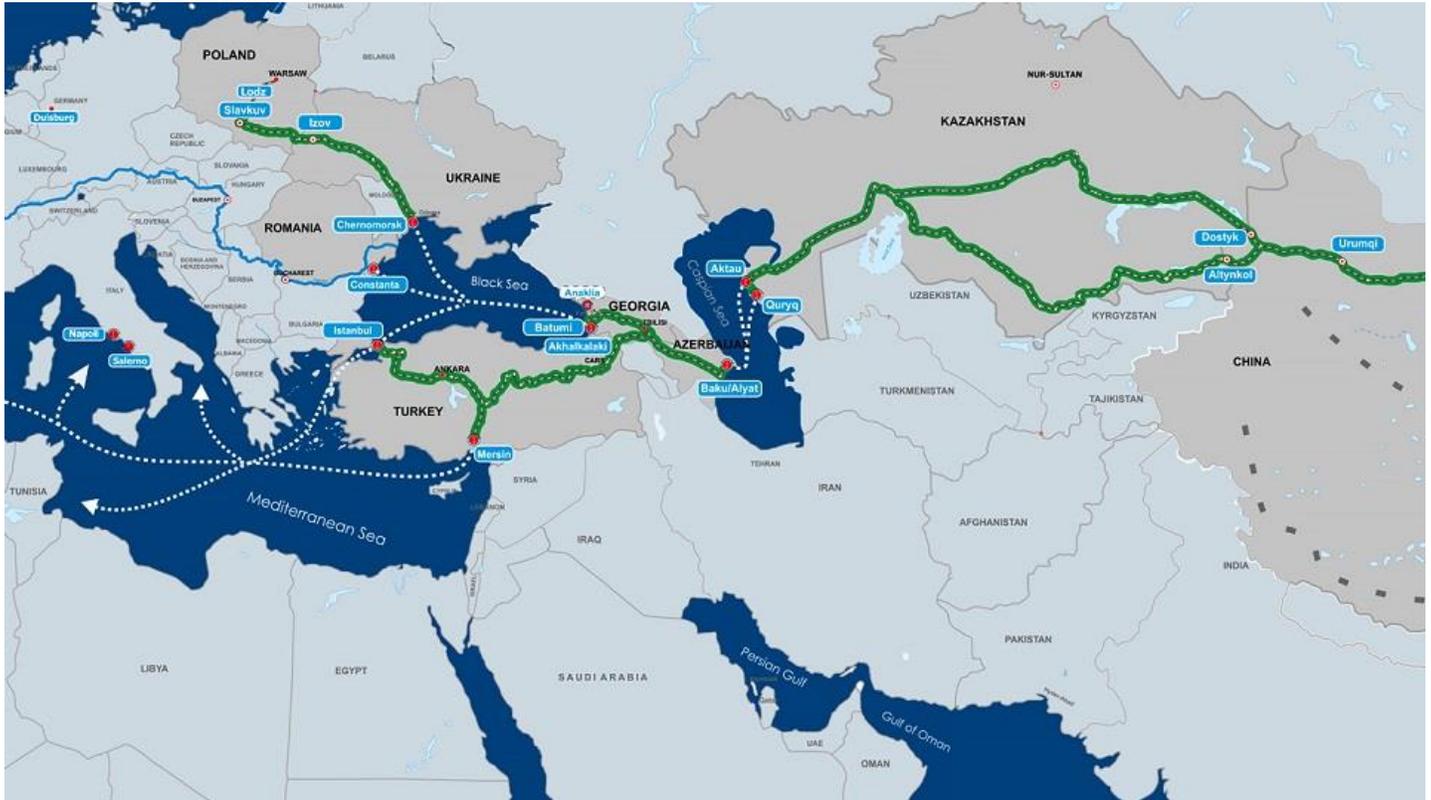
Ukrainian Railways has earlier called on private companies to invest and build rail freight terminals in the country's western territories. The company offers the railway infrastructure to boost rail freight transport to and from the west and central Europe since it claims that rail will be the most reliable transport mode even after the war ends.

"In peacetime, the railway was the main artery of the economy. During the war, we became a pillar of security. Therefore, we need to build infrastructure for the development of exports and imports across the western borders," commented Alexander Kamyshin, chairman of the board of Ukrainian Railways earlier. Together with the Ministry of Economy, it has offered private businesses to build terminals at the junctions with Poland, Slovakia, Hungary and Romania.

Middle Corridor unable to absorb northern volumes, opportunities still there - The Middle Corridor cannot meet all the volume and capacity demands resulting from the disruption of New Silk Road routes passing through Russia. "The corridor accounts for about 3-5 per cent of the total capacity of northern routes", explained Cankat Yildiz from Middle Corridor Logistics. "It's a serious option, but this doesn't mean that it can handle all the demand from the northern side. That's clear."

Regarding the current situation with the growing demand in the Middle Corridor, it is true that more and more companies are looking at this solution. However, all of them face more or less the same issues. Efficient linking and capacity shortages are the most important. Nils Müller identified the Caspian Sea as the main hurdle DSV met when using the Middle Corridor.

"For the Caspian sea, there are three main ports, Baku, Aktau, Turkmenbashi," explained Yildiz. "For the efficient operations of this line, two ships operate only for the China-Europe transport. Most of the load is westbound," he noted. However, even with dedicated vessels, links crossing the Caspian Sea are insufficient. "We need more cooperation between European and Chinese companies to bring more vessels in the Caspian sea," noted Yildiz.



But even if the Caspian Sea issue is resolved, there are more in place. “The BTK line between Azerbaijan, Georgia and Turkey is also congested due to the pandemic and the war in Ukraine,” said Yildiz. For this, parties involved have come up with intermodal solutions like the Black Sea link between the Georgian port of Poti and the Romanian port of Constanța. Wuwei Bonded Logistics Centre uses this route which can extend to Budapest using rail or inland shipping.

End of war only viable solution - “The Middle Corridor is about having diverse options. And the corridor, despite limitations and problems, is a serious option,” said Yildiz. He emphasized that the current situation is an opportunity for the industry and the corridor to produce some solutions that will have a long-term impact.

“The future looks positive because the New Silk Road has developed a lot in the past years, and after the conflict is resolved things will get back to normal. For the Middle Corridor, this is an opportunity for development and a more substantial presence in the future,” highlighted Müller.

Ukraine invasion ‘reinforcing’ Army’s work on secure networks, comms - The Russian invasion of Ukraine has underscored the importance of communications, logistics and “baked-in” cybersecurity, reinforcing the concepts the US Army is pushing forward with its network capability set development, according to service officials.

Speaking to reporters at the sidelines of an Army Technical Exchange Meeting, Maj. Gen. Rob Collins, the service’s program executive officer for command, control, communications-tactical said today the invasion has brought the Army “back to the basic blocking and tackling of transmission security [and] communications security.”

“And also, when you have a living and breathing threat, you need to think about the things such as a contested and congested environment,” Collins said. “And that’s just not something in the small scale... It is reinforcing some of the concepts that we’re pushing forward within the capability set strategy.”

Widening of War

'I am scared Putin will come': How tensions are rising on the border with Transnistria - Transnistria is a small pro-Russia breakaway region sandwiched between Ukraine and Moldova, both formerly part of the Soviet Union. It unilaterally declared itself independent in the early 1990s but is not recognised by any other country worldwide. Russia has a small contingent of 1,500 troops in the region it says are peacekeepers.

"We see more and more Ukrainian military here," said Lana, 30, who lives with her husband and two children in Serby. "They are here to protect us, and while they say that all will be okay, I know they are here for a reason. I am scared that Putin might eventually come."

It comes after a senior Russian commander Major General Rustam Minnekayev said in April that Moscow's objective was to take full control of southern Ukraine and the eastern Donbas region, giving it access to Crimea -- which it annexed from Ukraine in 2014 -- and Transnistria.