

# Conflict Update # 240

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## Conflict Assessment

**Russian losses** - 67,470 (400) soldiers killed, 2,584 (14) enemy tanks, 5,284 (+18) armored combat vehicles, 1,667 (+14) artillery systems, 374 (+1) MLRS systems, 189 (+0) air defense systems, 270 (+1) warplanes, 245 (+2) helicopters, 1,361 (+20) UAVs of the operational-tactical level, 350 (+21) cruise missiles, 15 (+0) warships/cutters, 4,039 (+18) trucks and tankers, 4 Iskander Missile Launchers (+0), 76 fuel bowsers (+0) and 148 (+0) units of specialized equipment.

## Key Takeaways

**Observation** – With Ukrainian successes in the field, increasing territorial losses by Russia, and a strategic military shift underway, signs are appearing of changes in the air. Lets look at some of these.

- Russian rhetoric surrounding use of a nuclear device, irrespective of size and magnitude, is fueling speculation about a western response, but this would have always been the case
- Such a decision would be inherently personal, but Putin’s stated red lines for nuclear weapon use have already been crossed in this war several times over without any Russian nuclear escalation.” Russia does not “need,” under formal Russian nuclear doctrine, a further event to justify nuclear weapons use (ISW)
- A massive mobilization and rushing to inject untrained and unprepared soldiers into front lines, trainloads of equipment, albeit dated and taken from long-term storage without maintenance and battle preparation being moved closer to the front, and construction of anti-tank trenches all speak to a Russian “anxiety” of sorts
- Anti-tank trench construction informs they expect Ukrainian armored advances – a necessary requirement in seizing land from Russian occupation forces
- Increasing reports of Russian intent to destroy Kakhovka dam in Kherson, enforcement of martial law followed by mandatory evacuation of Kherson citizens indicate Russia is shortly to withdraw from the region north of the River Dnipro and engage in a scorched earth bombardment from south of the river.
- Using civilian evacuees as cover and human shields, followed by flooding the Kherson City area(s) all point to a Russian move southwards and away from Ukrainian forces, leaving behind difficult physical barriers to cross
- Direct targeting of civilian and infrastructural zones points to a “stand-off” tactic, launching airborne assaults from locations out of reach of Ukrainian artillery and missiles
- Black Sea fleet vessel movements, after months of immobility because of the threat of Ukrainian UK-supplied anti-ship missiles, point to a positioning of launch platforms
- Transfer of 9,000 Russian troops into Belarus, albeit without armored equipment or transportation for battle advancement and engagement.
- Martial Law allowing local commanders to pursue Ukrainian partisan platforms in occupied territory under cover of “law.”
- Russia is withdrawing battalion strengths from Syria for transfer to Ukraine

This appears to indicate a Russian “drawing of the red line” around the occupied oblast areas – but not a claim to each and every one of the oblast in toto, rather the areas within each oblast currently under Russian occupation.

Russia cannot continue in its present military predicament, it desperately needs to replenish, re-stock and re-gear. Their problem though is that Ukraine and NATO also realize this and are not wont to providing any battlefield respite that sees Russia accomplish these necessities.

It appears that Russia has decided (i) it cannot win this war, (ii) it cannot continue protecting what it still has under occupation, (iii) it needs to draw a line – a “red line” - that it can defend – at any and all costs, (iv) inject whatever it can into defending this “red line,” (v) attack critical enemy infrastructure to intimidate Ukrainians and deflect attention from front lines, (vi) threaten action from Ukraine’s northern front with Belarus to similarly deflect defending capability and then (vii) announce that “this is it” and “no further,” - that any further incursion into what it now calls “Russia,” by anyone or any force, will be deemed to be an attack on Mother Russia.

Increase the ferocity and extent of attacks against soft targets via missiles and (Iranian) drones.

Then - sue for peace – under their terms.

On the other side, events also appear to be unfolding, some of which follow.

- NATO forces are conducting nuclear preparation exercises
- US forces are creeping closer to Russian front lines
- Longer-range weaponry and missile systems are heading to Ukraine
- NATO air defense systems are headed to Ukrainian cities and infrastructures
- 4 NATO multinational battlegroups stationed in the Baltic countries
- Massively increased number of AWACS flights along Ukrainian and Russian borders
- NATO naval vessel positions being “faked” both north and south of Russian ports and zones
- Attack aircraft located in close proximity to Ukraine, Belarus and Kaliningrad
- Silence across all Ukrainian fronts and battle stations – a (Ukrainian) precursor to a major advance
- Re-positioning of Ukrainian heavy weaponry, and tanks closer to Russian lines
- Huge and closer Ukrainian buildup of shell, missile and projectile stockpiles
- Closer positioning of Ukrainian support vehicles – fuel, food and mobile command posts
- Increasing Ukrainian use of helicopters and fighter jets in and around Russian front lines
- Attacks against Russian depots and critical supply lines – inside Russia itself
- Ukraine cutting through critical road Russian supply lines through Kharkiv, Luhansk and Donetsk Oblasts
- Ukraine tying down large Russian battle strengths in the north and central corridors of conflict, but not making any significant advance – just tying them down – and away from Kherson

Simultaneously talks have begun “breaking out” everywhere. Russian, American and other national defence ministries are unexpectedly talking, and heads of state are suddenly issuing statement regarding peace talk requirements.

It appears that Russia is trying to scare NATO and the US into limiting arms supplies to Ukraine. But why now? What is driving a Russian desire in this regard, at this juncture?

Winter is approaching when the ground will become soggy and unfriendly to any vehicular movement, followed by freezing weather.

It is difficult to imagine Ukraine entering into any concession-based negotiations with Russia, particularly if it believes it has the upper hand. It also has zero trust in anything Russia commits to or agrees to, even as part of a formal agreements. They have been betrayed too often and view any Russian talks as lacking candor and veracity.

But Russia does have huge stockpiles of weapons, albeit old and unmaintained, huge human resources and Putin is succeeding in convincing the Russian people that they are under threat from the West.

He can play the long game.

What does this portray. Lets see if we can posit where this is all headed.

- i. Russia**
  - a. withdraws to what it believes a “red line” position it can defend
  - b. pours resources into the “line,” irrespective of losses and cost
  - c. sues for a peace deal including all territory it terms “Russian-speaking and leaning” but including the Zaporizhzhia Nuclear Power Plant
  - d. continues pounding Ukrainian soft targets
  - e. withdraws support for any grain exports via the Black Sea
  - f. continues sending warning signs regarding EU energy supplies
  - g. uses the time to re-kit his forces
- ii. Ukraine**
  - a. Refutes this peace offer, but if engaged
  - b. Demands return of all pre-February 2022 territories
  - c. Perhaps Crimea as well
  - d. Demands reparations for everything Russian “invasion-linked”
  - e. Continues neutralizing Russian supply lines and command posts
  - f. Advances south in Kherson and crosses the river
  - g. Pivots somewhat north towards Zaporizhzhia
  - h. Cuts Russian critical supply lines in northeastern Ukrainian territory under Russian occupation
- iii. China**
  - a. Increases pressure on Russia to settle some format of peace deal
  - b. Continues to move quietly westward
  - c. Pivots BRI to a more short-term and “guaranteed” format
  - d. Continues to not supply Russia with any arms and related equipment
- iv. India**
  - a. Also increase pressure on Russia to settle a deal
  - b. Continues to purchase Russian oil at discount prices
- v. Israel**
  - a. Comes under mounting pressure to provide air defense systems to Ukraine
  - b. Watches with interest the Russian transfer of resources out of Syria and into Ukraine
- vi. US**
  - a. Increases aid to Ukraine
  - b. Starts providing longer-range weaponry
  - c. Brings US and NATO forces to a higher level of readiness
- vii. EU**
  - a. Considers Russian peace deal offer, piecemeal or angled
  - b. Continues to provide weaponry, particularly Poland
  - c. Watches its political flanks
- viii. Turkey**
  - a. Continues to present itself as a peace broker
  - b. Advances further claims against Greece
  - c. Builds on the Russian/Turkish gas hub arrangement
  - d. Pursues military excursions in Syria against Kurdish resistance

**US military forces 'fully prepared' to cross into Ukraine** - US military forces are "fully prepared" to cross into Ukraine at a moment's notice to fight a war against Russia.

The Army's 101st Airborne Division, which boasts the "Screaming Eagles" moniker, has been deployed to Europe for the first time since World War II, practicing with live tank and artillery rounds not far from the Black Sea, across which Russia has taken territory from Ukraine, including Crimea, at a forward operating site on NATO's eastern flank, according to CBS News.

Brig. Gen. John Lubas, the division's deputy commander, stressed this is "not a training deployment" but rather a "combat deployment" from which his forces "need to be ready to fight tonight, depending on how the situation escalates across the border."

Col. Edwin Matthaides, commander of the 2nd Brigade Combat Team, told the news outlet these troops are the closest US unit to the fighting in Ukraine, still raging more than seven months into Russia's full-scale invasion began. "It keeps us on our toes," he said.

The roughly 4,700 soldiers from Fort Campbell, Kentucky, are about three miles away from Romania's border with Ukraine, conducting joint ground and air assault exercises with Romanian forces meant to simulate battles that Ukrainian forces are waging against Russian invaders.

"It's not just about defending NATO territory," Charlie D'Agata, senior foreign correspondent for CBS News, said in one report from an air base in Romania. "If the fight escalates, and NATO partners are under threat, they're fully prepared to cross over into Ukrainian territory if ordered to do so."

**Pro-Ukrainian surveillance** - As the military pilots on board one of NATO's airborne warning and command planes skirt just inside Poland's border with Ukraine, the real action is happening metres behind them. Surveillance operators and weapons controllers crowd around one of the multitude of radar screens peering deep inside wartime Ukraine.

They would not describe what was happening, due to the sensitive nature of real-time intelligence on Russian military moves. But it is clear they've spotted something using the massive radar dome mounted to the E-3, a plane the size of a commercial airliner but filled with advanced surveillance and communications equipment.

"We are able to detect and identify everything flying around us in a really big circle," said Sgt. Joao, who, like nearly all the crew, provides only his first name for security reasons.

"In Crimea now, we see a lot of activity," said Sgt. Joao, acknowledging the efforts by Russia to push back a surging Ukrainian counter-offensive in the south.

Officially, the information is immediately sent to only NATO nations. However, it is widely acknowledged that some among them quickly share the intelligence with Ukraine's Armed Forces, which could use it to counter an incoming attack and to better understand Russia's broader moves across the entire battlefield.

**Shoigu warns of 'Uncontrolled escalation' in Ukraine conflict** - Russian Defence Minister Sergei Shoigu told his French counterpart in a telephone call earlier today the situation in Ukraine was rapidly deteriorating and trending towards "uncontrolled escalation".

In a phone call with French Defence Minister Sebastien Lecornu published by the Russian side, Shoigu said Moscow had concerns Ukraine could use a "dirty bomb" in the conflict, without providing evidence to support the suggestion that Ukraine might use such a weapon.

"They discussed the situation in Ukraine which is rapidly deteriorating," the defence ministry said in a readout of the call. "It is trending towards further uncontrolled escalation."

A so-called dirty bomb uses conventional explosives laced with radioactive material.

The defence ministry did not provide any further information on its statement.

**Comment** – Shoigu is reaching out to a number of fellow national defence ministers around the world. Why is this? There has been a literal communication blackout for months now, and suddenly a plethora of phone calls.

**Russia's defense chief warns of 'dirty bomb' provocation** - Russia's defense chief on Sunday alleged that Ukraine was preparing a "provocation" involving a radioactive device, a stark claim that was strongly rejected by Ukrainian and British officials amid soaring tensions as Moscow struggles to stem Ukrainian advances in the south.

Russia's Defense Minister Sergei Shoigu made the allegations in phone calls with his counterparts from the United States, Britain, France and Turkey.

Shoigu voiced concern about "possible Ukrainian provocations involving a 'dirty bomb,'" a device that uses explosives to scatter radioactive waste. It doesn't have the devastating effect of a nuclear explosion, but it could expose broad areas to radioactive contamination.

Russian authorities repeatedly have made allegations that Ukraine could detonate a dirty bomb in a false flag attack and blame it on Moscow. Ukrainian authorities, in turn, have accused the Kremlin of hatching such a plan.

**Comment** – A typical False Flag warning to justify something Russia intends doing.

**Attacks on critical infrastructure are part of the Russian playbook** - Russia's blueprint for the escalated attacks on civilian facilities is clear from campaigns in Chechnya and Syria; Grozny, the Chechen capital, was so devastated after the 1999 Battle of Grozny against Russian forces that the UN called it the most destroyed city on earth. In Syria, Russian forces deliberately hit medical targets like hospitals, and even medical workers themselves.

Civilian infrastructure like energy facilities can be legally complex targets under international humanitarian law, though, because they can be considered dual-use facilities. As Sahr Muhammadally, director for MENA & South Asia at Center for Civilians in Conflict (CIVIC) told Vox, "critical infrastructure or civilian objects should not be targeted under the law of armed conflict, under IHL." But services and facilities that civilians rely on — like a power station "can be dual-use, they can be used by the military and then they could qualify as a military objective under IHL because by their nature and location, they're making a contribution to military action."

But even if such a facility can reasonably be considered a legitimate military target, aggressors still have to make proportionality calculations and consider the effect that the weapons used could have on civilians. So it might be permissible to blow a fuse or otherwise cause technical damage to a power plant that an opposing force is using but destroying it with an electrical charge or a rocket attack could reasonably cause civilian casualties. "[Military actors] should not be trying to degrade critical infrastructure, unless that's part of your war strategy," Muhammadally said; but if that's the case, "you run afoul of the legal principles."

Despite likely violations of international humanitarian law, Russia doesn't seem likely to stop doing this; it's a psychological tactic, meant to destroy Ukrainians' will to keep fighting, as well as a siege-like method of depriving them of essential services.

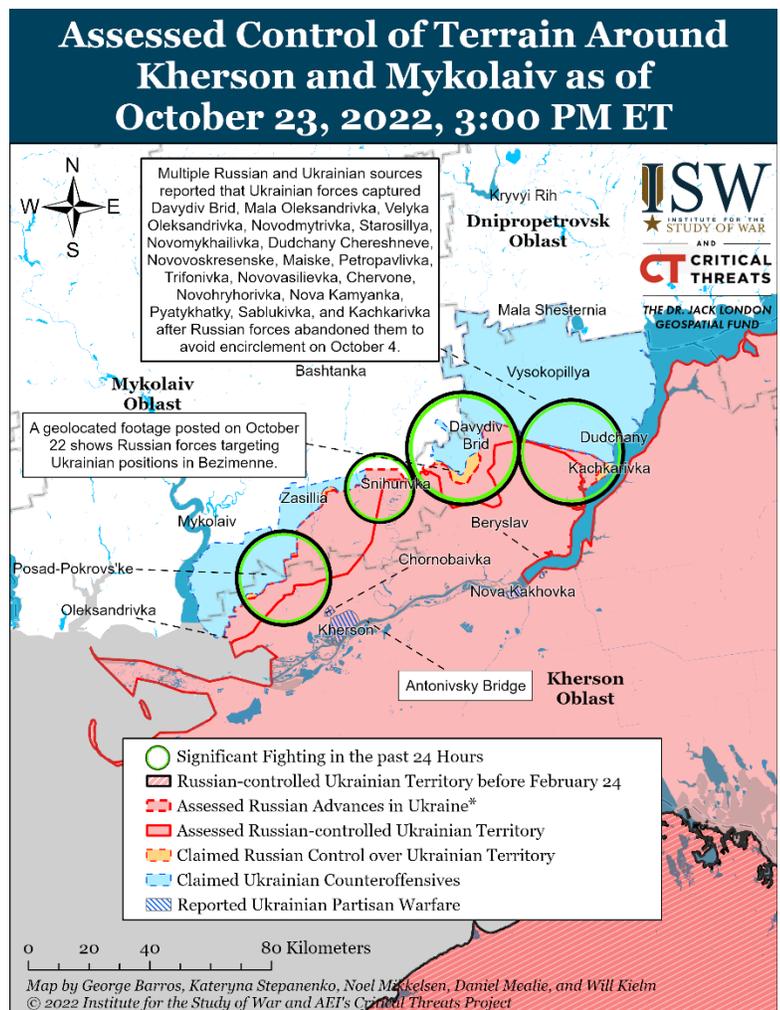
But according to Epstein, though Russian forces continue to target medical facilities, the medical professionals he's worked with have gotten adept at operating inconspicuously; they're housing medical facilities underground or in nondescript buildings and eschewing ambulances in favor of low-profile SUVs. Medical personnel and civilians are also bringing their families to GSMSG's trainings.

“We’re literally training kids how to put on tourniquets because enough people wanted the rest of their family to know how to take care of them in case they were injured, or their kid was the only one left alive in a building,” Epstein said.

“These people feel like they’re facing an existential threat, and they want something better for their kids — they want their kids to survive.”

### Key inflections in ongoing military operations on October 23:

- **Russian authorities likely cut internet access in Kherson City** yesterday to limit local reporting of Russian evacuations to the east bank of the Dnipro River. Russian sources claimed that Russian forces repelled Ukrainian ground attacks in northwestern Kherson Oblast.
- **Ukrainian and Russian sources reported fighting near Siversk, Soledar, Bakhmut, Avdiivka, and Marinka** in eastern Ukraine. The Russian MoD claimed that Russian forces repelled Ukrainian ground attacks in western Donetsk Oblast.
- **Russian sources claimed that Ukrainian forces** conducted counteroffensive operations in the direction of Kreminna and Svatove.
- **Russian forces struck Zaporizhzhia City, Mykolaiv City, and other areas** in Mykolaiv Oblast with Shahed 136 drones and S-300 missiles. Ukrainian sources reported that Russian forces targeted Nikopol and Marhanets with multiple launch rocket system (MLRS) strikes.
- **A spokesperson for the Ukrainian Air Force Command** claimed that Ukrainian forces have shot down a total of 273 Iranian-provided Shahed-136 drones since Russia began using them in Ukraine on September 13.
- **A Ukrainian government source reported that Iranian instructors** in Belarus aided Russian forces in the coordination of previous Shahed-136 drone strikes against Kyiv Oblast and northern and western oblasts in Ukraine.
- **Russian outlets continued to set conditions to blame Ukraine** for the destruction of the Kakhovka Hydroelectric Power Plant, which Russian forces will likely destroy to slow advancing Ukrainian forces.
- **Russian sources widely discussed** the construction of defensive positions in Kursk Oblast.
- **A Ukrainian source reported that Russian authorities in Krasnodar Krai** have “indefinitely” extended the “vacations” (meaning forced abductions as part of an ethnic cleansing campaign) of children from Enerhodar, Zaporizhzhia Oblast.
- **Russian sources reported that private businesses** are offering to train mobilized men on privately owned military and medical equipment in exchange for money.



**Russian warplane falls on building in Siberia; 2 pilots die** - A Russian warplane slammed into a residential building in the Siberian city of Irkutsk on Sunday, killing both crewmembers, authorities said. It was the second time in less than a week that a combat jet crashed in a residential area in Russia.

The Irkutsk region's governor, Igor Kobzev, said the Su-30 fighter jet came down on a private, two-story building housing two families. He said that there were no casualties on the ground as the building's five residents were out at the moment of the crash.

He said the residents would be offered temporary accommodation and compensation.

The cause of the crash wasn't immediately known, and an official probe has started. On Oct. 17, an Su-34 bomber crashed near an apartment building in the Sea of Azov port of Yeysk and exploded in a giant fireball, killing 15 and injuring another 19.

The crashes might reflect the growing strain that the fighting in Ukraine has put on the Russian air force.

**What does retreat from Kherson mean for Russia?** - Ukrainian forces pressing an offensive in the south have zeroed in on Kherson, a provincial capital that has been under Russian control since the early days of the invasion.

Fall of the city would deal another humiliation to Moscow after a string of battlefield defeats and other setbacks, further cornering Russian President Putin and setting the stage for a potential escalation of the nearly 8-month-old war.

A look at the military and political importance of Kherson:

#### **Why is the city such a prize?**

Kherson, which had a prewar population of 280,000, is the only regional capital to be captured by Russian forces. The city and surrounding areas fell into Moscow's hands in the opening days of the conflict as Russian troops quickly pushed their attack north from Crimea — the region illegally annexed by the Kremlin in 2014.

Its loss was a major blow to Ukraine because of its location on the Dnieper River, near the mouth of the Black Sea, and its role as a major industrial center, controlling as it does entry to Ukraine's export market from its industrial hinterland. Ukrainian resistance fighters have challenged Russian troops for control of the city ever since, with acts of sabotage and assassinations of Moscow-appointed officials.

It sits at a point where Ukraine can cut off fresh water from the Dnieper to Crimea. Kyiv blocked those vital supplies after the Crimean Peninsula's annexation, and Putin mentioned the need to restore them as one reason behind his decision to invade.

During the summer, Ukrainian troops launched relentless attacks to reclaim parts of the province, also called Kherson and one of four regions Russia illegally annexed last month. Ukraine has used U.S.-supplied HIMARS rocket launchers to repeatedly hit a key bridge on the Dnieper in Kherson and a large dam upstream also used as a crossing point. The strikes have forced Russia to rely on pontoons and ferries, also targeted by Ukraine.

This disrupts supply to Kherson and Russian forces on the west bank of the Dnieper, making them vulnerable to encirclement. The shortages were exacerbated after an Oct. 8 truck bomb blew up part of the strategic Kerch Bridge linking Russia's mainland to Crimea, which has served as a major supply hub for the Russian forces in the south.

#### **What has been Russia's response?**

Putin blamed the Kerch Bridge attack on Ukraine's military intelligence and responded by ordering a bombardment of energy infrastructure across Ukraine.

He also declared martial law in Kherson and the three other annexed regions in a bid to cement Moscow's grip.

But as Ukrainian forces stubbornly pressed its offensive to the southwest alongside the Dnieper, Russian troops have found it increasingly difficult to stem their advance.

Gen Surovikin, the newly appointed Russian commander in Ukraine, appeared to set the stage for a possible withdrawal from Kherson, acknowledging the situation in the region was "quite difficult" for Moscow and noting that the combat situation there was still evolving.

Russian authorities, initially dismissing talk of evacuating the city, sharply changed course this week, warning Kherson could come under massive Ukrainian shelling and encouraged residents to leave — but only to Russian-held areas.

The Kremlin-installed administration added urgency on Saturday, saying all civilians should leave immediately "because of the tense situation on the front, an increased danger of massive shelling of the city and the threat of terror attacks."

Authorities said an estimated 25,000 people had left by yesterday. Officials of the Moscow-appointed regional administration also pulled back, along with other civil servants.

Moscow has warned that Ukraine might try to attack the dam at the Kakhovka hydroelectric power plant about 50 kilometers (30 miles) upstream and flood broad areas, including the city of Kherson. Ukraine denies that and, in turn, accused Russia of planning to blow it up to cause catastrophic flooding before its retreat.

Ukrainian President Zelenskyy alleged the dam already was mined by Russia and urged world leaders to make clear to the Kremlin that blowing it up would "mean exactly the same as the use of weapons of mass destruction."

### **What will losing Kherson mean for Russia?**

A retreat from Kherson and other areas on the Dnieper's west bank would shatter Russian hopes to press an offensive west to Mykolaiv and Odesa to cut off Ukraine's access to the Black Sea, and a devastating blow to its economy. It will allow Moscow a land corridor to the separatist Transnistria region of Moldova, home to a major Russian military base.

"The loss of Kherson will turn all those southern dreams by the Kremlin into dust," said Ukrainian military analyst Oleh Zhdanov. "Kherson is a key to the entire southern region, which would allow Ukraine to target key supply routes for the Russian forces. Russians will try to retain control of it using all means."

For Ukraine, capturing Kherson would set the stage for reclaiming the Russia-held part of the Zaporizhzhia region and other areas in the south, and eventually pushing back into Crimea.

"Ukraine just needs to wait until Kherson falls into its hands like a ripe apple, because the situation with supplies for the Russian group of forces keeps exacerbating by the day," Zhdanov said.

Ukraine hopes to quickly double the number of U.S.-supplied HIMARS rocket launchers that could strike targets 80 kilometers (50 miles) away with a deadly precision, he said.

Reclaiming control of Kherson would also mean Kyiv could again cut off water to Crimea.

"After deoccupation of Kherson, the Russians will again have problems with fresh water in Crimea," Zhdanov added.

He said Putin could up the ante if faced with losing Kherson.

"The Russians would be ready to wipe Kherson off the face of the Earth rather than give it to Ukraine," Zhdanov said.

Destroying the dam to cause massive flooding in the mostly flat area would be one way for Moscow to do that.

“The Russians want to show that a Ukrainian counteroffensive will face a tough response by the Kremlin that declared the region as part of Russia, and it’s scary to even think what that response could be,” Zhdanov added.

Volodymyr Fesenko, head of the Kyiv-based Penta Center independent think tank, noted that controlling the Kherson region and other southern areas was a major prize for Russia and their loss would have painful consequences for Putin at home and abroad.

“If the Russians leave Kherson, the Kremlin will face another wave of fierce criticism of the military command and the authorities in general from ultra-patriotic circles,” Fesenko said, adding that the fall of the city would further demoralize the armed forces and possibly fuel opposition to the mobilization effort.

He also said China and India, which are carefully watching Russia’s action in Ukraine, will see the fall of Kherson as a sign of Kremlin weakness.

“Putin will face reputational losses not only inside the country, but also in the eyes of China, and that could be particularly dangerous for the Kremlin,” Fesenko said. (Yuras Karmanau in Tallinn, Estonia).

## Peace Talks

**Macron: Ukraine to decide time, terms of peace with Russia** - French President Macron said today it’s up to Ukraine to decide the time and terms of peace with Russia and cautioned that the end of war “can’t be the consecration of the law of the strongest.”

Speaking at the opening of a three-day peace conference in Rome, Macron said the international community will be there when the Ukrainian government chooses that time.

“To stay neutral would mean accepting the world order of the strongest, and I don’t agree with this,” Macron said at the conference organized by a Catholic charity with close ties to the Vatican.

There is concern that support from Ukraine’s allies in Europe might be eroded due to soaring energy costs with the approach of winter.

Pope Francis is scheduled to conclude the Cry for Peace conference, sponsored by the Sant’Egidio Community, with a speech Tuesday at the Colosseum.

Throughout the war that began with Russia’s invasion of Ukraine eight months ago, the pope has warned against an arms buildup. But he has said Ukraine has the right to defend itself.

While Italy’s new premier, far-right leader Giorgia Meloni, is a staunch backer of helping Ukraine defend its sovereignty, her coalition allies have pro-Russia sympathies.

Italian state TV broadcaster Rai reported that Meloni and Macron met Sunday evening in Rome.

The French president’s visit to Italy includes an audience with the pope at the Vatican on Monday.

Macron addressed concern that any talk of peace could be taken as a sign of lack of support for Ukraine. “To speak of peace now, call for peace, might seem unbearable for those who are fighting for freedom, it seems like a betrayal” of Ukraine, the French leader said.

But peace cannot be “captured by Russian power,” he said. “Peace can’t be the consecration of the law of the strongest, nor can it be a cease-fire (marking) the state of affairs.”

“We want the Ukrainian people to decide at a certain point, peace, the moment and the terms of peace,” Marcon said.

“Peace will be built with the other (party), who today is the enemy, around a table, and the international community will be there.”

Italy’s main populist opposition leader, former Premier Giuseppe Conte, last week said Italy shouldn’t send more arms to Ukraine.

## Putin

**Kremlin says everyone must suffer so Putin will win** - With dozens of newly drafted troops already dead and Russian troops laying the groundwork for a retreat from a key Ukrainian city, the Kremlin has now revealed it is hoping to give its war a second wind by making ordinary Russians feel it as much as possible.

Sergei Kirienko, the first deputy chief of staff of the presidential administration, said as much yesterday in a speech to a national conference of teachers, declaring that the war the Kremlin has until now doggedly insisted is only a “special military operation” must become a “people’s war.”

“Russia has always won any war, if that war became a people’s [war]. We will definitely win this war: both the ‘hot’ one, and the economic one, and the very psychological, information war that is being waged against us. But for that it is necessary that it is precisely a people’s war, so that every person feels his own involvement. So that every person has the opportunity to contribute to our common victory,” Kirienko said.

His comments raised eyebrows on social media, where many noted this appeared to be the first time the presidential administration had dropped its absurd “special operation” euphemism, and others pointed out that millions of Russians had already fled the country in protest.

Even as Kirienko made his comments, authorities in Belgorod on the border with Ukraine revealed they have erected concrete barriers to ostensibly keep the region safe from Ukrainians. And in Moscow, multiple media reports said local authorities had begun preparing bomb shelters in schools and hospitals—perhaps a theatrical move aimed at stoking fears of an attack in the capital.

Meanwhile, just one month after Putin summoned tens of thousands of citizens to face death for him on the battlefield, at least 41 newly drafted troops have already been killed, according to a tally by Mediazona and the BBC. Among them were some who, by law, were not even eligible for the draft—including a Raiffeisenbank employee named Timur Izmailov, who was apparently tricked into visiting his local military recruitment office and then died six days after being tossed on to the frontline.

Bizarrely, Kirienko insisted that the “most important battle” for Russia right now is the “battle for the youth”—a strange priority to name, given the thousands of youth already killed to prop up Putin's delusional war against Ukraine.

An unnamed Russian soldier’s phone call to his mother offered perhaps the most succinct reply to Kirienko’s vision of a “people’s war.”

“F----- scumbags! This f----- government p----- me off so much! They are so dumb, I am in shock,” he told her from the frontline in Ukraine, according to audio released by Ukrainian intelligence.

“This is how it will be: half the country will be jailed, and half the country will go to war.”

After his mother tried to reassure him by predicting Russia will soon take land from Poland, her son shot back that it is Russia that should be worried about losing territory now.

“Yes, yes, yes, with this f----- government it’s already been made clear.”

**Comment** – I was watching a YouTube video yesterday of around 300 Russian troops in parade-ground formation listening to a fellow soldier berating the Russian government, Putin and the Army Command. He was critical of the entire war effort and when concluding his speech, his colleagues roundly applauded him and shouted support.

**Netanyahu asks Putin to rethink his invasion of Ukraine** - Israel's opposition leader and contender for next prime minister, Benjamin Netanyahu, criticized Russian President Vladimir Putin's decision to invade Ukraine, and urged him to reconsider, in his most direct criticism yet of the war.

Netanyahu said in an interview with USA Today that he thought Putin's decision to go to war in Ukraine was "guided by his vision of reconstituting a great Russian realm," adding, "I hope he's having second thoughts about it."

"We all have sympathy to Ukraine, it's not even a question, and I'm no different," he said.

## Humanitarian

**Russia's destroying infrastructure in Ukraine, and the consequences are dire** - Ukrainians in the south of the country are bracing for the likely destruction of a major dam that would have immediate and catastrophic consequences for civilians in the area. Ukraine has pointed to the likely attack on the dam, located in Kherson Oblast, as part of Russia's increasing use of an illegal but practiced tactic — attacking civilian infrastructure.

Though Russia has used this strategy before, both in Ukraine and in previous wars in Chechnya and Syria, there has been a notable uptick in the rate at which Russian forces have been attacking civilian infrastructure including energy facilities and water supplies after Ukraine's stunning counteroffensive in Kharkiv Oblast in September.

The Kakhovka Hydroelectric Power Plant, which spans the Dnipro River in the southern port city of Nova Kakhovka is a particularly sensitive target. Russian forces are expected to attack the dam as part of their withdrawal from Kherson Oblast and then pin responsibility on Ukraine, according to a report on Friday from the Institute for the Study of War (ISW). As President Zelenskyy pointed out Thursday, attacking the dam will cause severe flooding to populated areas along the Dnipro River, including the city of Kherson itself.

It could also seriously jeopardize the functioning of the embattled Zaporizhzhia Nuclear Power Plant (ZNPP), which is Europe's largest and depends on water from the Kakhovka plant to cool the nuclear fuel there. Without water to cool the fuel and electricity to pump the water into the facility, nuclear fuel overheats and can cause disasters like a spent fuel fire.

ZNPP has been in an extremely vulnerable position since Russia took over the plant in March; Ukrainian staff operating the facility have been essentially held hostage and heavy shelling in the vicinity of the plant raised international concern of a possible nuclear disaster.

The potential attack on the Kakhovka facility, which is likely tied to Russia's retreat from the area according to the ISW. "Russia... has every reason to attempt to provide cover to its retreating forces and to widen the Dnipro River, which Ukrainian forces would need to cross to continue their counteroffensive," thus impeding the Ukrainian forces' ability to push further into Russian-held territory, the ISW's Friday report assessed.

But such an attack, like so many others Russia has been executing throughout the war, will have serious, long-lasting consequences for the civilians left in its wake, in addition to slowing down Ukrainian troops.

### **This tactic is creating a dire humanitarian crisis that could last for years**

As winter arrives in Ukraine, Russia's attacks on energy facilities like Kakhovka will put civilians at risk; without power to heat their homes and prepare food, they'll be vulnerable to conditions like frostbite and malnutrition — injuries that

are already occurring, Aaron Epstein, the president of the Global Surgical and Medical Support Group (GSMSG) and a surgical resident at the University of Buffalo, told Vox in an interview yesterday.

“It’s not so much direct impacts of [Russian forces] attacking a certain area,” Epstein, whose group provides training and technical assistance to medical professionals and civilians in war zones, told Vox. Now, the illnesses and injuries civilians are sustaining are likely due to the loss of infrastructure, he said. Civilians are certainly still being injured in attacks like the kamikaze drone strikes in Kyiv, but the broad effects of infrastructure attacks are unfolding in less dramatic, but no less critical ways.

“I think we’re starting to see a much larger scale of problems from a health standpoint that may not be a direct blast, penetrating injuries, burn injuries — it’s now population-wide in terms of loss of infrastructure problems, so I think that’s the more noticeable impact of what’s been going on lately,” he said.

Before Russia ramped up the attacks on civilian infrastructure, “we would see military-aged males, injured in combat with blast and shrapnel injuries,” Epstein said. “You would occasionally see the civilian population — the usual spread, women, children, and elderly — that may have gotten hit with just a missile, or something that hit a civilian area. Or, if it was a town that was being attacked by the Russians and they were trying to obliterate everything within the town, then it was just a spread of everybody coming in with blast and shrapnel and burn injuries.”

Now, though, “frostbite, or cold, or malnutrition, or even just GI [gastrointestinal] related illness that goes prolonged and untreated” are becoming more common, likely due to lapses in critical infrastructure, Epstein said. Many victims now look like “the elderly grandmother who’s sitting in her apartment, just trying to wait out the war [and] suddenly has no power for a week, or suddenly has no clean water,” he told Vox.

Epstein’s group, he said, is helping teach civilians and medical professionals in Ukraine about treating injuries like frostbite and will likely incorporate wilderness survival training like starting fires and purifying drinking water to help civilians prepare for life without reliable heat, electricity, and clean water, he told Vox.

The knock-on effects that such destruction has — illness from a lack of sanitation facilities or clean drinking water, for example, or disrupted access to medical care due to power outages — can persist in conflict zones, often due to displacement, Sahr Muhammadally, director for MENA & South Asia at Center for Civilians in Conflict (CIVIC), told Vox. “The subject matter [and] technical expertise leaves,” so there’s no one to repair the damaged infrastructure. Ukrainian cities have demonstrated quite a bit of resilience so far, she told Vox, repairing damaged facilities and restoring access to critical services as quickly as possible, “but as this goes on it will be interesting to see what continuing toll is going to be on the response.”

**Ukrainian children say they were taken against their will by Russian forces and placed up for adoption in Russia, where the process has been expedited** - Reports from the Associated Press and The New York Times highlight deportations of Ukrainian children.

Some children are being brought to Russia, where legislation has fast-tracked adoptions.

A 14-year-old told the Times said she was taken against her will and wanted to return to Ukraine.

Ukrainian officials said thousands of children were taken by Russian forces from occupied areas of Ukraine and forcibly deported to Russian-occupied territories or Russia itself, where adoption of the children has been fast-tracked.

One child, a 14-year-old girl identified only as Anya, told The New York Times she was taken against her will and is still stuck in Russia, living with a foster family. She said she was on track to become a Russian citizen, even though she wants to return to her friends and family in Ukraine.

"I didn't want to go," she told the Times, who interviewed her via instant messages and voice memos. "But nobody asked me."

Anya is just one example among recent reports on Russia's efforts to adopt Ukrainian children and raise them as Russian. Ukrainian officials as early as April said Russian forces were "forcibly deporting" kids and fast-tracking adoptions. An official count tracked by the Ukrainian government says more than 8,700 have been deported, but the figure is difficult to track.

Russia has not given a number for how many Ukrainian children have been brought over, but frequently broadcasts the arrival of kids described as Ukrainian orphans, according to an Associated Press investigation. Russian state media shows the children as though they were abandoned and saved from the war, being welcomed with teddy bears, the Times reported.

**The cost of occupation in Kherson region** - There are moments when this war feels utterly mindless. Witnessing the visible trauma in the village of Kreshchenivka is one of those instances.

"Those Russians said they were liberators, they just started robbing us!" says a tearful Fedir. He says they took his car, furniture and mattresses. Nearly every house on his street has been damaged.

The 69-year-old lives in a part of the southern Kherson region which has been liberated by Ukrainian troops earlier in October. "My head aches from all the shelling, we almost starved to death in the first few months," he said.

There is still no power, water, and the locals rely on volunteers for food. Our journey to him took us along poorly surfaced roads, which only deteriorated as we continued south towards the front line.

To the right, piles of dug earth stretch for miles next to the road - a Ukrainian defensive measure to force Russian forces up a single route.

But they never made it this far. Twenty miles on, a rusty watermelon monument marks the tide mark of Moscow's advance.

The fields are dotted with Russian missiles that have remained unexploded because of the soft soil.

The villages here are mostly destroyed from both their occupation and recent liberation. Despite the eerie quiet and visible destruction, there is movement.

Ukrainian vehicles are repaired at the side of the roads. Personnel carriers and tanks occasionally roar back and forth from the direction of Kherson city.

There is significant military activity. A logistical supply line forms an artery towards Ukraine's continued counteroffensive.

It also brings life back to the villages it weaves through. "A lot of people far away from the frontline are celebrating," one soldier tells us, who only wants to be known by his call sign "Gadfly".

Everybody is a bit nervous about going to the front, he says. "Your heart beats differently at times. But we signed up for this. We gave a pledge.

"Once the firing starts it's three deep breaths, a couple of swear words and you move on."

Gadfly was mobilized in March and isn't a professional soldier. His country has the current momentum, but he thinks they can only fully force Russia out if the West continues with its military support.

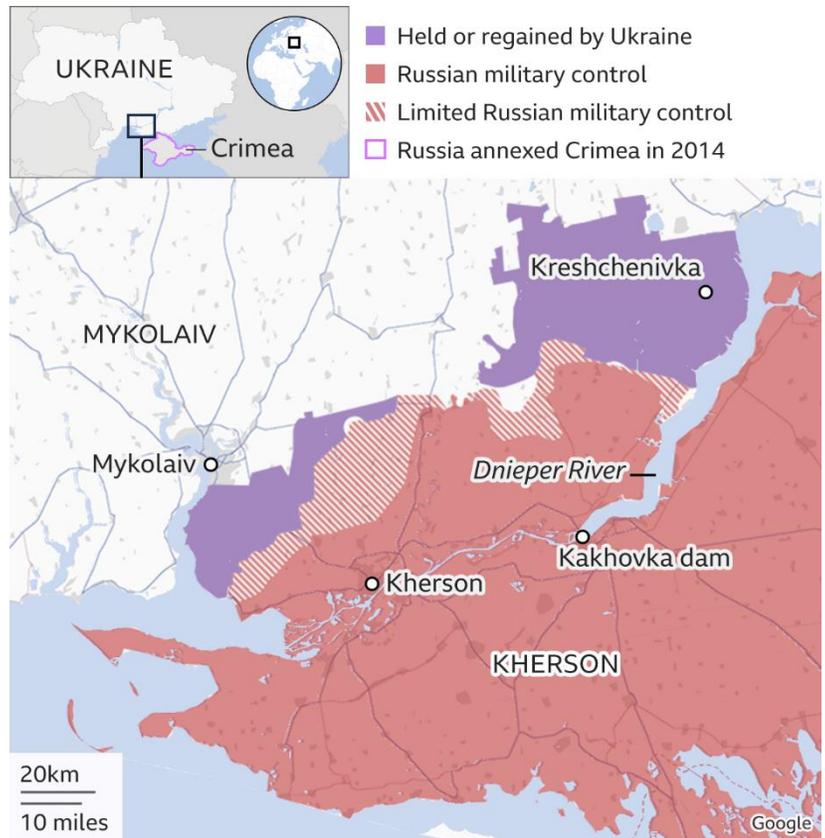
"The problem is that the villages are razed. There's no place to hide. If we don't have the air superiority, it's going to be difficult. We're running out of planes, three or four were shot down last week.

"All this military stuff is fun and games until it's not fun and games. My back is hurting already because of all the equipment!" Despite having been forced out, you also learn a lot about the occupiers just by looking around.

In one school which they used as a base, their supplies, ammunition, and rubbish are scattered in all directions. These are not the traces of a disciplined force. It's evidence they'd been fighting in squalor and left in a hurry.

Down the street we meet Alyona in the Kindergarten she used to run. She lived under occupation for two months before having to escape. She'd been "blacklisted" by the Russians, allegedly because she supplied villagers with food and helped them evacuate.

"They just left a mess. Mess and pain," says Alyona. "When I came here for the first time after liberation, I just stood here and cried. It's really hard."



Alyona says when she first met a Russian soldier, he asked her "who allowed you to live so well?" Her family's wooden house was left nearly empty after the Russians took everything away.

Fighting is starting to concentrate around the city of Kherson. There's an almost constant rumbling of artillery about 10 miles (16km) away.

As Russia's grip on Kherson continues to weaken, fears grow of it deploying an "scorched earth" policy.

Moscow-installed politicians have recently been "evacuating" people. Ukraine has accused Russian troops of preparing to blow up the nearby Kakhovka dam. Russia denies this but if it happened Kyiv says it would lead to 80 settlements being flooded.

They believe it indicates an "if we can't have it, no one can" approach.

For Ukraine, liberation here is fiercely contested as well as complicated. Also, if achieved, it doesn't bring immediate relief.

## Russian mobilization

**Alaska asylum seekers are Indigenous Siberians from Russia** - Two Russian Indigenous Siberians were so scared of having to fight the war in Ukraine, they risked everything to take a small boat across the treacherous Bering Sea to reach American soil, Alaska's senior U.S. senator said after talking with the two.

The two, identified as males by a resident, landed earlier this month near Gambell, on Alaska's St. Lawrence Island in the Bering Strait, where they asked for asylum.

"They feared for their lives because of Russia, who is targeting minority populations, for conscription into service in Ukraine," Republican U.S. Sen. Lisa Murkowski said Saturday during a candidate forum at the Alaska Federation of Natives conference in Anchorage.

"It is very clear to me that these individuals were in fear, so much in fear of their own government that they risked their lives and took a 15-foot skiff across those open waters," Murkowski said when answering a question about Arctic policy.

## Containment

**Cheney slams 'pro-Putin' McCarthy over Ukraine funding threat** - House Minority Leader Kevin McCarthy this week said the U.S. should not issue a "blank check" for further Ukraine funding.

Rep. Liz Cheney on Sunday branded Kevin McCarthy the leader of the "pro-Putin" wing of the GOP after the House minority leader suggested cutting U.S. funding of Ukraine's war effort.

In an interview with NBC's Chuck Todd on "Meet The Press," the Wyoming Republican unleashed a litany of concerns over McCarthy's potential speakership should Republicans win the House in November.

## Geopolitics

**China's leadership reshuffle puts greater weight on relations with the US** - China's latest leadership appointments point to greater emphasis on relations with the U.S.

Foreign Minister Wang Yi joined the new Politburo, the second-highest level of power, state media announced Sunday. That's despite expectations he might retire.

The changes showed that Yang Jiechi, a long-time diplomat closely involved with U.S.-China relations, did not stay on in the Politburo. Yang has headed the party's central committee foreign affairs office and was widely expected to retire.

Qin Gang, China's ambassador to the U.S., also made the list of new central committee members released Saturday.

Qin has actively reached out to American society and businesses, while Wang's comments during a recent trip to New York "indicates there is a desire to draw back from the intensely competitive relationship with the United States," said Dali Yang, political science professor at The University of Chicago.

"I think there may be a chance to certainly ease the tensions, hopefully, given the challenges China faces in keeping the Chinese economy growing," Yang said.

He pointed out that the 1970s, during the Cultural Revolution, was another tough period for China's economy, but it was during that time that Chinese leader Mao Zedong decided to reach out to the U.S.

**Comment** – We touched upon this angle in a previous Update. Viewing China's increasing internal and geopolitical challenges in yesterday's Update, it is to be anticipated that it needs to strategically pivot. Things are not working out and are destined to worsen over the next decade, so dialogue and international cooperation will be valuable.

Recent intensified US microchip sanctions against China will seriously harm Chinese output and global competitive ability. Once successfully implemented, swathes of Chinese manufacturers will cease to operate. Couple this with a projected recession and one can see the dilemma confronting Xi in the months and years ahead.

Russia moving rapidly to a state bankruptcy and a losing war scenario, when instead it promised to stand in support of a new bi-polar world order, has similarly and seriously damaged this intended geopolitical Chinese strategy.

Lately China's "partners" in its BRI program have begun falling by the economic wayside, defaulting on repayments and in some cases seeing political upheavals leading to regime changes.

The looming global food crisis, which I estimate will hit the world in full force next year, will affect too many smaller nations and have a fundamental and negative impact on global affairs.

Taking all these and other factors into account I personally, if I was the supremo in charge of the Chinese Politburo, would alter course and reach out to avoid what looks increasingly like a geopolitical and global order disaster.

Maybe there are "limits" to China's friendship with Russia after all but let's wait and see.

## Expansion of conflict

**Fears over Russian threat to Norway's energy infrastructure** - Norwegian oil and gas workers normally don't see anything more threatening than North Sea waves crashing against the steel legs of their offshore platforms. But lately they have noticed a more troubling sight: unidentified drones buzzing in the skies overhead.

With Norway replacing Russia as Europe's main source of natural gas, military experts suspect the unmanned aircraft are Moscow's doings. They list espionage, sabotage and intimidation as possible motives for the drone flights.

The Norwegian government has sent warships, coastguard vessels and fighter jets to patrol around the offshore facilities. Norway's national guard stationed soldiers around onshore refineries that also were buzzed by drones.

Prime Minister Jonas Gahr Støre has invited the navies of NATO allies Britain, France and Germany to help address what could be more than a Norwegian problem.

Precious little of the offshore oil that provides vast income for Norway is used by the country's 5.4 million inhabitants. Instead, it powers much of Europe. Natural gas is another commodity of continental significance.

"The value of Norwegian gas to Europe has never been higher," Ståle Ulriksen, a researcher at the Royal Norwegian Naval Academy, said. "As a strategic target for sabotage, Norwegian gas pipelines are probably the highest value target in Europe."

Closures of airports, and evacuations of an oil refinery and a gas terminal last week due to drone sightings caused huge disruptions. But with winter approaching in Europe, there is worry the drones may portend a bigger threat to the 9,000 kilometers (5,600 miles) of gas pipelines that spider from Norway's sea platforms to terminals in Britain and mainland Europe.

Since the start of the war in Ukraine in late February, European Union countries have scrambled to replace their Russian gas imports with shipments from Norway. The suspected sabotage of the Nord Stream 1 and 2 pipelines in the Baltic Sea last month happened a day before Norway opened a new Baltic pipeline to Poland.

Amund Revheim, who heads the North Sea and environment group for Norway's South West Police force, said his team interviewed more than 70 offshore workers who have spotted drones near their facilities.

"The working thesis is that they are controlled from vessels or submarines nearby," Revheim said.

Winged drones have a longer range, but investigators considered credible a sighting of a helicopter-style bladed model near the Sleipner platform, located in a North Sea gas field 250 kilometers (150 miles) from the coast.

Norwegian police have worked closely with military investigators who are analyzing marine traffic. Some platform operators have reported seeing Russian-flagged research vessels in close vicinity. Revheim said no pattern has been established from legal marine traffic and he is concerned about causing unnecessary, disruptive worry for workers.

But Ulriksen, of the naval academy, said the distinction between Russian civilian and military ships is narrow and the reported research vessels could fairly be described as “spy ships.”

## Sanctions

**Russian oil logistics in chaos with weeks until sanctions bite** - Traders, tanker companies and the world’s most powerful governments are becoming increasingly fixated upon one question in the oil market: can the petroleum industry’s supply chain handle the harshest sanctions on Russian exports in history?

A vast shadow fleet of tankers with unknown owners is being amassed to service Moscow’s interests. Intense US-led diplomatic wrangling to soften aggressive European Union sanctions has been going on for months but time is ticking.

Will it be enough? With about six weeks until the bloc’s measures enter into force, little clarity exists on whether these steps will really suffice to help the world’s third-biggest oil producer to get much of its output to buyers to fend off a supply shock.

The US has been sounding the alarm for months that Europe’s sanctions on Russia could trigger such a shock. It’s pushing for companies to be allowed to access EU services -- especially insurance -- to avoid a price spike before the mid-term elections in November. To do that, buyers would have to sign up to a controversial oil price cap.

What looks certain is that a large part of Russian flows will be handled by a complex -- and often secretive -- network of ships, owners, ports and safe passages dominated by entities still willing to deal with Russia.

“If you look at how many ships have been sold over the past six months to undisclosed buyers, it’s very clear that a fleet is being built up in order to transport this,” said Christian Ingerslev, chief executive officer of Maersk Tankers A/S in Copenhagen, which runs a fleet of 170 ships -- none of them serving Russia.

In the run-up to Dec. 5, when the EU is due to ban Russian crude imports and halt the provision of shipping, financing and insurance cover to related trades, the most important question is whether there will be enough vessels.

Shipbroker Braemar estimates that to support four million barrels a day of Russian exports to the far east, many of the recently-transacted vessels will need to be added to the 240 ships -- 102 Aframax, 58 Suezmax and 80 very-large crude carriers -- that have carried Iranian and Venezuelan crude in the past year to form a large shadow fleet that will support Moscow.

“There’s been a sharp rise in the tanker trading since the war and in the run-up to the Dec. 5 deadline by undisclosed entities based in countries such as Dubai, Hong Kong, Singapore and Cyprus,” said Anoop Singh, head of tanker research at Braemar. Many are older ships and will find their way to the shadow fleet, with Russian shipowner Sovcomflot PJSC supplying some tankers as well.

### Ship-to-Ship (STS)

Beyond that, there will also almost certainly be a surge in ship-to-ship transfers -- cargoes being switched from one tanker to another at sea. That’s a result of both the sanctions risk from handling exports directly from Russian ports and the need to collate a few small cargoes onto larger tankers for long-haul voyages. (**Comment** – Russian ports are all shallow-draft entities, making berthing of VLCCs (Very Large Crude Carriers are huge cargo vessels, with a minimum size of 250,000 dwt.) impossible to accomplish, and without these Russia will be unable to export the quantities of oil needed to keep pipelines to ports flowing. And now for the really important element – if these pipelines stop flowing,

and with winter and permafrost looming, the pipes will freeze, because flowing oil creates friction and keeps the pipelines operable. Once the pipes freeze, they start to crack – all the way back to source heads. Fixing that problem will take 10 years at least – with relevant expertise available – and all US expertise has withdrawn from Russian oilfields).

That, though, is a logistical challenge in itself, especially from the Baltic Sea, Russia's top export region.

Ship-to-ship transfers involve one vessel maneuvering itself alongside another, attaching a pipe to allow the cargo to be pumped between the two carriers. It can take up to two days and is best done in the calmest waters possible with good weather. Some can involve a multi-stage process of transferring oil from an initial tanker to a floating storage facility, before another step to move the cargo to another ship.

### **Covert Operations**

While vessels often sailed directly to European buyers, Asia -- notably China and India -- seem certain to become the top destinations post-Dec. 5.

Once sanctions kick in, European seas will almost certainly be off limits for these so-called STS transfers, and it's won't be very helpful for Russia or its buyers to do them inside the Baltic Sea. That's because, ideally, Asia-bound oil will be transferred onto giant supertankers that are too big to get out of the Baltic with cargoes on board.

The initial vessel would turn around after discharging its cargo to that supertanker and return for more Russia oil, creating a shuttling effect.

STS locations can take the form of safe harbors or relatively calm out-at-sea waters that don't fall into jurisdictions that have sanctions or curbs against Kremlin. STS Shuttle vessels also will not be permitted to use sea lanes that transit through water control zones part of a sanctioning country.

While some shipbrokers floated possible suggested locations like Gibraltar and Ceuta, others had doubts citing their links to UK and Spain, which that restrict trade with Russia.

Another STS transfer option could be out on the high seas, even in the middle of the Atlantic Ocean where waters fall outside maritime jurisdictions controlled by European nations. Shippers zeroed in on an area in the mid-North Atlantic near a cluster of islands known as Azores, an autonomous region of Portugal, as a possibility.

While STS operations tend to be costly with an element of risk, this practice will be paramount in ensuring the continued flow of Russian crude -- both logistically and to help some buyers to keep their activities private.

While it's not uncommon for shipments from sanctioned regimes to undergo one STS, shippers are not ruling out the possibility of two transfers -- one inside the Baltic, a second one outside -- to help bring the barrels to market.

### **Frenzied Trading**

Over past months, there's been a frenzy of buying activity in the used tanker market, specifically concentrated on the type and class of ships that will be heavily used to move Urals and ESPO from their export terminals.

One such tanker type is Aframaxes, the smallest mainstream international tanker that can carry about 650,000 to 750,000 barrels of oil through shallower waters and from shallower ports.

Aframaxes with ice-breaking capabilities have been in the spotlight as they'll be essential for exports of Urals from the Baltic this winter. Ice-class Aframaxes are fetching double the price from a year ago with buyers preferring to keep their identities a secret.

Shipbrokers also observed a rise in trading activities for non-ice class Aframaxes aged 15 years or older. Some of these tankers are expected to turn up in east Siberia, where they'll help to transport Russian ESPO crude to buyers including Chinese and Indian refiners.

## **Insurance**

If all those things aren't challenging enough, many of these issues will be compounded by difficulties finding industry standard insurance.

Most tankers are covered against risks including oil spills by 13 member organizations within the International Group of P&I Clubs, many of which are in Europe. The EU's sanctions mean the bloc's firms would have to stop providing cover while the IG itself couldn't count on reinsurance from EU companies.

The UK has yet to fully follow the EU, meaning that some cover could still be available. The IG itself is in London.

The price cap would make European services and insurance available to companies who adhere to a price ceiling for Russian oil. Notwithstanding whether Russia would cooperate with the cap program, the EU's participation is far from straightforward.

In signing up, the bloc had two important stipulations.

First, that shipping companies -- including the giant Greek fleet -- would be included. In other words, a trader could theoretically only hire a Greek tanker if that trader paid a capped price for oil.

Second, the EU's rules as currently written state that a tanker anywhere in the world will not be allowed to access the bloc's insurers and reinsurers -- for any future cargo, including non-Russian -- if they purchase and transport oil that wasn't bought under the cap.

Europe is a center for insurance and reinsurance and without it, owners risk being under covered against risks including oil spills. That makes adhering to EU sanctions -- and the cap -- a very polarizing and uncertain issue for tanker owners. The EU's implementation of a cap has yet to be formalized and also depends on other G-7 nations taking similar actions.

And there are just over six weeks to go.

**Comment** – Insurance is like being a bookmaker at the race course. When someone places a bet, you cover the bet with other bookies, in order to limit losses should the bet succeed.

The same applies in the insurance world, they cover one another by spreading the risk.

Russia knows what is coming and is trying to create its own insurance cover. But they have no-one to spread the risk around with. That means that they will need to carry 100% risk on their own.

Now, should a small country, or some mercenary outfit, sink one of these tankers, all hell breaks loose in the Russian oil world. Because Russia will be forced to hit the brakes on loading tankers – as owners will require cover before loading.

Atop this is the matter of international sea captains – who generally will not enter war zone or restricted international areas.

Remember the stories of pirates capturing ships between the Americas and Europe, particularly Spain?

Ships in those days insured through Lloyd's of London, providing Britain with a hold on international shipping movements. Should you not insure your vessel with them, strangely and suddenly you were attacked by a pirate

captain or buccaneer – who in many cases just happened to be a Royal Naval retired captain such as Sir Francis Drake. Strange but true.

Imperial Germany under Kaiser Wilhelm in 1903 began to construct a railway which would connect Berlin to the Ottoman city of Baghdad, and project German power all the way to the Persian Gulf – the “Berlin to Baghdad” railway line - in order to escape English control on the High Seas.

By the outbreak of World War I, the railway was still 960 km (600 miles) away from its intended objective. The last stretch being built in the late 1930s and the first train to travel from Istanbul to Baghdad departed in 1940.

The English parliament, upon hearing of the plan in 1903 decided to start saving for a war with Germany in order to stop construction. Hansards of London recorded the decision and the English estimation that it would take 10 to 15 years to culminate – WWI just happened to fall in that time span.