

Conflict Update # 133

July 27th, 2022

Conflict Assessment

Key assessments

Russian losses - The General Staff of the Armed Forces of Ukraine reported that between February 24 and yesterday, Russia had lost about 39,870 personnel killed, 1,737 tanks, 3,959 armored combat vehicles, 880 artillery units, 258 multiple launch rocket systems, 117 air defense systems, 222 warplanes, 189 helicopters, 722 drones, 174 cruise missiles, 15 warships, 2,835 motor vehicles and fuel tankers, and 75 units of special equipment.

Russian Navy Wary Of Anti-Ship Missile Threat - Recent Russian missile strikes on the port city of Odessa likely were aimed at taking out Western-donated anti-ship missiles that threaten Moscow's Black Sea Fleet and have prevented an amphibious landing by Russian troops in the region, according to the U.K. Ministry of Defense.

The July 24 attacks hit Odesa's docks and while Russia claimed to have hit a Ukrainian navy ship and a stockpile of anti-ship missiles, there "was no indication that such targets were at the location" where Russian missiles landed, according to the U.K. MoD's latest intelligence assessment of the war.

"Russia almost certainly perceives anti-ship missiles as a key threat which is limiting the effectiveness of their Black Sea Fleet," the U.K.'s assessment yesterday said. "This has significantly undermined the overall invasion plan, as Russia cannot realistically attempt an amphibious assault to seize Odesa."



Russia has been contending with Ukrainian anti-ship missiles since at least April, when a pair of domestically-produced Neptune missiles (pictured alongside) struck the Russian Navy's Project 1164 Slava class cruiser Moskva, directly contributing to its sinking in the Black Sea. So influential has the historic sinking of that ship by Ukrainian forces been, that U.S. Chief of Naval Operations says it has reshaped his thoughts on terminal defense of U.S. Navy warships.

NATO nations began sending other anti-ship missile designs in May when Denmark promised Ukraine two shore-based RGM-84 Harpoon missile launchers and an unspecified number of rounds for the system. Also in June, the U.S. Defense Department announced its own shipment of two Harpoon missile systems. Although only for short-range defense, like repelling an amphibious landing, Sweden announced it would send, as part of its third aid package to Ukraine, Robot 17 short-range coastal defense systems, in June.

With a relatively potent arsenal of anti-ship missiles at its disposal, Ukraine can still hold Russian ships blockading its Black Sea ports at risk, though it cannot eliminate Moscow's Black Sea fleet. Harpoon missiles have a range of about 70 miles and can keep Russian ships far enough from shore to keep them from launching an amphibious operation, but are not able to go after them throughout the Black Sea.

Ukrainians Hit Key Bridge - Ukrainian military officials have confirmed a new strike on a strategic bridge used to reinforce and resupply Russian forces in southern Ukraine and claimed advances elsewhere as they vowed a major counteroffensive to retake the Moscow-occupied Kherson region.

Officials from both sides confirmed on July 26 that the Antonivskiy Bridge -- the main crossing point of the Dnieper River in the Kherson region that essentially links Ukraine to Russian-annexed Crimea -- had been struck overnight by longer range weaponry supplied to Kyiv by the West after multiple social media videos showed several large detonations near the bridge.

Ukrainian Troops Continue to Strike Russian Ammo Depots - Ukrainian forces continue to blow up Russian ammunition depots, with the latest one in the Kharkiv region going up in smoke, as can be seen in footage released today.

The images were obtained from the Office of Strategic Communications (StratCom) of the Armed Forces of Ukraine, along with a short statement saying: "In the Kharkiv region, another field ammunition store and personnel were destroyed."



Ukrainian forces have had considerable success in recent weeks blowing up Russian ammunition depots in a strategy that is geared toward hobbling the invader's ammunition supply chains.

Ukraine's Counter-Offensive - The long-awaited counter-offensive may have already begun, according to U.S.-based think tank the Institute for the Study of War. Ukrainian President Zelensky has said his forces are moving "step by step" towards full liberation of Kherson.

The front line in the north, near Kharkiv, runs close to the Ukraine-Russia border, offering Russian forces good supply networks. In the east, Russia has poured troops and weapons into the pockmarked battlefields of the Donbas, winning limited victories.

But in the south, Russian forces have made no progress since the first weeks of the invasion. Supply lines from Crimea are stretched, their forces weakened by the demands of the Donbas, and occupying authorities are failing to suppress simmering insurgency.

Newly acquired long-range Western artillery systems—in particular the U.S.-made HIMARS and their high-precision munitions with ranges of some 50 miles—have allowed the Ukrainians to turn the screws, starving the occupiers of the ammunition, fuel, and other supplies needed to hold their positions.

Defense Minister Oleksii Reznikov said his forces have destroyed 50 Russian ammunition and fuel depots with HIMARS in recent weeks. The Ukrainians have also struck three bridges across the Inhulets River, which runs south of Kherson city. Today Ukrainian forces hit the Antonivskiy bridge more than a dozen times, badly cratering the strategic structure and forcing its closure by occupying Russian authorities.

Ukraine is systematically destroying Russian arms supplies, depots, congregation points and reinforcement lines, softening the area for their planned counter-offensive. They have targeted specific coordinates and surgically struck them with HIMARS and MLRS systems.

Flanked by the Dnipro River to the east and the Inhulets River — a tributary of the Dnipro — to the north, Russian forces in Kherson rely on three major bridges to bring in men, equipment and supplies.

All three have been damaged by Ukrainian strikes in the past two weeks.

If successful, capture of Kherson places a barrier between Russian forces and Odessa.

Even a modest military success for Ukraine would be a significant morale boost to the country's embattled armed forces, and deliver a blow to any Russian ambitions of launching another military assault on southern Ukraine.

Ukrainian forces have seized about 44 villages west of Kherson from Russia in the last week, according to Dmytro Butriy, the acting head of the Kherson Regional Military Administration.

"Recapturing Kherson would reinvigorate the Ukrainian army to a massive degree, and help galvanize international support even further," said analyst Alberque.

Ukraine's next move could put Russia in a dilemma - Retired Army Lt. Gen. Mark Hertling says that Ukraine is ready to open up a second front in the eastern part of the country that could put the Russian army "on the horns of a dilemma". Hertling says that Ukraine is ready to open up a second front in the eastern part of the country that could put the Russian army "on the horns of a dilemma".

His logic is straightforward. The Ukrainians have used new weapons from the US shrewdly over the past month, targeting ammo depots and logistical support to slow Russia's roll. It's working too, with one Ukrainian commander in the east telling WaPo that "the number of killed and injured has fallen dramatically compared with when his soldiers moved to this part of the front line three months ago." Russian armaments are going up in smoke due to HIMARS strikes. They can't keep up the pace of the shelling that they maintained in June.

It's not just ammunition that's being targeted, though. Command posts are also in the crosshairs, again for strategic reasons. "We know from the way that the Russians fight that they need someone to tell them what to do. When you are able to kill the people that tell them what to do, you're able to stop those folks from moving forward. And we continue to see that," one senior U.S. official recently told reporters.

Russian military commands come only from the top. There is no decision-making in lower ranks and field commands. Only generals and senior ranks make decisions and issue commands. This is a major reason behind Ukrainians striking command posts where they know such officers are located.

If the battle were still being fought exclusively in the Donbas, all of that would be a temporary setback for Russia. They need to figure out a way to keep men and munitions out of range of HIMARS attacks; once they do that, they might try to resume their advance. The "dilemma" described by Hertling has to do with the fact that the battle *isn't* being fought solely in the Donbas anymore. The Ukrainians have begun to advance in the south, their long-awaited counteroffensive to try to liberate occupied Kherson province. The dilemma Hertling sees is a logistical dilemma: How does Russia defend Kherson when its supplies are now under artillery threat even in the eastern territory they've successfully conquered?

The wave of HIMARS strikes on Russian positions in the east isn't just about destroying their munitions, it's an attempt to force them to move their existing stockpiles deeper into Russian-controlled territory, making it harder to supply Kherson during the fight to come. HIMARS is also being used to cut arteries for those supplies, most notably the Antonovskiy Bridge over the Dnieper that connects Russian Crimea to Kherson.

Taking account that current HIMARS systems fire over a 50-mile range, new systems en route can fire 190-miles in range. This dramatically changes the battle scenario from present tactics and strategies for Ukraine.

"The Russians have nothing equivalent because these systems were developed by the Americans as a sort of sniper artillery for use in difficult environments like Fallujah [in Iraq], where you had to hit the target exactly because it was surrounded by civilians," one expert told Al Jazeera of HIMARS. HIMARS strikes are so precise that they can punch holes in the bridge — hopefully — that will render it unusable by heavy Russian weaponry without destroying it completely.

One Ukrainian journalist described them as a message to the Russians from Ukrainian forces: "We can cut you off supplies and you'll be done."

But a word of caution - Zelenskyy needs more HIMARS systems, but supplying the system itself isn't a terrible problem. The US has around 500 or so across the globe and have shared just 16 so far with Ukraine. The problem is supplying missiles for the system. The 16 in the field might be expected to fire around 6,000 per month combined per Hertling's calculations. The manufacturer makes around 9,000 per year.

Russian officials want to capture all of Ukraine's eastern Donetsk region by the end of August - well ahead of September 11, "which is the unified voting day in the Russian Federation," analysts at the Institute for the Study of War write in their latest Ukraine war assessment, published Tuesday evening. But that may be tough, because "Russian forces remain unlikely to occupy significant additional territory in Ukraine before the early autumn annexation timeline," ISW warns.

Compliant Ukrainians "are generally deported to Russia" - but some "are forcibly conscripted into the Russian army and then sent to the front," the Polish say. Meanwhile, "People who raise doubts are brutally repressed. They are tortured, they are forced to testify or make statements against Ukraine, or they are brought to court as part of propaganda, [or] show political trials."

China

Report Details China's Efforts to Target, Influence, and Undermine U.S. Federal Reserve Banks - U.S. Senator Portman (R-OH), Ranking Member of the Senate Homeland Security and Governmental Affairs Committee, released a new report detailing China's malign efforts to target, influence, and undermine the U.S. Federal Reserve. Based on a Federal Reserve counterintelligence analysis and unheeded FBI recommendations to change the Federal Reserve's policies and procedures, this report finds the Federal Reserve has been the target of an extended and effective Chinese malign influence and information theft campaign.

The report, titled *China's Threat to the Fed: Chinese Influence and Information Theft at U.S. Federal Reserve Banks*, reveals that China has targeted the U.S. Federal Reserve System to undermine American economic and monetary policy since at least 2013. Portman, as then Chairman of the Permanent Subcommittee on Investigations documented in a 2019 bipartisan report how China utilizes talent recruitment programs, like the Thousand Talents Plan, to target science and technology sectors. This investigation of the U.S. Federal Reserve shows how China has used a variety of tactics to recruit U.S.-based economists to provide them with knowledge and intellectual capital in exchange for monetary gain and other benefits.

"This investigation makes clear that China's malign efforts at influence and information theft are not limited to science and technology fields. American economic and monetary policy is also being targeted by the Chinese government," Portman said. "As our investigation reveals, the Chinese government is using every tool at its disposal to infiltrate and steal valuable information. We cannot let the American taxpayer continue to unwittingly fund China's military and economic rise which is why our report makes strong recommendations to enhance and protect our Federal Reserve. This report shows that we cannot make any American taxpayer-funded investment in science, technology, or economic policy without including safeguarding and security protections like my Safeguarding American Innovation Act. I am concerned by the threat to the Fed and hope our investigation, which is based on the Fed's own documents and corresponds with assessments and recommendations made by the FBI, wakes the Fed up to the broad threat from China to our monetary policy. The risk is clear, I urge the Fed to do more, working with the FBI, to counter this threat from one of our foremost foreign adversaries."

The report's key findings include:

- **For over a decade, China has engaged in a sustained malign influence and information theft campaign against the U.S. Federal Reserve System, taking advantage of America's open and collaborative research practices.** Efforts by Beijing include talent plan recruitment, offers of academic positions, and in at least one instance forcible detainment and threats of imprisonment of a Federal Reserve employee.
- **The Federal Reserve has been unable to counter China's malign influence and collection campaign effectively.** The investigation found that the Federal Reserve lacks sufficient counterintelligence expertise and cooperation with U.S. law enforcement and the U.S. Intelligence Community. As a result, the Federal Reserve is unable to obtain timely and fulsome intelligence or identify intelligence threats quickly, hindering investigations into potential talent recruitment activities.
- **The Federal Reserve lacks policies and procedures sufficient to prevent many of these malign influences and collection attempts.** Similar to many other science and technology research ventures in the U.S. Government, the Federal Reserve appropriately relies on foreign collaboration to "share their thinking, compare analyses, and stay informed of developments around the world." After the initiation of this investigation, the Federal Reserve took steps to address this by prohibiting officials from accepting compensation from restricted countries, including China. However, these new policies are insufficient because they do not require Federal Reserve employees to disclose membership in a talent recruitment plan.
- **Despite known ties to talent recruitment plans, Federal Reserve employees retain access to confidential information.** The Federal Reserve maintains a program meant to protect its most sensitive nonpublic information, Federal Open Market Committee restricted controlled information. Continued access requires that employees adhere to Federal Reserve ethics and other code of conduct policies. Despite known ties to talent plans or relationships with known members, the Committee found that certain Federal Reserve employees retain access to this confidential information.

Impacts

Congress rushing to save defense supply chain - When Ukrainian fighters in May surrendered Mariupol's sprawling steel plant to Russian forces after a months-long siege, the consequences were widespread.

Russia not only notched a victory over the 500 Ukrainians fighting to maintain control, but it also knocked out a plant central to Ukraine's position as a powerhouse in global neon gas exports. Those exports are key to manufacturing the very weapons the United States is sending to Kyiv to defend against Moscow's invasion.

Steel plants like the one in Mariupol are crucial to capturing neon gas from the air and separating it from other elements in a liquid form. This is then a component in semiconductor chips, the electrical components used to manufacture everything from computers to cars to the Javelin anti-tank missile the Ukrainians have successfully used to defend against Russian forces. The United States has sent at least 5,500 Javelins to Ukraine so far, and each individual missile contains more than 200 semiconductors.

Ukraine accounted for approximately half the world's neon exports before Russia's invasion, allowing manufacturers in Taiwan, South Korea and China to annually produce billions of semiconductors. The United States, which imports the lion's share of its semiconductors from Asia, and its defense industrial base rely heavily on these microelectronics.

Indeed, Taiwan produces 92% of the world's most advanced semiconductors while the United States produces zero.

Chinese "President Xi [Jinping] has made no secret of his desire to unify Taiwan with the mainland, saying he wants to be ready to do that by 2027," Sen. Cornyn, R-Texas, said in remarks on Capitol Hill last week. "It's a major national security vulnerability,"

“How would we manufacture Javelin missiles that are used in Ukraine?” Cornyn asked. “We couldn’t because they all run on semiconductors. The Stinger that’s been used so effectively by the Ukrainians to go after Russian tanks, the joint strike fighter — the F-35 — our most advanced fifth-generation stealth aircraft, is chock-full of semiconductors that would be unavailable if our access was cut off.”

China itself exports a significant quantity of semiconductors to the United States as well as critical minerals used to make U.S. weapons systems.

Increasingly worried by the extreme foreign dependence of defense industrial supply chains, Congress is teeing up legislation to address semiconductors and critical mineral vulnerabilities. The Senate this week is expected to pass bipartisan legislation meant to revive the dying U.S. semiconductor sector while Congress is moving to include in the annual defense authorization bill provisions intended to reduce China’s monopoly on critical mineral supply chains.

Semiconductor manufacturers and defense industry groups alike have joined the Biden administration in lobbying Congress to pass the CHIPS Act before lawmakers leave Washington for the month-long August recess. After that, midterm election season will kick into high gear, making it virtually impossible to pass major legislation.

Domestic semiconductor manufacturers have expressed interest in creating factories to produce chips in Ohio, Arizona, Texas and New Mexico, but many have suggested they won’t unless Congress passes the CHIPS Act. The semiconductors they produce are used in everything from PCs to smartphones to medical devices.

TSMC — a major Taiwanese microelectronics producer — purchased land in Arizona in 2020 for a factory to produce semiconductors, which is expected to become operational in 2024. GlobalWafers, another Taiwanese company, announced last month it plans to begin construction on a \$5 billion semiconductor facility in Texas by the end of the year — news welcomed by the Biden administration.

The chief executives of six major defense firms — Lockheed Martin, Raytheon Technologies, Northrop Grumman, General Dynamics, BAE Systems and Leidos — also urged House and Senate leaders to pass the CHIPS Act in a May letter.

China’s mineral monopoly - Semiconductors themselves rely on a complex web of supply chains. And even if the US manages to significantly bolster its domestic production of semiconductors, it will still be heavily dependent on multiple other countries for the components to manufacture them — including critical metals from China.

While Ukraine dominated the neon gas market for semiconductors, the US imports most of its tantalum — another critical element in semiconductor production — from China. The US has other sources of tantalum from friendly countries like Japan and Mexico, but China holds a tight grip on other minerals of crucial importance to the defense industrial base.

Beijing controls the market for materials like titanium needed to build airframes, tungsten to make military turbine engines and antimony, an essential element to produce basic bullets and more advanced ammunition.

“The Chinese communist party is actively, as a matter of strategy, seeking to create global dependencies, whether that’s on food supplies, trade routes or most notably on rare earth minerals that are the basic elements that go into computer chips,” Rep. Waltz, R-Fla., the ranking member on the House Armed Services readiness panel, told Defense News last week before a meeting with the Taiwanese envoy to the US.

Rare earth metals are used in a wide array of technological applications, including semiconductor manufacturing. But the US imported about 80% of its rare earth compounds from China in 2019.

Grain

Turkey To Open Shipping Coordination Center For War Grain - Turkey will open a new joint shipping coordination center in Istanbul tomorrow to oversee Ukrainian grain exports. This comes only four days after a Russian missile strike on the port of Odessa threatened to derail a UN-mediated agreement to transport millions of tons of grain out of the war zone.

Turkey's defense ministry, which signed the agreement with the UN, Russia, and Ukraine, said that a ceremony would be held to open the center at its National Defense University.

The center will be staffed by members of all four parties to the agreement who will monitor ships transiting the Black Sea to Turkey's Bosphorus strait and off to world markets.

"An agreement has been reached on the establishment of a coordination center with representatives of all sides, joint controls for checking grains at harbors," said Defense Minister Hulusi Akar. "It will ensuring the safety of the vessels in the transit routes."

The new shipping center is part of the landmark deal signed on Friday by Moscow and Kyiv and mediated by the United Nations and Turkey. It was hailed as a break though after nearly five months of punishing fighting since Russia invaded its neighbor. It is seen as crucial to curbing soaring global food prices by allowing grain exports to be shipped from Black Sea ports.

First Hurdle for Ukraine Grain Deal Is Clearing Stuck Ships - Now that Ukraine's grain-export deal has been signed, all eyes are on clearing a major obstacle: freeing the scores of ships stuck there since February.

As many as 100 vessels carrying grain and agricultural products were trapped in Ukrainian ports when Russia's invasion began and seeing them sail would mark a first step in revitalizing seaborne trade. But even with a deal, traders say freight for new sales is difficult to nail down, with risks to insurers and shippers still lingering.

Liberating the stuck ships would start to establish a standard on how the new corridors operate, said Ilya Medvenko, finance director at Barens Group, a private investment firm involved in Ukrainian agriculture trade. The United Nations expects the first to move within a few days, and an adviser to global insurers proposed a mechanism that might help cover the trade.

For some ship owners, "one of the ways is to operate without a particular insurance, but even those are waiting to see when the precedent will be set and vessels start leaving the port area," Medvenko said in an interview. "Only then, they'll establish the freight price and go from there."

Reuters Tracks Russian Ships Stealing Ukrainian Grain - Late last month, a Russian-flagged cargo ship carrying corn pulled into the Turkish port of Izmir on the Aegean Sea. The SV Nikolay had loaded the grain at Port Kavkaz, in Russia, on June 18, according to documentation provided by an employee of the Russian company that owns the ship.

A Reuters analysis of satellite imagery, ship-tracking data and open-source photos and videos yields a different port of origin for the SV Nikolay. On June 18, Reuters' analysis of a satellite image indicates, the ship was docked at the main grain terminal in Crimea, the Ukrainian peninsula seized by Russia in 2014.

The Reuters reconstruction of the vessel's voyage comes as Kyiv officials allege that Ukrainian grain from territory recently occupied by Russia is being stolen amid the Ukraine-Russia war and then exported via Crimea to places such as Turkey and Syria.

A Ukrainian official said SV Nikolay is among vessels Ukrainian authorities believe are exporting what they describe as “looted” grain. Moscow has denied stealing Ukrainian grain.

An employee of Moscow-based Kama LLC said the company owns the SV Nikolay and denied the vessel carried Ukrainian grain or called at Crimea. Alexander Ryndin, who works in chartering for Kama, showed Reuters during a video call two documents in support of that account that he identified as a bill of lading, or detailed list of a shipment of goods, and a safety and quality certificate. Both documents listed Kavkaz as the port of loading, which is about 220 nautical miles from Sevastopol, across the Kerch Strait from Crimea. The safety and quality certificate also identified the cargo as corn originating from Russia.



Ukrainian grain sits waiting in ports, as shipping companies fear drifting sea mines - Shipping companies are not rushing to export millions of tons of grain trapped in Ukraine, despite a breakthrough deal to provide safe corridors through the Black Sea. That is because explosive mines are drifting in the waters, ship owners are assessing the risks and many still have questions over how the deal will unfold.

The goal over the next four months is to get some 20 million tons of grain out of three Ukrainian sea ports blocked since Russia’s Feb. 24 invasion. That provides time for about four to five large bulk carriers per day to transport grain from the ports to millions of impoverished people worldwide facing hunger.

Sanctions

Kaliningrad-bound trains back on track after sanction update - The first Kaliningrad-bound train from Russia reached the Lithuanian border on Tuesday, 26 July. After a few weeks of uncertainty, this train marks the restoration of rail freight traffic between Russia and its exclave.

Lithuanian Railways confirmed the arrival of the Russian train, carrying otherwise sanctioned goods, to their country with a statement to the Lithuanian BNS news agency. “A five-wagon cement shipment from Russia to Kaliningrad is now being checked at Kena border post. The train is still at the post as the key check procedures are underway,” commented Lina Laurinaityte-Grigiene, spokeswoman for the customs department.

Onion imports from Egypt amounted to 28,800 tons in 2021 - Egypt is the largest supplier of onions in the Russian Federation. The volume of onion imports to Russia from Egypt in 2021, according to AB-Center, amounted to 28.800 tons, which is 61.2% (45.400 tons) less than in 2020. In January-May 2022, the volume of onion imports from Egypt to the Russian Federation was at the level of 35.000 tons. Compared to the same period in 2021, supplies, according to AB-Center, increased in volume by 38.5% (by 9.700 tons).

The main volume of onions from Egypt traditionally enters the Russian market from March to June. This is due to both the increased supply of onions in Egypt and the relatively low supply of onions in Russia during this period.

Russia Cuts Gas Supplies To Europe As Energy War Continues - Russia, as expected, has cut gas flows to Europe, ratcheting up tensions as countries across the continent try to bolster storage supplies before the winter.

Supplies through the Nord Stream 1 terminal -- a major artery for gas supplies to reach the European Union -- which were at about one-fifth capacity, pipeline operators said, as the flow dropped through the day on July 27.

Russian state-controlled energy giant Gazprom had flagged the cut, with the Kremlin saying again on July 27 that it was due to "obstruction" of maintenance work caused by Western sanctions against Moscow for its February 24 invasion of Ukraine.

European Commission's Von Der Leyen Visits Azerbaijan To Seek Deal On Natural Gas - European Commission President Ursula von der Leyen is traveling to Baku on July 18 as Europe seeks to increase natural-gas supplies from Azerbaijan in its efforts to reduce reliance on Russian energy.

"Amid Russia's continued weaponization of its energy supplies, diversification of our energy imports is a priority for the EU," the commission said on Twitter.

"President von der Leyen and [Energy] Commissioner Kadri Simson will be [...] in Azerbaijan to further strengthen the cooperation."

Reuters reported that a draft document by the commission has proposed that EU countries strike a deal with Azerbaijan to increase imports of natural gas and to support the expansion of a pipeline to help facilitate deliveries.

EU governments have already agreed on a gradual oil embargo on Russia and many European nations have expressed fears of shortages of fuel, especially later in the year when colder weather sets in.

Britain sanctions dozens supporting Russia's occupation of Ukraine territory - Britain on Tuesday imposed dozens of sanctions targeting Russian and Syrian officials and actors on accusations they are attempting to legitimize the Kremlin's occupation of Ukrainian territory.

In total, Britain's Foreign Secretary Liz Truss blacklisted 42 people on Tuesday over aiding Putin's five-month war in Ukraine.

Among those hit with sanctions include Vitaly Khotsenko and Vladislav Kuznetsov, the Russian-imposed prime minister and first deputy chairman of Donetsk and Luhansk, regions of eastern Ukraine that have been held by separatists and have been recognized as independent by Putin, who aims to annex them.

Containment

U.S. LNG Exports to Europe On Track to Surpass Biden Pledge - The US is on track to pass Biden's March commitment of an additional 15 billion cubic meters of LNG for Europe this year, according to a Reuters analysis of export data compiled by Refinitiv, and to triple the pledge.

The No. 1 natural gas producer became the top LNG exporter in the world in the first half of 2022, the U.S. Energy Information Administration (EIA) said on Monday.

The surge is good news for a Biden administration that has sought to strengthen energy ties with Europe as a way to combat Russia's influence. But given the globe's voracious demand for natural gas, these European imports come at the expense of poorer nations like Pakistan and India, which could face energy deficits or be driven to new deals with Russia.

Through June of this year, the U.S exported about 57 bcm of gas as LNG with 39 bcm, or 68%, going to Europe, Refinitiv data shows. That is compared with 34 bcm, or 35%, of LNG exports shipped to Europe for all of 2021.

That means the United States has already sent more gas to Europe during the first six months of 2022 than it did in all 12 months of 2021. If exports to Europe continue at the same pace through the second half of 2022, the total increase over 2021 would be around 45 bcm.

Polish tanks now in Ukraine - The Kyiv Independent news service reports that Polish-donated PT-91 Twardy tanks are now in Ukraine. The PT-91 is a modernized version of the T-72 developed domestically in Poland, which is said to have had about 230 of them. How many of those PT-91s are in Ukraine is unknown, but Poland early in the war transferred to Kyiv and is buying U.S.-built M1 Abrams tanks, as well as South Korean models, to backfill the capability gap opened up by that gift.



240 T-72s

Geopolitics

'Annexation': Georgia Balks At Handover Of Abkhazia Land To Russia - The looming transfer of a swathe of Abkhazia coastal land to Moscow is proving deeply controversial amid the backdrop of Russia's invasion of Ukraine.

Georgian President Zurabishvili has condemned moves by leadership of the breakaway region of Abkhazia to transfer ownership of a sprawling coastal property to Russia. The Georgian leader called the step a "a form of annexation" of Georgian land in a tweet on July 26.

The coastal property includes several historic buildings and around 180 hectares of forest on a picturesque stretch of Black Sea coastline. The handover agreement was reportedly signed in Moscow in January but only became publicly known in July when Abkhazia's de facto parliament began discussing it. The deal stipulates that all buildings and structures on the isolated property near Pitsunda be handed to Russia on a 49-year lease.

The handover would be largely symbolic since an earlier agreement made in 1995 gave Russia use of the property indefinitely. But with the backdrop of Russia's violent takeover of parts of Ukraine, news of a handover of Abkhazia land to Moscow landed like a bombshell in the breakaway region. Russian President Vladimir Putin visited the picturesque stretch of coastline where the property is located in August 2017.

Abkhazia was the scene of a bitter 1992-1993 war that ended with its split from Georgia, but international isolation has severely hobbled its development. In August 2008, Russia and Nicaragua formally recognized Abkhazia's independence and in 2009 Russia established a large military base inside the territory.

The de facto president of Abkhazia, Aslan Bzhania, indicated on July 20 that he had little choice in the handover, telling residents of Tkvarcheli on July 20 that "Russia can live without this property, but can we continue to exist without Russia's support? That is the real question." The Abkhazia leader later revealed that Putin "asked me personally to transfer the property to his ownership."

On July 21, a public meeting with Bzhania descended into chaos as locals of the Gulrifshi district of Abkhazia confronted the Abkhazia leader over the apparently imminent handover of the coastal property.

According to Abkhazia's "constitution" land cannot be sold to foreigners, but local experts say the handover would not be considered a sale.

Many Abkhazians see strong links with Moscow as unavoidable. Abkhazia's economy depends overwhelmingly on tourism from Russia, and some locals fear Tbilisi could attempt to retake Abkhazia by force without the presence of Russian soldiers in the territory.

Sergei Shamba, an Abkhazia politician, referenced the war in Ukraine as a reason to support the transfer of land to Russia, saying, "I doubt anyone is crazy enough to fly warplanes into an area when senior Russian officials are resting in the [Pitsunda property]. This would be an act of aggression not only against Abkhazia, but also against Russia."

Escaping a bear hug: Kazakhstan seeks closer ties to US and Europe - Eight years ago, Kazakh shrugged off Putin's remarks suggesting he could pull a Ukraine on Kazakhstan. They did so again in January when Mr. Putin reiterated his denial of Kazakh nation and statehood while Russian troops massed on Ukraine's border. Today, Kazakhs no longer discount Mr. Putin's words.

As a result, the days are likely gone when Kazakhstan would invite Russian troops to squash a popular revolt and rioting fuelled by infighting among the country's elite. But to be fair, Russian troops withdrew within days early this year after helping to restore law and order, despite Mr. Putin's rhetoric.

Russia's invasion of Ukraine on February 24 puts Mr. Putin's assertion that "Kazakhstan is a Russian-speaking country in the full sense of the word" in a different light, even if few, if any, believe that the Russian leader is about to take action.

Nevertheless, today, Kazakhs pay attention to accusations by Russian commentators and officials that Kazakhstan has become an enemy by failing to support Mr. Putin's war in Ukraine.

Kazakh President Tokayev made his opposition to the invasion clear when he attended in June the St. Petersburg Economic Forum. Sitting next to Putin, Tokayev insisted that Kazakhstan did not recognize breakaway Russian-supported "quasi-state formations" such as Ukraine's regions of Donetsk and Luhansk and Georgia's Abkhazia and South Ossetia.

Mr. Tokayev further appeared to confirm Russian assessments of Kazakh hostility when he declared that Kazakhstan hoped to offer an alternative to Western businesses leaving Russia because of US and European sanctions imposed in response to the invasion.

Earlier, Kazakhstan abstained in a UN General Assembly vote that condemned Russia for its invasion of Ukraine.

Since then, Kazakhstan's sovereign wealth fund announced that it would no longer do business in Russian rubles, and also stopped producing Russia's Sputnik V vaccine against Covid-19.

More hard-hitting, Kazakhstan reversed its long-standing monetary policy, allowing the Kazakh tenge to track the ruble. In doing so, it effectively decoupled its currency from its Russian counterpart.

The lessons of the January revolt and the Russian invasion have also prompted Kazakhstan to focus on strengthening its armed forces, building a local defense industry, and reducing its reliance on Russia for arms purchases.

Kazakhstan, the only Central Asian country to border Russia, is vulnerable because its 7,644-kilometre Kazakh-Russian border is the world's longest continuous international frontier and its second-longest by total length, after the Canada–United States border.

In retaliation for Kazakh support of efforts to reduce European Union dependence on Russian energy, Russia this month halted the flow of oil through a pipeline that pumps oil from Kazakhstan's Tengiz oil field to the Russian Black Sea port of Novorossiysk.



Tokayev hopes that the EU will help Kazakhstan develop “alternative transcontinental corridors,” including “an international trans-Caspian traffic route” that would bypass Russia and link it to a pipeline that connects the Azerbaijan capital of Baku to the Turkish Mediterranean port of Ceyhan.

Focused on connectivity, the Kazakh, Azerbaijani, and Turkish ministers of foreign affairs and transport met in late June to discuss the accelerated development of the route or Middle Corridor that would link Europe and China, bypassing Russia.

The EU-Kazakh discussion reflects heightened European interest in Central Asia. In an earlier indication, European Union officials said that the EU would become the top investor in the world's tallest dam in Tajikistan. The move was aimed at helping Central Asia reduce its reliance on Russia and constituted part of the EU's answer to China's Belt and Road Initiative.

It's an approach that is gaining traction in Washington.

Geo-military

US official warns Asian aggressors will face Western might - Any Asian aggressor who violates the sovereignty of other countries in the region risks punitive counter actions, just like what Russia is confronting now for its invasion of Ukraine, the U.S. secretary of the Navy said in a veiled warning to China's increasingly assertive behavior.

Carlos Del Toro told AP in an interview in Manila that the U.S. military focus in the Asia-Pacific region, particularly in the disputed South China Sea, would never slacken and in fact has intensified despite the war in Ukraine.

He did not name China but underscored that Beijing has encroached in sovereign waters of its Asian neighbors and violated international law with impunity.

He renewed assurances by President Joe Biden that the U.S. would honor its obligations under a 1951 Mutual Defense Treaty in case Philippine forces, ships and aircraft come under attack in the disputed South China Sea, where Manila and Beijing have had increasingly tense territorial spats in the last decade.

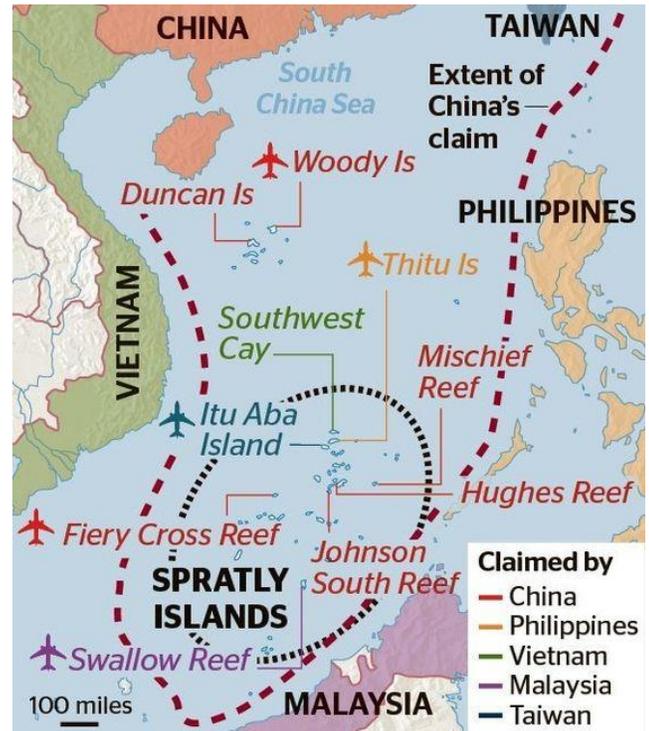
Vietnam, Malaysia, Taiwan and Brunei also lay claim to the strategic waterway, one of the world's busiest, which China claims virtually in its entirety on historical grounds. Beijing rejected a 2016 international arbitration ruling that invalidated its claims and continues to defy the landmark decision.

“As President Biden has said, if one country violates one inch of Filipino sovereignty, whether it be at sea or on shore or an offshore island, we will be there to support the Filipino nation and the Filipino people in every possible way,” Del Toro said.

China’s move to transform seven disputed reefs into missile-protected island bases in the Spratlys, the most hotly contested section of the South China Sea, “is very concerning” and prompted the U.S. and other Western nations to press on with freedom of navigation patrols around the Chinese-claimed territories to underscore “that they are not in the possession of the PRC,” he said, referring to the People’s Republic of China.

Chinese officials were not immediately available for comment on Del Toro’s remarks, but they have repeatedly warned the U.S. to stay away from they say is a purely Asian dispute. Chinese forces have at times responded to U.S. and Australian aerial and sea patrols by firing flares and using jamming equipment to warn them to move away. Some U.S. Navy ships have been chased closely, according to U.S. military officials.

The Chinese actions increase the risk of miscalculations and U.S. forces have been trained “to be very disciplined” and to stick to long-established rules of engagement to avoid confrontations, Del Toro said.



“It’s important to videotape all of these illegal actions that these countries are actually doing so the entire world can see exactly how they are behaving,” he said.

Del Toro said potential Asian aggressors should learn from the current troubles of Russian President Vladimir Putin, who has faced sanctions from Western nations and their allies, which also provide weapons and humanitarian support to Ukrainians.