



Ukraine Essential

Brief Eleven

13 May 2022



Ukraine Essential

Brief Eleven

Recent Key Developments

- ▶ **Battle for Donbas:** The Ukrainian Armed Forces (UAF) have pushed Russian troops out of Kharkiv and reclaimed significant swaths of land northeast of the city. Russia, that said, has made significant gains (Popasna and Bilohorka) of its own and encircled Ukrainian troops around Severodonetsk and Lysychansk. Russia is pursuing a war of attrition through the use of artillery and air power. Ukraine, for its part, is seeking to match Russia through additional troops to slow and tire its offensive.
- ▶ **Occupation of the South:** The Russian war aims have [shifted](#) towards annexing territory – this goal was affirmed during a recent visit of Russian politicians to Kherson.

Key Developments to Watch

- ▶ **War of attrition:** A partial encirclement of UAF troops in Donbas could significantly alter the course of the war. Kyiv, however, is putting up a laudable fight and will continue to tire the Russian offensive. Russia is unlikely to achieve even its new objectives without partial mobilization.
- ▶ **War of resources:** The Russian Armed Forces (RAF) continues targeting railway infrastructure (including electrifying stations) and bridges. This tactic functions to delay transport and further increase costs incurred by Ukraine. Russia's enforcement of river and maritime blockades have effectively stalled 70% of pre-war exports. An ongoing fuel crisis in Ukraine is one repercussion of the blockades – it may indeed take months for Kyiv to entirely resolve the problem.
- ▶ **Western dependence:** Over \$60 billion in military, humanitarian, and financial aid has been pledged to Ukraine. It is unclear if these enormous sums will continue in perpetuity against a backdrop where Western societies are themselves suffering from excessive inflation including exorbitant energy and food prices. Washington, nevertheless, has indicated its continued resolve towards providing whatever it takes to assist Ukraine. The US House, amid rare bipartisan consensus, overwhelmingly approved an additional \$40 billion in aid for Ukraine.

No Victory, Not Much of a Parade

The Victory Parade in Moscow on May 9th was a bittersweet and sobering moment. Azovstal in Mariupol, for one, has continued to keep the RAF occupied. The Donbas front, meanwhile, has quickly become a rather brutal war of attrition. The parade also underscored Russia's equipment losses, with fewer soldiers and tanks [taking part](#) than initially planned.

The UAF, moreover, have managed to push the RAF out of Kharkiv and increasingly closer to the Russian border with each passing day. These advances have thwarted Russian artillery from targeting the city and enabled residents to begin returning home.

Not all is well for Ukraine though. The RAF has refocused its advances to areas south of Izyum and doubled down on another front (Yampil and Popasna). The Russian military has attempted multiple river crossings but met fierce resistance and only minimal success in Bilohorivka. The maneuver could enable the RAF to encircle UAF troops in Severodonetsk and Lysychansk. Popasna's positioning at higher altitudes could also provide the RAF a gateway to Bakhmut, another key UAF stronghold and logistical point.

The RAF has adopted a more cautious approach in recent days. Russia maintains an estimated 90 BTGs now in Ukraine and 20 just outside the country. The Kremlin, consequently, lacks the necessary troop levels to effectively sustain an offensive. The RAF rather has turned to [artillery and air strikes](#) to “soften” UAF defenses. Offensive attacks have been conducted primarily by separatist forces and mercenaries to avoid “official” losses. The RAF has additionally struggled to follow up strategic (in terms of operational) advances with adequate offensive operations. Sooner rather than later Russia will be faced with the choice of either mobilizing additional forces or de-escalating its invasion. Moscow would indeed need to mobilize an additional 200-300,000 troops to reach Dnipro, capture the key cities of Kharkiv, Zaporizhe and Dnipro, defeat the UAF in the East and assume air dominance over most of the country.

The Russian advances, nevertheless, also point to the [growing exhaustion of the defenders](#). Persistent attacks and shelling are leaving a heavy toll and so too are the logistic hurdles created by repeated enemy strikes on warehouses and critical infrastructure. A change in Russia’s tactics has also inflicted greater numbers of casualties on the Ukrainian side than previously was the case. The death toll has especially climbed as Ukraine holds true to its tactic to grind the Russian offensive to a halt no matter the cost. The situation could, however, be reversed as new Western heavy weapon systems and additional mobilization come to bear their effects on the campaign.

A lack of training has been a source of limited consternation among [some Ukrainian troops](#). Ukraine has been compelled to send territorial defense forces from Western Ukraine to the frontlines at this point. While Russia may be waiting for this dissent to swell, Moscow should not get its hopes up. Disgruntlement is rather muted. And the UAF boasts greater troop numbers (230K) following two rounds of mobilization and significant firepower from territorial defense units (+137K). Ukrainian society has proven that it [understands](#) the importance of these sacrifices. The same cannot be said for Russian soldiers though – troop discipline will continue to prove a delicate affair for Moscow.

Protracted War

The US appears emboldened by the underperformance of the Russian military - months ago Washington had feared Kyiv would fall within 72 hours. NATO, however, immediately [provided \\$8 billion](#) in military assistance once the war started (this compares to Ukraine’s pre-war defense budget of [\\$5.9 billion in 2021](#)).

The US has especially shifted its approach in recent weeks towards more active involvement and the provision of offensive military equipment. The latest examples include the use of the WWII era Lend-Lease Act to expedite equipment transfers and an additional \$40 billion in funding currently working its way through Congress. There are, however, some risks to the new US approach. The stepped up measures could potentially bring the country closer to a direct confrontation with Russia.

The political turning point for the West appears to have been the atrocities that occurred in Bucha and other Kyiv suburbs. As Zelensky [put it](#), Bucha made, at least to a limited extent, the “free world experience this war the way Ukraine does”. Although the UAF had forced Moscow to retreat from the Kyiv region, Ukraine was also facing considerable logistical, ammunition and financial problems at the time and lack sufficient material support from partners.

Ukraine’s successes and the continued flow of Western aid have given newfound optimism that [Ukraine can win the war](#) and [restore](#) the country’s pre-war boundaries. Even if Russia succeeds in taking Donbas, the feeling is that [Ukraine cannot and will not give up](#). The same goes for Russia given support from society and the fact that the credibility of Putin is on the line. No wonder the latest [US threat assessment](#) concludes that Putin is preparing for a prolonged conflict in Ukraine to achieve goals beyond Donbas.

Ukraine’s [key to success](#) has been its use of artillery and Russia’s accompanying military incapability of countering Ukrainian artillery and air-defense. NATO has also played an instrumental role in providing intelligence – Ukraine consequently knows where to target their fire. The RAF, meanwhile, has not benefitted to the same extent from intelligence gathering efforts. The sinking of the Russian flagship Moskva (otherwise out of reach of Ukrainian radar) and the [killing of numerous Russian](#) senior officials

are potentially both connected to Western intelligence assistance though Washington insists that this view understates Ukraine's role in these operations and overstates US aid.

If the new weapons do not prove sufficient enough to change the military balance, questions may begin to arise concerning the extent to which [NATO members](#) will be prepared to further commit themselves. The moral outrage on the part of the US electorate, for one, [stops](#) at putting boots on the ground. A protracted conflict could [see](#) Western and Ukrainian unity falter. Poland [proposed a peacekeeping](#) mission in the early phases of the war. Though [Zelensky rejected](#) the idea at the time, it may be revisited if Russia were to improve its success on the battlefield.

Occupation of the South

Meanwhile, the Russian occupation of [southern Ukraine has taken a more systematic direction in recent days](#). The Russian ruble and the Russian school curriculum, for example, have been introduced and Lenin statues are returning to central squares in occupied cities. These measures are intended to signal that the region will revert to its pre-independence period status. Russia further controls both the Dnipro River and maritime shipping routes. The Sea of Azov is de facto under complete Russian control now and Ukraine effectively a landlocked country unable to use its ports.

Food security in larger cities appears to be under control but could pose a major challenge to towns located farther afield from regional centers. Russian forces have also taken to seizing grain production in Kherson and Zaporizhzhia and exporting the harvest to Crimea.

Media outlets in the occupied territories have been seized by Russian forces too. Journalists, for their part, have been forced to publish pro-Kremlin stories or give up their businesses and jobs. An estimated [45%](#) of the local population have fled Kherson according to government officials.

The Kremlin has also sought to bribe locals promising that communal debt payments will be written off and a RUB 10K special pension provided. The Russians [plan](#) to deliver free fuel to farmers, nationalize key enterprises and provide access to the Russian market.

Dislodging Russia from these territories will likely prove an extremely difficult and costly affair even with increased military aid flowing into Ukraine. The RAF now holds the advantage of fortified defences and support from air and ground forces.

Growing Social Hardship

Despair in Ukraine has not let up as RAF continues to target railway infrastructure and bridges (Zatoka in the South and Dnipro in the East) resulting in transport delays and further increased costs. [The destruction](#) of the Kremenchuk oil refinery has spurred logistical issues and state regulations on fuel prices. Ukrainians now face acute fuel shortages.

Before February 2022, Ukraine imported [nearly 70% of its fuel](#) from Belarus and Russia. The EU now stands as the only fuel source for Ukraine but at significantly higher prices than the state cap. The government agreed to raise the price caps following pressure from traders but it will take time to adapt the infrastructure to transport the fuel considering complex logistics and limited transportation options (railways and highways).

The rising price of fuel will exacerbate already steep inflation and detrimentally affect numerous sectors of the economy including agriculture.

Ukraine's Turn to the West

The costs of Russia's invasion are [already enormous](#). The situation has rendered Ukraine increasingly dependent on the West for military, energy and financial assistance. The West, however, has indicated it is willing to take up the challenge.

The G7 previously pledged \$24.4 billion (90% of the funds are based on credit with [1% interest rates for 15 years](#)) and a high level donors conference added another \$6.5 billion pledge. The European Commission (EC) is reportedly also planning to [issue new debt](#) to cover Ukraine's short-term financing needs over the next three months (estimated at €15 billion) using the so-called SURE program that was deployed for the first time during the pandemic. And finally, as Kyiv is set to cover \$7.3 billion in [debt repayments](#) this year alone, the [US House passed](#) a draft bill calling for comprehensive debt relief for Ukraine.

The EC has also put itself to work on a reconstruction plan - a [critical component](#) of the arrangement would involve the West's largest state-sponsored [banks providing "guarantees"](#) to underwrite Ukraine's government bonds. These measures would enable Kyiv to regain access to global lending markets, much as Iraq did after the Second Gulf War, to accelerate reconstruction.

The US use of the Lend Lease Act of 2022 has been celebrated as a historical act though it [adds very little](#) to Biden's already extensive powers to support Ukraine. The [\\$39.8 billion](#) in additional funding, including \$8.5 billion in direct economic aid, is far more consequential. The total US spending on Ukraine will now amount to \$54 billion. This is more than the US committed to stopping [climate change](#) and twice the [maximum amount ever provided](#) in a single year to the Afghan army.

Ukraine's prospective EU membership remains a complicated matter though. Following promises from President [von der Leyen](#) that the Commission would publish its initial opinion in June, French [President Macron](#) cooled any optimism when he commented that it would take several decades for Ukraine to join the EU. Despite the Commission's positive attitude, the uncomfortable truth is that Ukraine is becoming a [divisive issue](#) between the EU's Eastern and Western members.