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INSIGHT | ADVOCACY

Beyond the headlines:

Russia + Ukraine conflict

[// View from London](#) / [Warsaw](#) / [Brussels](#)

Putin is currently throwing everything into the conflict in an attempt to panic Europeans into concessions. The latest gambit appears to be sabotaging the two gas pipelines from Russia to Germany, close to Sweden and Danish waters. If Russia is responsible for these mystery explosions, and it is hard to think who else it could be, we can speculate on the intended messaging: demonstrating that Russian gas might be lost forever and some sort of signal to the Nordic countries to remind them of their vulnerability despite being part of NATO.

The rushed referenda with their unavoidably absurd and near-uniform 98% majority support for joining Russia, also adds to the sense of desperation in the Kremlin. This effort to legitimise conquest is going to get no international endorsement, undermines further the Russian case for holding on to Crimea, and creates additional problems for the Russian narrative as more territory gets liberated by Ukraine.

Additionally, Putin is now resorting to tactics he once considered taboo, including the mobilisation of husbands and fathers of an already demoralised population. The Kremlin's theory of victory is likely that mobilisation will sufficiently prolong the war to enable its unconventional campaign of economic warfare, political destabilisation, escalatory threats, and influence campaigns in Europe and the US to cause Ukraine's allies to force Kyiv to negotiate.

One of the most important aspects of Putin's decree was to extend indefinitely the temporary contracts of those at the front, including many soldiers who had been expecting to leave as their short-term contracts expired. Having already been through a gruelling time, they are now being joined by fearful men, just pressed into service with little to offer and much to lose, being thrown into battle against determined Ukrainian forces. If this continues to go badly it will add to the demoralisation and ill-discipline at the front, leading to desertion, surrender or even mutiny.

The immediate topping-up of units will not produce significant new offensive capabilities. It will, however, likely help to stabilise defensive lines, increasing the level of resources that Kyiv must commit in order to achieve further breakthroughs. Nevertheless, throwing unwilling and under-trained replacements into already-demoralised units, at the onset of winter, seems unlikely to change the direction of fighting on the ground or help Russia cope with adverse short-term military developments. And this is where the ever-lasting debate about the potential use of nuclear weapons regained popularity among intelligence services in the last couple of weeks.

To use them would break a 'taboo' that has developed around nuclear use since the only time they were used in anger in August 1945. It was a taboo that Putin himself acknowledged with President Biden in June 2021, when they reaffirmed the observation affirmed by Presidents Gorbachev and Reagan in 1985: 'nuclear war cannot be won and must never be fought.'

There is no evidence for now that weapons are being moved into position or being prepared for such strikes. US intelligence, which has been extraordinarily precise so far, can be expected to pick up any details (or, at least, the Russians would need to assume that). As we have seen, Russian figures talk garrulously about scenarios for nuclear use against NATO countries but not Ukraine. We can also assume that neither of Putin's recent interlocutors - Xi and Modi - would be enthused. This is a scenario largely generated in the West, trying to anticipate contingencies that have yet to be reached.

We may find it difficult to imagine that Putin can lose, and wonder about how well he can cope with his failed aggression, but it is entirely possible that, at some point, he will run out of options and have to look failure in the eye.

// Diplomacy and defence latest

- Vladimir Putin will hold a **signing ceremony** on Friday (30/09) formally annexing four more areas of Ukraine after self-styled referenda - condemned by Ukraine and the West as a sham. No independent monitoring of the process took place and there were accounts of election officials going from door to door escorted by armed soldiers.
- Results reported on Tuesday by Russian state media allegedly showed over **98% voting in favour** of the measure in the self-proclaimed Donetsk and Luhansk People's Republics; while 93% supposedly voted for it in the Zaporizhzhia region and 87% in the Kherson region.
- The Russian annexation plan gathered pace as leaking gas bubbled up in the Baltic Sea for a third day after **suspected explosions** tore through undersea pipelines built by Russia and its then European partners. The Nord Stream 1 pipeline, once the main route for Russian gas to Germany, was already shut but cannot now be easily reopened.
- NATO and the European Union warned of the need to **protect critical infrastructure** from what they called "sabotage", although officials stopped short of assigning blame. Russia's FSB security service is investigating the damage sustained to the pipelines as "international terrorism", the Interfax news agency cited the general prosecutor's office as saying.
- The **conscription drive appears to be hitting minority groups** and rural areas harder than big cities, fuelling suspicions about its scope. In conjunction, the flow of Russian men fleeing the draft showed no signs of abating. The line at Russia's border with Georgia grew to 2,300 cars over the weekend. An estimated 261,000 men fled Russia between Wednesday and Saturday, according to the independent newspaper *Novaya Gazeta*.
- A conference in Uzbekistan, which Putin hoped would increase international support for this war, was instead most memorable for evidence of **Russia's increasing isolation**, even among countries that might have been expected to be more sympathetic. As there were visible signs of Central Asian states distancing themselves further from Russia, Putin was obliged to acknowledge that both Chinese President Xi Jinping and Indian Prime Minister Narendra Modi had concerns about the war.

- American officials, briefed on highly sensitive intelligence, said that behind the scenes **Putin is taking on an even deeper role in the war**, including telling commanders that strategic decisions in the field are his to make. Although he has accepted some recommendations from military commanders, he has rejected others, such as allowing Russian troops to retreat from the southern city of Kherson. A retreat would hand a second major victory to Ukraine in a month.
- Meanwhile, the US unveiled a **\$1.1 billion weapons package for Ukraine** that includes 18 High Mobility Artillery Rocket System (HIMARS) launchers, accompanying munitions, various types of counter-drone equipment and radar systems. The announcement brings the US security aid to \$16.2 billion.

// Economic impact

- The OECD estimates the war's toll on the global economy to be about \$2.8 trillion for 2023. Although it shied away from forecasting a global recession, the organization **downgraded its outlook** - maintaining its expectation that global economic growth would be a "modest" 3% this year and an even weaker 2.2% next year.
- **Markets around the world tumbled yesterday** and the S&P 500 dropped to its lowest level of 2022 as panic mounted that the global economy was going to take a hit. The decline came after the British pound briefly fell to its weakest level against the US dollar on record, with investors balking at the new British government's tax cutting plans. More generally, the global economy is still fighting to recover from the pandemic and cope with war. A new forecast showed that it was slowing more than expected - prompting one official to say that "the world is paying a very heavy price" for Russia's invasion.
- **The European Union is developing a new package of sanctions** against Russia. It is set to include an oil price cap while, more definitively, companies will be prohibited from transporting or insuring Russian oil, if its price exceeds a certain threshold (i.e. the price at which Russian oil is currently being sold in Asia, about 30% cheaper than current prices in Europe). Cyprus and Greece have been vocal against sanctions of this kind, as companies there have been heavily involved in the transport of Russian oil. As a compromise, the EU will reportedly remove its shipping ban on Russian fertilizers, cement and other products.

- EU Commissioners have also been discussing a **cap on gas imports**. The rationale behind this cap is to ease markets which have seen gas prices skyrocket. This proposed gas cap has received strong support from 15 Member States.
- The European Commission proposed **measures to address the continent's energy emergency**. These measures include a cap on the revenues of companies not using gas to generate electricity; a windfall tax on the profits of EU-based fossil fuel companies; and mandatory electricity demand reduction. These measures have been discussed by Member States which have generally been seeking greater freedom and flexibility. EU energy ministers will debate this set of emergency provisions at an extraordinary summit tomorrow (30 September).
- The Slovak Prime Minister has been raising the alarm on the **impact of the energy crisis on Slovakia's economy**. Unless Bratislava receives financial support from the European Commission, Prime Minister Eduard Heger claims that the energy crisis will 'kill' his country's economy.

// Political Impact

- President of Ukraine, Volodymyr Zelenskyy, was the **first foreign leader to be called by the new UK Prime Minister Liz Truss**, who reiterated the UK's support for Ukraine's freedom and democracy. She is just as supportive on Ukraine as her predecessor, Boris Johnson. Relations between Russia and the UK are unlikely to improve under her premiership and, indeed, will likely sour further following her government's criticism of the sham referenda results in Donetsk & Luhansk as a blatant attack on Ukraine's sovereignty.
- Liz Truss told CNN's Jake Tapper on *State of the Union* that **Putin's military escalation of military conscription was "because he isn't winning"** and "he made a strategic mistake, invading Ukraine". Truss believes that Putin has been outsmarted by the Ukrainians as they continue to push back against Russia's offensive.
- Zelenskyy has kept **reiterating the importance of western financial and military support**, not least in his phone call with Liz Truss.
- Recep Tayyip Erdogan, President of Turkey, has said Russia's "unilateral" referenda held in Russian-occupied territories will **complicate efforts to revive the "diplomatic process"** and that Turkey stands ready to provide every kind of support for the settlement of the war through peaceful negotiations.
- Chancellor of Germany, Olaf Scholz, has told President Zelenskyy that **Germany would never recognise the results of the referenda** in the Russian-occupied regions of Ukraine.
- Giorgia Meloni, the hard-right leader who is poised to become Italy's next Prime Minister, after her party's strong showing in elections last week, has been a **solid supporter of Ukraine**. She has said she would "totally" continue to provide Italian arms to Kyiv. But her coalition partners have long admired Putin and been accused of sounding like his apologists. Overall, the new coalition suggests that Italy has turned away from the European mainstream.

// How you can help

Several organisations are taking concrete actions to support Ukrainians, either by making donations or implementing supportive measures directly connected to their businesses. Please find below a non-exhaustive list of verified charitable organisations that are taking donations to help directly in Ukraine, as well as in neighbouring countries which are accepting Ukrainian refugees.

Ukrainian Red Cross Society	has launched an emergency appeal and is asking for donations so that it can respond to existing and emerging humanitarian needs - providing food, first aid, medicines and shelter.
UNHCR	the UN Refugee Agency is collecting donations that will help them provide relief items and emergency payments for the most vulnerable individuals, including cold weather relief and blankets and emergency accommodation.
Unicef	is working to support 7.5 million Ukrainian children at risk, with donations helping to provide families with access to clean water and nutritious food.
Hope and Aid Direct	is a UK-based humanitarian charity which obtains the aid that is necessary and drives it directly, in convoys of aid trucks, to those who need it most.
SOS Children's Village	are currently running an urgent appeal to provide relocation support and shelter for Ukrainian children and families, as well as their own staff.
The Disasters Emergency Committee (DEC)	brings together 15 leading aid charities to raise funds quickly and efficiently when large-scale disasters hit countries which, for whatever reason, lack the capacity to respond.
Children on the Edge	is helping families arriving into Moldova and Romania. They have facilities near the Ukrainian border in Chişinău, Moldova and in Siret, Romania; providing a safe place to stay and psychosocial support.

ShelterBox	provides life-saving aid for families affected by the crisis in Ukraine, as well as other countries where it operates (such as Syria).
Peace Direct	is an international charity dedicated to supporting local people to stop war and build lasting peace in some of the world's most fragile countries.
Goods for Good (UK)	have set up a humanitarian aid hub on Poland's border with Ukraine and have trucks ready to go - filled with relief aid provided by British businesses and community donations for Ukrainian refugees.

// Further Information

Members of GK's team are happy to elaborate on our assessments and assist clients in navigating the crisis as the situation develops.

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