



# Ukraine Essential

**Brief Seven**

**29 March 2022**



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### Key Past Developments

- ▶ Russian troops appear increasingly [overstretched](#) - Moscow has responded to its own apparent failures by readjusting and managing expectations including significantly [scaling down](#) its [military objectives](#). The Kremlin's supposed ambitions now include the completion of a land bridge from Crimea to Donbas, the enlargement of the separatist republics in Donbas to their administrative borders, and a successful hold on occupied territories in the South. Russia will likely aim to annex occupied territories, with referendums in Luhansk and Donetsk already announced.
- ▶ Russia may hold an [upper hand](#) in any war of attrition. But both sides, in fact, have [sustained](#) high casualties and continue to struggle with replacing manpower and supplies. Ukraine particularly depends on sustained Western military deliveries.
- ▶ The peace talks have reportedly found [agreement on certain technical matters](#). Ukrainian territorial concessions remain firmly off the table. As war fatigue sets in, a frozen conflict may be the most likely scenario that emerges in bringing the initial phase of the war to an end.

### Key Developments to Watch

- ▶ Russia continues to press forward in its attempt to grind a military victory out of Mariupol against strident Ukrainian resistance. The UAF hold on the Eastern Front more generally could be threatened if Russian reorganization brings in additional troops.
- ▶ The fragility of Ukraine's economy remains a major headwind despite the unprecedented unity of society. A total of 53% of residents have experienced job loss [according to polls](#). The UN further estimates that [45% of families](#) worry about access to food. And weapons proliferation has reached an all-time high. Ukraine's GDP is expected to shrink [between 35% and 60%](#) (or [\\$500 billion](#)). Kyiv, however, has already received [\\$4 billion](#) in international aid.

### From Regime Change to War of Attrition

One month following Russia's invasion of Ukraine, it is [evident](#) that the Kremlin set its military objectives [too high and committed too few troops](#) to achieve these goals. The "regime change" scenario ostensibly initially pursued by Moscow would likely have included the partial occupation of Ukraine (perhaps to its tsarist borders) and the installing of a puppet (pro-Russian) government. The strategy, however, met ardent resistance and succeeded in only a few places [such as Kherson](#) (the only large city captured by Russia and one that remains [contested](#) at that).

Moscow, that said, appears to be shifting towards investing an increased concentration of troops in Eastern Ukraine in response to its stalled effort to seize control over the entire Donetsk and Luhansk regions. The rejugling of troops has seen soldiers withdraw and/or not replaced ([following successful Ukrainian counteroffensives](#)) from areas around Kyiv, Mykolaiv, and even Kharkiv and Sumy. Russia, however, has continued to encircle Chernihiv – it is presumably seeking to maintain a grip on the road to Kyiv. The Kremlin has also pursued strikes on Ukrainian supplies across the country.

The mood has also changed within Russia - officials now talk about the “[end of Russia](#)” if the war ends in anything but a victory. These narratives, combined with the promotion of [reports](#) alleging Ukrainian ill-treatment of prisoners of war, are aimed at galvanizing Russian support for a protracted conflict.

Meanwhile, the invasion has united all segments of Ukrainian society including those previously more inclined towards pursuing closer relations with Russia. Moscow, in response, has adopted a belligerent approach in the Ukrainian territories it occupies by, for example, forcibly [abducting](#) activists and [deporting](#) civilians to Russia.

Russian measures in occupied territories have already included the introduction of the Russian ruble, the compulsory registration of companies to the LDNR jurisdiction, the exclusive reliance on goods from Russia, promises to write off debts, the payment of pensions and salaries, and the conferral of Russian passports to local officials. These steps indicate that preparations are likely being made to annex these territories rather than create new quasi entities.

## Resistance and Compromise

The Ukrainian military resistance remains fierce and the [society's spirits](#) high despite significant losses and destruction. Ukrainians express remarkable confidence (93%) in victory and an astonishing 76% believe the situation in the country is heading in the right [direction](#) (the exact same number said that the country was moving in the wrong direction just ahead of the war).

Ukrainian requests for weapon deliveries have become more urgent; the UAF is entirely dependent on Western deliveries when it comes to even basic military supplies. Ukraine, for example, has been unable to produce small arms ammunition [since its sole facility](#) is located in separatist-controlled Donbas.

The UAF Donbas troops are among the best trained and best supplied. The fact that Mariupol remains in Ukrainian hands, despite an assault from nearly 14000 Russian troops, is a testament to their tenacity and skill. The Ukrainian Armed Forces also continues to find success in its use of small-scale ambushes – hit and run type of operations. But the societal response to any potential loss of Mariupol or a collapse on the Eastern Front are areas of uncertainty.

The info-war (Kyiv has emerged the undisputed victor on this front) and Western solidarity and support have further bolstered Ukrainian resistance. Surveys reveal that 74% support the peace talks with Russia though President Zelensky is the only figure who has openly spoken about “compromise” in recognition of the fact that the country may not be able to depend forever on Western partners patiently waiting for the fall of Russia. The NATO Summit resoundingly reiterated commitments to member state defence but saw governments decline to respond to Zelensky's repeated [calls](#) for the organization to clarify its stance regarding Ukraine's prospective membership.

Diplomatic efforts, against this backdrop, have struggled to make a breakthrough. There has been some [reported progress](#) though on a potential deal that would see Ukraine gain a neutral status and remain outside NATO. The floated settlement would enable Ukraine to pursue security guarantees (e.g. from Washington) and EU membership. It further avoids any requirement that Ukraine demilitarize. Ukraine, notably, has [rejected](#) any territorial concessions (a stance emboldened by its recent successful counteroffensive around Kyiv and the south). Russia, for its part, appears to be clinging to the idea that it will get to keep any occupied territory, rendering a deal difficult to reach.

## Scenarios

There are numerous scenarios that could emerge on the ground. One possibility concerns a frozen conflict over a broad expanse of territory encompassing the land bridge from Crimea to Donbas and territory controlled by the separatist republics (potentially extended to their administrative boundaries dependent on Russian advances). Russia also appears to be eyeing key military and industrial assets in Dnipro and Zaporizhzhya but lacks the necessary troop numbers to assault large cities. A frozen conflict would entail a ceasefire (though not a negotiated settlement) that could be ended at any time.

In the absence of a ceasefire, the two sides could conduct a war of attrition until one side drops out (similar to Bosnia in 1996). Ukraine could potentially be disadvantaged in such a scenario if Western [weapons deliveries](#) fail to keep up with Kyiv's actual needs and any surge in Russian reserves. But the Kremlin, on the other hand, could see troop morale continue to wane and public support decline particularly as battle losses mount and economic sanctions take a bite out of the Russian economy.

Russia could also seek to end the war or prevent a conventional war defeat by using tactical nuclear weapons – a decision with grave consequences that would significantly alter the geopolitical climate and raise the stakes globally.

One potential peace settlement between the two sides could see Ukraine preserve its statehood, accept a neutral status, and pursue EU membership (the deal may or may not involve discussions about territorial losses dependent on the trajectory of the war). The West would lift some of the sanctions on Russia under the scenario but it would certainly not be a return to normal either.

A final possible path could involve internal turmoil in Russia – this could occur if the impact of sanctions on Russia lead to civil unrest. Securing safe management of Russia's nuclear arsenal would be essential in this scenario.

## Crippled Country, Muted Europe

Western policymakers must heed the overall state of the Ukrainian economy as the war proceeds. No matter how the war ends, Ukraine will face enormous challenges. The economy could contract up to [35% to 60%](#) this year and absorb up to [\\$500 billion](#) in damage. An international 'Marshall Plan' for Ukraine to rebuild the country after war is already being [floated](#) by Western politicians.

According to UNDP, [9 in 10 Ukrainians 'could face poverty'](#) if the war continues, undoing almost two decades of economic progress. And a total of 53% face unemployment according to a [new poll](#). The WFP estimates that [45% of families](#) are concerned about finding enough to eat. The resignation of Minister of Agrarian Policy and Food Roman Leshchenko for [serious health issues](#) has contributed to rumours about a lack of grain (despite official statements to the contrary).

One third of the country's citizens could fall below the poverty line and another 62% face a ["serious risk"](#) of becoming impoverished. Immediate financial assistance could mitigate the rise in poverty (but at least \$250 million a month would be needed to fund a "temporary basic income").

The return of the US to a leadership role in Europe has reoriented the idea of EU strategic autonomy. It should be noted that [the bulk of the costs](#) of the conflict and the sanctions, however, will be borne by Europeans (only following Ukraine).

The EU membership prospects for Ukraine could be a harbinger for a stable peace settlement that would enable Zelensky to present compromise with Russia as a victory. Any such move would dovetail with shifting public opinion: Europeans are [increasingly](#) open to the eventual membership of Ukraine and back accession more than a proposed energy embargo.

The war in Ukraine is disrupting supply chains and causing the price of fuel, food, and transportation to soar. Western sanctions may not only spark a deep recession in Russia but also [global inflation](#) and stagnation fueled by rising commodity prices (a turn that would further shake the [West's global standing](#)). The emerging Russia-China-Saudi [oil](#) axis, meanwhile, threatens the global position of the dollar.