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# Strategic Digest

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## Ukraine War Update, 1-15 Jul 2023

The war in Ukraine reached a grim milestone of 500 days of active conflict. The Kremlin had hoped for a quick “special military operation” but 16-and-a-half months later, fighting is still raging with no immediate end in sight. The conflict has led to the fastest-growing refugee crisis since World War II, with 6.3 million people forced to flee Ukraine since the invasion on February 24, 2022. An additional six million are internally displaced within Ukraine. As per the latest assessment of the Kyiv School of Economics, The cost of destruction is thought to be more than \$143bn. A year ago, more than 20 percent of Ukraine was understood to be occupied after Russia captured key cities and strategic ports. However, that estimate now stands at less than 20 percent and according to some researchers, could be as low as 17 percent, as Ukraine fights to liberate its lands.

Due to the Ukrainian counter-offensive launched a few weeks back, fighting has intensified at multiple points along the 1,500-kilometer (930-mile) front line. However, the Ukrainian counter-offensive has faced serious challenges. In the first two weeks of the gruelling counteroffensive, as much as 20 percent of the weaponry Ukraine sent to the battlefield was damaged or destroyed. The startling rate of losses dropped to about 10 percent in the ensuing weeks. The losses have also slowed because the counteroffensive itself has slowed — and even halted in places — as Ukrainian soldiers struggle against Russia’s formidable defences. And despite the losses, the Ukrainians have so far taken just five of the 60 miles they hope to cover to reach the sea in the south and split the Russian forces in two.



Russia had many months to prepare for the counteroffensive, and the front is littered with mines, tank traps and dug-in troops supported by Russian reconnaissance with drones and attack helicopters. During the NATO summit last week, Ukraine’s president, Volodymyr Zelensky, acknowledged that there had been a brief pause in operations some weeks ago but blamed it on a lack of equipment and munitions, and called on Western allies to quicken the pace of deliveries.

While entrenched Russian troops on the frontline have held back the Ukrainian counter-offensive, turbulence caused by a failed mutiny by Wagner troops continues to reverberate in Kremlin. Putin initially said he would crush the June 23-24 mutiny, comparing it to the wartime turmoil that ushered in the revolutions of 1917, but hours later a deal was clinched to allow Prigozhin and some of his

fighters to go to Belarus. Prigozhin has not been seen in public since leaving the southern Russian city of Rostov on June 24.

On 14 Jul 2023, The Kremlin said that Putin had held talks with Wagner commanders and Prigozhin at a meeting on June 29, five days after the mutiny. The mercenaries, the Kremlin said, reaffirmed their loyalty to Putin. As per reports, during June 29 meetings suggested several options for them to continue fighting, including that Andrei Troshev, a senior Wagner figure, take over command. Troshev is a highly decorated veteran of Russia's wars.

As per reports, the Russian MoD has begun to remove commanders from some of the Russian military's formations and units. Maj. Gen. Ivan Popov, the commander of the 58th army in the Zaporizhzhia region, which is a focal point in Ukraine's counteroffensive, was dismissed. In an audio statement to his troops released on 12 Jun 2023, Popov said the military leadership was angered by his frank talk about challenges faced by his forces, particularly the shortage of radars tracking enemy artillery, which resulted in massive Russian casualties. Major General Vladimir Seliverstov, a Russian paratrooper commander, was also removed from his post as head of the 106th Guards Airborne Division. As per the Institute for the Study of War (ISW), a Washington DC-based think tank, the alleged removal of frontline commanders "may be a part of an ongoing purge of insubordinate commanders by the Russian military command."

The Black Sea Grain Initiative, an agreement that has helped alleviate a global food crisis amid Russia's invasion, is set to expire on 17 Jul 2023. There was no word from talks in Istanbul, where Turkish and UN officials were trying to persuade Moscow to agree to another extension of the deal. The Russian TASS news agency quoted UN sources as saying they were still hopeful that the agreement would be extended.

## NATO Summit in Vilnius



NATO concluded a key summit with significant expansion of the alliance with one new member, Finland, at the table and two more, Sweden and Ukraine, on the way driven primarily by Russia's invasion of Ukraine. Referring to Russia's concerns about NATO expanding eastward being a *casus belli* of the war, Secretary-General Jens Stoltenberg argued that it was a big strategic failure. In his view, "Putin now is getting the exact opposite of what he wanted when he went to war against Ukraine."

The war was front and centre at the gathering in Vilnius, Lithuania, where leaders from NATO's 31 member countries met on 11-12 July 2023 and discussed support for Ukraine, national defence spending and the makeup of the alliance itself. The Summit was the fourth of its kind since the Russia-Ukraine war, the main focus of this summit was on Sweden's membership, Ukraine's future membership and support, and NATO's Indo-Pacific outreach.

Before the Summit, the most significant talking point was Türkiye's persistent refusal to support Sweden's quest for NATO membership, though Turkey eventually supported Norway's accession to NATO. The conflict between Türkiye and Sweden over its constant criticism of human rights by Ankara's establishment and Sweden's supposed harbouring of what Türkiye considers terror groups. The recent controversy in Sweden on religious texts added to the situation's complexities.

The second focus was Ukraine, the NATO membership. Ukraine has been requesting NATO accession and feels the current geopolitical and geostrategic climate is the perfect reason to join the organisation. In his January address to the Lithuanian Parliament on the Day of Freedom, Ukrainian President Volodymyr Zelensky stressed that the Vilnius summit is essential for Ukraine.

The third focus was to be on the Indo-Pacific powers and NATO. The Indo-Pacific powers, for the first time, attended the Madrid Summit in 2022 and stressed the need for future cooperation with NATO. The newfound focus of NATO and its inclination towards the Indo-Pacific since 2022 shows that it not only focuses on the Russian threat but could focus on China in the future.

In the current climate of constant significant geopolitical, geostrategic, and geoeconomic turbulence, the recent NATO Summit showed the West's strength towards its idea of a liberal democratic rules-based order. The summit began with welcoming Finland as the newest member. There were also discussions on the current conflict plaguing the region of Europe. The Summit also criticised the actions of Russia and its aggression in Ukraine. There were also mentions of Belarus and Iran and their complicity with Russia's actions and to end their involvement in the Russian corner.

Regarding Ukraine, there were discussions on the continued support of the NATO countries towards the Ukrainian cause. They agreed to a substantial package of extended political and practical support, including short-term and long-term military aid.

On the membership front, there were no signs of speeding up the membership to Ukraine. At the summit, they supported the right for Ukraine to have its security arrangements and how it has integrated into the Euro-Atlantic sphere, including politically. NATO would, however, continue to observe and assess the progress of Ukraine, and only then would NATO be in a position to extend an invitation to join. Apart from discussions on membership, there was also the creation of the

NATO-Ukraine Council, with the primary purpose of joint consultations and acting as a crisis consultation mechanism.

The noteworthy success of NATO in this summit was the inclusion of Sweden after Türkiye finally ended its opposition to Stockholm joining the organisation. This was done with certain guarantees for Türkiye from Sweden and the United States of America. Sweden agreed to work more closely with Türkiye on the latter's security concerns, including the Kurdish group PKK. The United States ensured a US- Türkiye Defence Pact and the moving forward of the F-16 fighter jets.

On the Indo-Pacific Front, gathering Indo-Pacific countries like Australia, Japan, South Korea, and New Zealand is related to a long-term strategy. NATO, even though a regional alliances framework, has begun to consider strategic challenges beyond the European theatre. Echoing the views expressed in the recently released NATO's Strategic Concept, the Summit communique called the Indo-Pacific "important for NATO, given that developments in that region can directly affect Euro-Atlantic security" and emphasised the need to have closer cooperation with the Indo-Pacific partners.

The Summit has drawn a reaction from Russia, with Russia warning of a response. Russia feels that the West has returned to what it calls "Cold War Schemes." The Russians warned that more security guarantees to Ukraine infringed on Russian security. The Russians also stressed that NATO was already at war since it supported Ukraine militarily.

### Treasury Secretary Janet L. Yellen Goes to Beijing

In recent days and weeks, some attempts have been observed to stabilise the strategic situation and manage tensions between the US and China. Secretary of State Antony Blinken travelled to Beijing from June 18–19. Soon Treasury Secretary Janet L. Yellen followed him and paid a visit to Beijing from July 6–9. Yellen, at a press conference in Beijing on July 8, stated that her visit to China and the discussions that took place there were "part of a broader concerted effort to stabilize the relationship, reduce the risk of misunderstanding, and discuss areas of cooperation."

The objective of Ms Yellen's visit was "to establish and deepen relationships with [China's] new economic leadership team." She met with Premier Li, Vice Premier He, Finance Minister Liu, People's Bank of China Head Pan, and several senior



officials responsible for the Sino-US economic relationship. The main focus of her conversations with her Chinese interlocutors was economic relations.

One of Ms Yellen's top goals was to meet China's new team. She also wanted to understand what is happening in the Chinese economy, which has rebounded more slowly than expected this year after China lifted nearly three years of stringent pandemic measures.

Ms Yellen used softer language for America's economic strategy toward China, disavowing the term- decoupling- that had caught on in Washington but offended Beijing. At the same time, she also raised issues such as "China's unfair economic practices," its non-market policies, barriers in China "to market access for foreign firms," and concerns about Chinese practices impacting intellectual property. She raised the issue of coercive actions against American companies with her interlocutors. It should be noted that China has recently implemented various tough measures against Micron, Deloitte, and consulting firms Bain & Company, Capvision, and Mintz Group—all American companies. These actions have been seen as China's tit-for-tat actions against the US restrictions on tech companies.

The discussions and conversations covered larger issues such as the climate crisis and sovereign debt sustainability, whose responsible handling is not merely an issue in Sino-US relations but pertains to "responsible global leadership", per Yellen. She sought to convince her counterparts that China's "shift toward a more market-oriented system would not only be in the interests of the U.S. and other countries" but also for China. She also sought to reassure the Chinese leadership that what the U.S. is pursuing is diversification of critical supply chains and "targeted national security actions," not decoupling from China. The premise of her interactions with the Chinese was that "there is a wide swath of economic interactions [in China-US relations] that are uncontroversial to both sides." Nevertheless, she conceded that "no one visit will solve our challenges overnight" and showed optimism that her visit "will help build a resilient and productive channel of communication with China's new economic team."

The reception of Yellen's China outreach has been cautiously positive and welcoming in the two countries. In the US, it has been viewed as an exercise in forging ties with China's economic leaders, offering a new 'D' word—diversification—leaving decoupling and de-risking behind, thus assuaging Chinese concerns to some extent. However, she stopped short of offering new policies for economic and commercial engagement.

The Chinese media has also been welcoming of the visit. However, it argued that the US's actions should match its words. Further, it has been remarked that the main problem in relations is America's domestic political climate, which has turned anti-China. Besides, they made the point that while Yellen has sought to repair China-US economic relations, the US is working on new investment restrictions on China.