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RUSSIA AFTER TWO YEARS OF FULL-SCALE WAR

FRAGILE STABILITY
AND GROWING AGGRESSIVENESS

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**RUSSIA AFTER TWO YEARS
OF FULL-SCALE WAR**
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AND GROWING AGGRESSIVENESS

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MAIN POINTS

- Despite the country's mounting economic problems, the Putin regime remains stable, and will probably manage to prevent any eruption of discontent within the ruling elite (*nomenklatura*) and society in the coming years – unless the external situation deteriorates severely, or in particular, its military suffers serious defeats. However, this internal stability remains fragile. Putin, who will begin his fifth presidential term in March, has positioned himself as the indispensable leader who is defending Russian statehood in an existential struggle against a hostile West. Continuing the war has become a political necessity for the Kremlin; ending it would draw public attention to domestic problems, which could undermine the regime's legitimacy.
- Anti-Western sentiment and a belief in Russian victory have been growing within the ruling elite. Its members see the president as the only guarantor of their status and interests. The role of the repressive apparatus and secret services in the system has been increasing. The Kremlin has toughened its neo-totalitarian course in domestic policy, based on unprecedented control over people and interference in their private lives. War is presented as the natural condition of both society and the state; aggressive militarism forms the basis of mass indoctrination. The Kremlin has stifled the mood of protest by stepping up repression and creating groups of individuals who have derived particular benefit from the war. The population remains apathetic and is focused on refining its survival strategies, while expressions of discontent are rare and scattered, despite the growing war-weariness. Meanwhile, propaganda continues to fuel hopes of victory. Support for the government and its policies as declared in opinion polls remains high at this point.
- The relatively good economic indicators conceal the Russian economy's deepening weakness. Last year's GDP growth, which was driven by war-related spending, only allowed it to recover from the decline it recorded in 2022. However, the growth factors have been gradually diminishing. As a result, economic growth is forecast to slow down to around 1% of GDP per year over the next few years even as military spending is set to remain high, which will mean economic stagnation in Russia. At the same time, the war and the resulting Western sanctions have exacerbated the problems that the Russian Federation was already facing before: labour shortages caused by negative demographic trends, technological backwardness and the budget's dependence on the exports of hydrocarbons.

- The government has largely ignored these difficulties as it continues to prioritise its war effort. War-related expenditure effectively accounts for around 40% of the state budget. This demonstrates the economy's subordination to the regime's war objectives. If this course is continued, it will affect the economic outlook increasingly negatively by draining business resources and making it more likely that the public will be severely affected by the war-related costs. The growing fiscal burden, coupled with the potential intensification of adverse external factors (including the pressure of sanctions and low hydrocarbon prices), could seriously disrupt the economy and exacerbate the tensions between the Kremlin and Russian business, a state of affairs which would also have political implications.
- When Russia attacked Ukraine in February 2022, it deployed smaller forces than those fielded by Ukraine as it underestimated both its adversary and the West, which had been giving Ukraine military support. Following the setbacks during the first year of the war, however, Russia learned its lessons and ramped up its involvement while also altering its strategy. Nevertheless, it is still trying to defeat its adversary without establishing numerical superiority. The losses it has sustained during the two years of fighting, while significant, have not been a major problem for the Russian military. It still has a significant mobilisation capacity and a wide range of options for finding recruits to serve in Ukraine. The Armed Forces of the Russian Federation have largely overcome the manning difficulties that beset them in 2022; they have managed to replenish their fighting units fairly efficiently, and have increased their overall strength by at least 300,000 troops.
- The Russian Armed Forces are in a state of permanent expansion: they have been forming new operational & tactical formations and producing increasing amounts of weapons, military equipment and ammunition. Despite this, the current levels of Russian production are insufficient to both cover the losses and equip the newly-formed units at the same time. Their inventory is currently coming from the stocks of weapons and military equipment inherited from the Soviet armed forces. In addition, Russia remains dependent on Western-made electronics, although it has developed mechanisms to circumvent the sanctions on these products, and at present its military-related imports are marginally lower than before the war.
- The Russian Armed Forces have prioritised the western strategic direction for their expansion: they have been reconstituting two districts, Moscow and Leningrad, to replace the Western Military District. These will both

also act as operational-strategic commands for the Central European and Northern European strategic directions respectively. The planned saturation of these two districts with new units (by 2026, if successful) will at least double the Russian Armed Forces' pre-war strike capability on NATO's eastern flank.

- Russia can still afford to spend on its armed forces, and there are no signs of it losing its ability to finance its military sector, at least for the next several months. One example of this is the fact that it has continued its expansion of the Russian Navy, which has no link to the needs of the war in Ukraine. The Russian Armed Forces entered 2024 holding the initiative on the battlefield, strengthening its capabilities steadily and exploiting the adversary's growing weaknesses. Russia does not perceive its current main enemy as Ukraine's military, but rather the Western countries which have been supporting Ukraine with their resources, and who are determined to maintain its military capabilities at a level that will enable it to repel the invading forces.
- If the West shows its weakness in any way, either by seeking to freeze the conflict in Ukraine or ceasing to support it militarily, Russia will not wait for its military build-up to be completed, but will rather try to press on in order to create an additional, direct military threat to the countries on NATO's north-eastern flank. The Kremlin's temptation to exploit the West's perceived weakness will be stronger than its awareness of the disparity in capabilities between the two sides.
- Following the invasion of Ukraine, Russia's foreign policy has been subordinated to the overarching objective of transforming that country into a truncated entity with limited sovereignty, which would be politically dependent on Russia and susceptible to its influence. This marks a shift towards an outright attempt to destroy the post-Cold War order in Europe and represents a watershed in the Kremlin's relations with the West. The combination of rivalry and cooperation with the latter has been replaced by a frontal attack with the use of 'hybrid warfare'.
- At the same time, Russia has stepped up its efforts to secure maximum support from those countries which are in conflict with the West, and to ensure that states in the Global South maintain their neutrality, including their refusal to join the Western sanctions programme. This has led to closer relations with China, Iran and North Korea. China has become an absolutely

indispensable partner for Russia, but its growing economic advantage does not mean that the existing balance between China and Russia in the political sphere has been upset. The Kremlin's policy towards the Global South is based on an appeal to anti-Western resentments and anti-colonial slogans; Russia has positioned itself as the vanguard of a new international order that will put an end to alleged Western domination. Meanwhile, Russia's policy towards the so-called post-Soviet states has prioritised strengthening economic ties to counter the sanctions and minimising Western influence, even at the expense of accepting a condominium formula with other non-Western powers such as China, Turkey and Iran.

- The outcome of the war in Ukraine, which may be decided over the next year or so, will be crucial for the situation in Russia and the policies it chooses to pursue. Should the West sharply curtail its support for Ukraine and refrain from stepping up pressure on Russia, the frontline could collapse and Russia could achieve its goal of effectively limiting the Ukrainian state's sovereignty. This would strengthen and consolidate the Putin regime and make Russia a direct military threat to the countries on NATO's north-eastern flank over the next few years; at the same time, Russia would support China's challenge to the US-led Western community. By contrast, mobilising Western support for Ukraine and stepping up pressure on Russia would, at the very least, stabilise the battlefield and leave Russia to face mounting economic problems and internal political tensions resulting from a protracted, costly conflict in the coming years (although this would not necessarily translate into the collapse of the Putin regime). Moreover, its ability to influence international processes would be diminished.

INTRODUCTION

24 February 2024 marked the second anniversary of Russia's launch of its full-scale invasion of Ukraine. This development, which marked a radical escalation of Russia's conflict with the West, was an important turning point, and not only in Russian foreign policy. In domestic policy, social life and the economy, Russia also moved onto a war footing.

Key decisions have been subordinated to the pursuit of the aggressive war against Ukraine – and *de facto* against the West as well. The state has acquired neo-totalitarian features, and the regime has become hostage to the ongoing military conflict. The presidential pseudo-election on 15–17 March was part of the efforts to legitimise it. Following his inauguration in May, Vladimir Putin will formally begin his fifth six-year term, which is intended to disguise the essentially dictatorial and indefinite nature of his rule.

It is legitimate to ask about the war's most important consequences for Russia's domestic and foreign policy and the short-term outlook. After all, predicting developments in the longer term is fraught with too much uncertainty due to the dynamic nature of the situation and the multitude of factors that affect it. This text attempts to summarise the most important current trends in Russia that will have a bearing on its immediate future.

The text is divided into conventional sections. The political and social situation in Russia is discussed alongside an analysis of the developments in its economy and armed forces. Russia's foreign policy is also given individual consideration. The ending contains conclusions on the consequences which the phenomena and processes presented will have for the external environment, especially Western countries.

I. DOMESTIC POLICY: THE CULT OF WAR AND THE STRATEGY OF SURVIVAL

1. The main trends

A new social contract?

After two years of full-scale war, the Putin regime appears stable, although Yevgeny Prigozhin's mutiny in June 2023 revealed that the Kremlin's seemingly complete control over the internal situation could at any time prove to be illusory. Under a personalist dictatorship, the Russian system has a low capacity to respond flexibly to political challenges without clear directives from the government. So far, the Kremlin has been successful in silencing anti-regime sentiments and protests by stepping up repression. It has also bought the population's loyalty by providing high social transfers to selected groups and distributing privileges. In this way, **the regime has been intentionally moulding an electorate which is interested in continuing the war.**

Firstly, this includes the class who have benefited from the creeping nationalisation of the economy and the seizure of assets from Russian private business and foreign companies which have been pulling out of Russia.¹ These people have also profited from public procurement, mostly war-related. The new owners, aware that their ownership rights could easily be challenged in the future, will likely remain loyal to the Kremlin to protect their newly acquired assets and status. Secondly, there are the participants in the war and their family members, who often come from the poverty-stricken provinces and have now embarked on an unprecedented path of social and financial advancement. Thirdly, there are employees of the administration, law enforcement agencies and strategic sectors, such as the state-run media and the defence industry, whose salaries have soared as a result of the war. The Russian state's ability to further compensate businesses for their losses and to maintain the level of social transfers while ramping up its war-related spending will largely depend on how airtight the Western sanctions regime becomes, and how quickly the West's economic ties with Russia are curtailed. The cooperation of third countries in implementing the sanctions will be another important factor.

¹ For more detail see I. Wiśniewska, 'The silence of the lambs'. Russian big business in wartime', OSW Commentary, no. 503, 28 March 2023, osw.waw.pl.

A humble nomenklatura

There are no signs of a split within the ruling elite, despite the widespread discontent in these circles over the ongoing war and Russia's confrontation with the West. This frustration has not resulted in any attempts to oppose the Kremlin; instead, it has led to a rise in anti-Western sentiment. This is partly related to the lack of established procedures on how to secure exemptions from the Western sanctions, for example in return for significant aid to Ukraine and public distancing from the Putin regime. The high-level *nomenklatura* probably does not see any alternative to Putin, and believes that any rebellion would be too risky and unprofitable. Indeed, their loyalty allows them to profit from corruption and war, while those who are disloyal face severe repression and may even lose their lives, as happened to Prigozhin.

In addition, the elite increasingly believes that Russia will ultimately defeat Ukraine and overcome the effects of the Western sanctions. There is also a growing conviction that time is working in Russia's favour, a vision of the war which the propaganda apparatus has been pushing. This sentiment has been fuelled by the failure of the Ukrainian counter-offensive, the growing disputes in the West around continuing support for Ukraine, and the already existing possibilities of circumventing the trade restrictions. All this means that the political establishment continues to see Putin as the only guarantor of maintaining a satisfactory *status quo*, limiting their property losses, and even ensuring that they can continue to reap profits thanks to the lucrative state contracts for military supplies.

The continued rise of the siloviki

The full-scale aggression against Ukraine **has further cemented the role of the Russian secret services in the state system.** They guarantee the integrity of the current political regime, and ensure its growing control over society. The security sector (the Foreign Intelligence Service, SVR; the Federal Security Service, FSB; the Federal Protection Service, FSO; the National Guard, NG; and the military intelligence) has supported the Kremlin's aggressive policy. The Security Council coordinates the activities of the individual agencies.

Since February 2022, the security bloc has undergone accelerated mobilisation and shifted into war mode. The war has altered the priorities that the centre of political power had set. Currently, the most important of these is to press

on with the efforts to destabilise Ukraine's internal situation and weaken the coalition of countries that have been supporting it.

Exercising control over the occupied territories in southern and eastern Ukraine is a new sphere of the security sector's activity. The FSB, the Ministry of Internal Affairs and the National Guard have all been involved in the policy of Russifying the local population (including by forcibly handing out Russian passports), repressing those who express resentment against the occupying forces, and carrying out deportations of the Ukrainian population deep into Russia.

Since the start of the full-scale invasion, the Russian secret services (primarily the FSB) have revealed their weakness and incompetence on two occasions. First of all, they misjudged the fighting capabilities of Ukraine's armed forces and its population's will to resist. The years-long, costly effort to build a pro-Russian support base in Ukraine ended in failure when the Security Service of Ukraine crippled its activity after the invasion had begun. The Russian security sector now faces a new challenge: to prevent Ukrainian sabotage operations deep inside Russian territory, where it has failed to counter them effectively. The FSB's next failure was Prigozhin's mutiny in June 2023,² during which the FSB's military counterintelligence incomprehensibly failed to take any steps to prevent the Wagner units from marching towards Moscow.

However, the FSB's failures have not led to any significant personnel changes, presumably out of fear of sparking a crisis that could destabilise it. This has allowed its director to remain within the narrow circle of power, while the FSB continues to enjoy a high degree of operational autonomy. Meanwhile, the National Guard's commander Viktor Zolotov has skilfully used Prigozhin's mutiny to strengthen his own position. He has convinced Putin that his formation is the only force capable of defending Moscow in a crisis. As a result, the National Guard has been given the opportunity to form units equipped with heavy military equipment, including tanks and artillery.

The dissolution of the Wagner Group, as well as repeated attacks by Ukrainian sabotage groups in the frontline zone, have led to a policy designed to involve as many people as possible in ensuring state security. These statutory changes have given the FSB and the Ministry of Internal Affairs the right to supervise special armed formations which the provincial governors are supposed to organise. Military intelligence, the FSB and the National Guard have received

² See *The calm after the storm. Russia following Prigozhin's mutiny*, OSW, Warsaw 2023, osw.waw.pl.

the green light to create mercenary ‘volunteer’ formations to perform special tasks in the frontline zone and the occupied territories.

Neo-totalitarianism

After two years of war, **a neo-totalitarian regime has entrenched itself in Russia**, relying on unprecedented interference in people’s private lives and repression. It has been seeking total control over society with the use of **mass censorship, indoctrination, tools of digital surveillance and incentives** to report on the citizens. Along with repression, these methods are designed to intimidate and eradicate any independent activity or expressions of dissent. When Russia launched the full-scale invasion, it ramped up its efforts to **militarise the education of children and young people** from the earliest stages. It aims at shaping young generations in the spirit of the glorification of war, the cult of death on the battlefield, as well as hatred of Ukraine and the West. This is also designed to instil the ideas of absolute obedience to and sacrifice for the government.

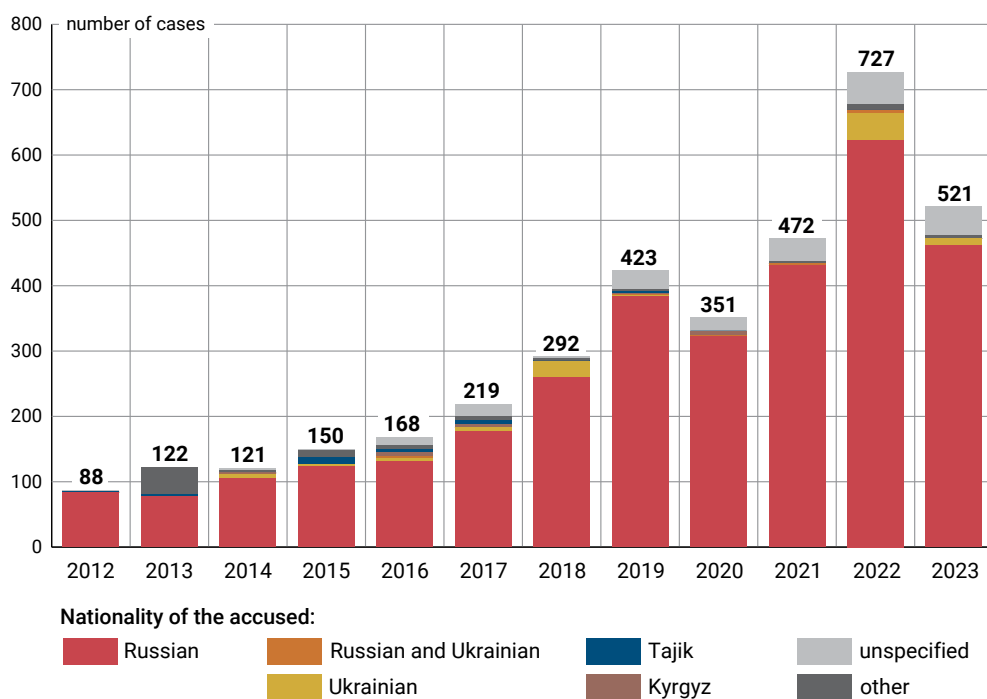
The regime has ruthlessly repressed its political opponents. Alexei Navalny, the most recognisable and popular opposition leader, died in mid-February 2024 after three years in prison. The politician, whom Putin considered a personal enemy, was tortured in a penal colony and kept in isolation from the outside world. The government took these steps deliberately in full knowledge that the opposition leader could die. Other opponents of the regime are also serving sentences under harsh conditions; these include the well-known activist Vladimir Kara-Murza, who was sentenced to 25 years’ imprisonment for ‘treason’ against the state. In 2023 the number of criminal cases for this offence (which carries a life sentence) skyrocketed: a total of 63 such cases were opened in that year, compared to 22 in 2022. Independent lawyers have also faced continued intimidation: for example, several lawyers who represented Navalny have been arrested. The aim of those in power is to completely isolate the opponents of the regime from society, including by effectively denying them the right to defence.

Also noteworthy is the persecution of LGBT+ communities on a hitherto scale unseen, in the name of ‘traditional values’ and the fight against Western moral decay and ‘Satanism’, as government officials have put it. In 2023, the legal status of transgender people was outlawed: the state banned gender transitions and stopped retroactively recognising existing transitions, which has led to the annulment of marriages contracted by such people. In November, the Supreme Court banned the so-called international LGBT movement as extremist.

The suppression of civil society

As a result, **any significant public political and civic activity has been taking place abroad**. The Russia-oriented activity of political émigrés has mainly boiled down to countering war propaganda and making efforts to influence the attitudes of selected social groups (opponents of the regime, opponents of the war, groups that have borne the greatest financial costs of the invasion), to support the repressed, to document the persecution, to offer assistance in smuggling out those at risk of repression, and to strive to continue apolitical, grassroots civic projects. At the same time, however, state-approved social activity that is consistent with the regime's ideology has been developing in Russia. This includes various initiatives aimed at assisting those who are fighting on the battlefield and veterans, the promotion of militaristic attitudes by artists, and the pursuit of 'internal enemies'.

Chart 1. Politically-motivated criminal proceedings in Russia in 2012–2023



Source: ОВД-Инфо, ovd.info.

Decelerated centralisation

In regional policy, **the Kremlin currently lacks sufficient resources to carry out true super-centralisation**, that is, the radical tightening of

control at regional and local levels as a culmination of the processes initiated in the years leading up to the invasion. It also wants to avoid stoking conflicts and tensions at lower levels of government. Instead, **the federal centre has been gradually strengthening its control over the regions, step by step.**³ The government in Moscow has been exploiting the changes that took place in the years immediately preceding the invasion of Ukraine, when regional and local authorities were definitively integrated into the hierarchical vertical strictly subordinated to the Kremlin.

While remnants of political pluralism exist at the local level, the government in Moscow has been actively striving to erase it. To this end, it has moved to gradually abolish direct elections to executive bodies, primarily mayors of the administrative centres in the regions and other large cities; also, in November 2023 it launched a 'school of mayors', similar to its 'school of governors', a personnel programme coordinated by the presidential administration which is designed to unify regional cadres.

The war has not affected the financial autonomy of the regions and the local level, which remains limited. However, it has imposed new burdens on federal entities, including those related to the reconstruction of the Ukrainian territories that Russia has annexed illegally. At the same time, in the face of the economic difficulties resulting from the invasion – and contrary to the logic of centralisation – the government in Moscow has been somewhat forced to selectively increase the financial autonomy of these lower levels. For example, it has plans to develop a mechanism designed to improve the fiscal autonomy of local governments.

The illegal presidency

The system faced a wartime test with the presidential pseudo-election (15–17 March), in which Putin ran illegally for the first time in his political career: the 2020 constitutional reform that allows him to serve another two six-year terms was enacted in violation of the constitution then in force.⁴ The bureaucracy was focused on preparing the election, and the Kremlin's planning horizon probably does not extend beyond 2024. The vote was aimed at demonstrating that public support for Putin has increased compared to 2018.

³ M. Bartosiewicz, 'A tactical pause. The Kremlin's regional policy in the shadow of the war', *OSW Commentary*, no. 543, 6 October 2023, osw.waw.pl.

⁴ For more detail see M. Domańska, "Everlasting Putin" and the reform of the Russian Constitution', *OSW Commentary*, no. 322, 13 March 2020, osw.waw.pl.

According to some unofficial reports, the plan was for him to receive more than 80% of the vote, up from 77.5% in the previous election, with a turnout of at least 70%. In over a third of the country's regions a completely opaque online voting system was put in place, making it even easier to rig the election results. Although the regime saw this election as a potentially risky moment for the system's stability, there are no grounds to anticipate any significant problems for the government in the wake of this process.

Putin the indispensable

Putin's legitimacy in the eyes of the public is primarily being built up by projecting an image of him as the saviour of the nation as he leads an existential, 'defensive' war against the West, where the survival of the Russian state and identity is at stake. Since the Prigozhin mutiny, Putin has also positioned himself as a 'good tsar' who is eager to get in touch with the electorate. This is intended to improve his tarnished image after his obsessive social isolation during the COVID-19 pandemic. So far, these efforts are having a positive effect: according to a November 2023 poll by the independent Levada Center, 78% of Russians would like to see Putin remain as president even after 2024; in 2022, this percentage ranged between 68 and 72%. Two-thirds of the population also believed that the election would be fair; this figure is higher as well. Although sociological surveys are not an entirely reliable source of information under conditions of war and dictatorship, they still reveal some trends in public sentiment.

The triumphalism of propaganda

After a temporary 'de-harmonisation' of the message due to Prigozhin's mutiny in June 2023, Russian propaganda has consolidated its narrative, arguing optimistically that victory in the war is both imminent and inevitable, while Ukrainian troops falter and the West scales back its aid to Ukraine. However, it has kept silent on the enormous social and economic costs of waging this war. The regime's narrative has been aided by the failure of the Ukrainian counter-offensive in the second half of 2023 and the shift of the war-weary global public's attention to the Middle East conflict, which Russian propaganda has been using to hammer the West and tout the Kremlin's allegedly constructive, and even messianic, role on the international stage. On the one hand, this narrative is targeting the domestic audience, where, among other aims, it was intended to consolidate public sentiment ahead of the presidential elections; on the other, it is a tool for exerting psychological

influence on the West. It is aimed at convincing the Western elites and societies that Ukraine is bound to lose, so there is no point in prolonging the war; instead, peace talks should be opened on Russia's terms.

War fatigue and faith in victory

Two important trends can be discerned in public sentiment: firstly, a growing war fatigue, and secondly, the expectation of an imminent victory on Russian terms. Sociological surveys have registered an increase in the Russian people's acceptance for entering into peace talks. According to polls by the Russian Field and the Levada Center conducted in late 2023, 48% and 57% of respondents respectively support peace negotiations, while 39% and 36% are in favour of continuing the fight. At the same time, an overwhelming majority is opposed to surrendering the occupied territories to Ukraine or withdrawing Russian troops from the positions they currently occupy. This sentiment is primarily driven by the belief that Russia is winning the war, and that Ukraine has to seek a peace agreement, which will be concluded on Russia's terms. The state-run media's triumphalist narrative has helped to shape such thinking.

Militarism

Russian society has accepted the invasion of Ukraine, and effectively adapted to the deteriorating socio-economic situation in the country. Declared support for the government and its actions remains high: approval of Putin, which is measured regularly in polls, did not fall below 80% throughout 2023, while more than 70% of respondents supported the Russian military's involvement in Ukraine (according to figures from the Levada Center). The majority of the population remains passive and atomised; they are not prepared to stand up for their rights, even when they are flagrantly violated. Similarly, the fact that the costs of the invasion have been passed on to the people, as reflected in reduced overall social spending (war-related expenditure is increasing while the cost of living continues to rise), has so far failed to translate into any noticeable increase in public discontent. Support for the war in Ukraine stems mainly from the propaganda-imposed conviction that Russia is fighting an existential defensive war into which it has been dragged by the West. This portrayal of the conflict as an 'eternal' clash of civilisations relieves the Kremlin of the need to outline its ultimate goals to the public. At the same time, the propaganda depicts war as the natural condition of both Russian society and the Russian state.

The normalisation of war and violence

Discontent in society has nevertheless been growing slowly and in a dispersed manner. Expressions of this in recent months have included public speeches by soldiers' wives and mothers calling for improved conditions of service and rotation at the battlefield, as well as regional civic campaigns over issues such as shortages of hot water and heating, or the poor state of the health service. Importantly, such protests have not been targeted at the government or the war, but are merely designed to attract the Kremlin's attention in an effort to solve the problem. As long as such developments remain rare and scattered, those in power can deal with them effectively without incurring any significant damage to their public images. Fearing a rise in discontent in the run-up to the presidential 'elections', the government preventively refrained from taking any decisions that could have provoked a negative public reaction. In particular, it has chosen (as of the time of writing) not to launch another wave of mobilisation. However, it has been carrying out continuous, low-intensity conscription, especially in the remoter regions and provinces. The prospect of high salaries and compensation for injury or death during military service (which are many times higher than average Russian incomes) provides strong motivation to join the battlefield. Fearing discontent among those mobilised, the government has begun to pay these benefits with meticulous care, in contrast to the practice during the first months of the war.

One visible consequence of the Russian people's mass participation in the armed operations is **the normalisation of violence and an increase in crime.** Russian NGOs, especially those that deal with domestic violence, have been sounding the alarm about this. Meanwhile, the Prosecutor General's Office stopped publishing crime statistics in 2022, deeming the information to be too sensitive. According to data from the interior ministry, in 2023 the number of serious and extremely serious crimes in Russia rose to 589,000, the highest such figure since 2011.

Salaries and social benefits for Russian soldiers fighting in Ukraine



- one-off payment**
c. 200,000 roubles (c. \$2100) + regional allowance for signing a contract
- salary** (depending on specialisation, rank and length of service)
from c. 200,000 roubles + regional allowance
average national salary: c. 73,000 roubles
average salary in Ingushetia (the poorest region): 35,000 roubles
- allowances** for each day of participation in an active offensive and for each kilometre of assault **several thousand roubles each**
- bonus** for capturing or destroying the enemy's military equipment
from 50,000 to several hundred thousand roubles
- social benefits:**
 - free travel on public transport,
 - free treatment, rehabilitation and medicines,
 - preferential access to higher education for the soldier and their children,
 - veteran status,
 - free holidays for children,
 - numerous credit preferences, etc.
- compensation** for wounds suffered **maximum 3,000,000 roubles at one time** + regional allowance and **disability pension**
- compensation** in the event of death **7,500,000 roubles** from insurance + **5,000,000 roubles** (established by the President in 2022) + regional allowance

Source: compiled by K. Chawryło based on materials published in the Russian media.

The demographic crisis

The war has reinforced the unfavourable demographic trends in Russia which had already been apparent before the invasion. According to estimates by Rosstat, the Russian Federation's population has been steadily falling by hundreds of thousands of people per year since 2018. Russia is facing a natural population loss which the influx of migrants cannot offset. The pandemic-scarred year of 2021 was particularly difficult as it claimed more than one million lives. The country's population has primarily been falling as a result of the demographic decline and war-related factors, notably the high human casualties in terms of dead and wounded (the precise figures for which the government has not disclosed), the deteriorating quality and accessibility of the health services, and young people postponing decisions to have children in the face of an uncertain international situation. These negative demographic processes have also been compounded by the large-scale emigration that has accompanied the war, which particularly concerns the young (estimates of those who have left the country range from several hundred thousand to one million). According to data from October 2023, Russia's population (including the occupied territories of Ukraine) stood at 146.3 million, although independent demographers consider these figures to be overstated; official forecasts predict that it will fall to 138.8 million by 2045.

According to Western estimates, around 100,000 Russian soldiers have been killed so far; some estimates have even put the total number of dead and wounded at over 300,000, which signals that the demographic situation will deteriorate sharply in the coming decades. Some sectors of the economy are already experiencing labour shortages; these are having a negative impact on the labour market, including in the defence sector, a priority industry during wartime. It is difficult to make reliable assessments and forecasts due to the lack of data on Russia's battlefield losses or any credible baseline information on the basic demographic indicators, the scale of migration and the impact of the COVID-19 pandemic. Another problem is that official Russian statistics include unverifiable data on the population of the occupied territories.

2. Outlook

Following the presidential 'election', the government may resort to taking a number of unpopular decisions. It can announce another wave of military mobilisation, increase the fiscal burden even more, or cut budget spending for purposes other than defence and security. At the same time, social transfers for selected groups of the hardline pro-Putin electorate will likely be maintained. Austerity measures will be implemented cautiously and stretched out over time to minimise possible social tensions. We can expect more radical moves only if the budget situation deteriorates significantly.

The presidential pseudo-election could also **accelerate the processes of centralising the state.** This would primarily include a nationwide reform of the local government system based on abolishing its lower tier in order to increase the central government's control over the local level. The Kremlin's steadily tightening oversight over the lower levels of government, the weak horizontal integration of the regions and local governments, the fragmentation of civil society structures and the stepped-up repression **have essentially prevented the formation of a coordinated, grassroots movement which could oppose the federal government.**

The scale of violence and crime in Russian society will increase as traumatised soldiers return from the battlefield, while the moral degradation of the general public deepens as a result of its exposure to both the war and the ever more aggressive propaganda. In the longer term, we can expect **the demographic problems to worsen**, which will have a long-term negative impact on the labour market and the state's ability to continue waging its war on such a large scale as it is now doing.

The war will remain a convenient pretext for the government to step up indoctrination and censorship and to extend repression to further sections of society, while parts of the *nomenklatura* will move to grab more lucrative assets as the economy shifts to a war footing. **It has become a political necessity for the Kremlin to continue the war**; ending it would draw the public's attention to the domestic problems, which could dangerously undermine the regime's legitimacy. **Portraying the ongoing war as an 'eternal' conflict with the West may, if necessary, allow the regime to push back the prospect of eventual victory to the indefinite future**, regardless of any actual advances on the battlefield. Thus, the Kremlin will be able to use the invasion to justify its ever-tougher course in domestic policy and the country's worsening socio-economic problems in the longer term. Although it will be risky to drag out the current phase of the conflict in view of the rising military expenditures, the effects of the sanctions and the scale of the losses on the battlefield, **we should not expect any serious tensions for the regime in the foreseeable future**, either within the ruling elite or among the loyal electorate. However, **there may be scattered expressions of discontent within some social groups, and these could be dangerous for the Kremlin if they gather momentum**. These could include simultaneous incidents and protests in various parts of the country, including protests by soldiers' wives, mothers and families; tensions on ethnic or social grounds (resulting from price hikes or the reduced availability of basic goods and services); or women's opposition to any further restrictions on access to abortion.

Unless Russia's war with Ukraine and the West takes a negative turn for the Kremlin, the regime is unlikely to weaken significantly in the coming years (although the hermetic nature of the Russian system of power seriously hampers any reliable forecasting). A change of leadership and the liberalisation of the country are even less realistic within this timeframe. Such things could only come about if Russia completely lost control over the occupied territories of Ukraine, which the elite and the general public would perceive as a clear sign of Putin's incompetence. In any other scenario (the partial withdrawal from these territories, a ceasefire, peace negotiations, leaving Ukraine permanently non-aligned), the regime will be able to convince the public that it is winning the existential struggle against the West. This will consolidate Putinism and weaken the chances that a moderate leadership interested in de-escalation could come to power after Putin.

II. RUSSIA'S ECONOMIC SITUATION: ON THE WARPATH

1. The main trends

Economic dualism

Despite good macroeconomic indicators, **the situation in the Russian economy remains far from stable**. State-run propaganda is working to convince the general public and the West that Russia has been highly resilient to the shocks it has suffered over the past two years. The government has illustrated this with official data showing a GDP decline of just over 1% in 2022 (it was previously estimated at over 2% in Rosstat's December 2023 update) and a recovery from recession in 2023 with growth of around 3.5%, allowing the economy to return to its pre-invasion level. However, these good macroeconomic indicators have primarily been driven by state-funded industries that support the war effort. Their costly production has pushed the parameters up, but contributed little to the sustainable growth of the economy as a whole. Indeed, by boosting war-related expenditure, the state has *de facto* taken money away from business and the people, only to end up wasting it in Ukraine. Since the invasion began, public funds have become the most important driver of economic activity in the Russian Federation. Total budget support for the economy in 2022–3 has been estimated at almost 10% of GDP. However, the vast majority of these funds have been used to finance the war effort. As a result, **current macroeconomic indicators provide only limited insight into the economy's real health and people's living standards**.

War increases the burden on the economy

When analysing the economic situation in Russia's individual industries and regions, we can see that the invasion of Ukraine and the unprecedented sanctions that the West imposed in response have seriously weakened the Russian economy. In particular, they have triggered profound and costly changes in the way Russia does business and in its relations with the outside world. The list of challenges facing the government continues to grow. The most important of these is that business activity is heavily and increasingly dependent on the public money that the Kremlin has been pumping in. **Without these funds, it would be impossible to sustain domestic demand, and thus the growth in GDP.**

Labour shortages and the low quality of available human capital also pose serious threats to Russia's economic situation: business is already complaining that problems on the labour market are a major drag on production growth (in the summer of 2023 the number of vacant jobs reached 1.2 million, twice the figure from five years earlier). In addition, the concentration of resources in the defence sector has come at the expense of the civilian sector, which is finding it increasingly difficult to meet consumer demand. This has led to rising **inflation**, which has also been driven by a weak rouble and more expensive imports. The government has tightened its credit policy in a bid to keep prices in check by hiking interest rates sharply, but that in turn has restricted access to capital for business. Russia's disconnection from Western funds has complicated the situation further, as domestic funds have become the main source of financing investments.⁵

Sanctions deal a major blow to Russia's budget

The Western restrictions have particularly affected the **energy sector** – the most important source of revenue for the state budget – which makes it difficult to balance it. In 2023 the extraction sector, which was the engine of the Russian economy before the invasion, **saw its production fall** by 1.2%. As a result of the need to adapt it to operate under restrictions, oil production was reduced, which put a halt to the earlier upward trend: if we compare the average level in 2023 with the pre-invasion indicators, the reduction amounts to around 500,000–700,000 barrels per day. Meanwhile, as a result of the Kremlin's blackmail of the European Union, production of natural gas fell by a much greater amount, c. 120 bcm from 2021, or over 15%. In addition, the need to change the directions of energy exports has made Russia dependent on a narrow group of customers who can leverage their position and dictate the terms of their cooperation to the Kremlin.

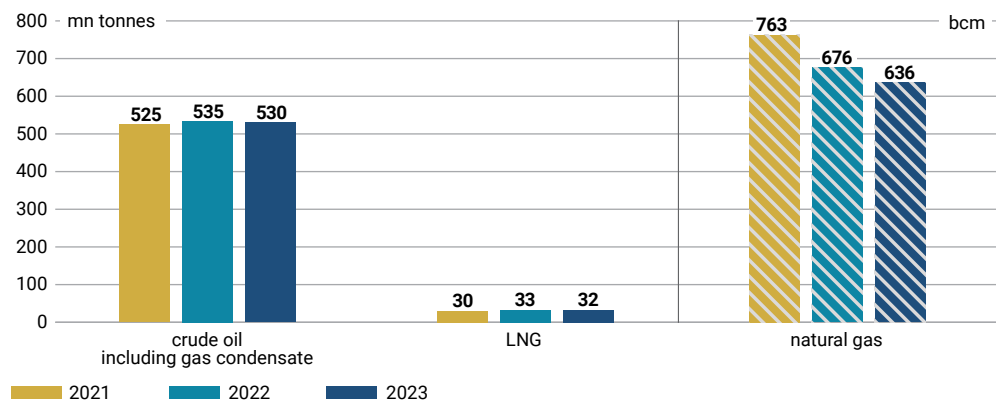
As a result, the Russian Federation's revenue from oil and gas exports throughout 2023 fell by more than 2.7 trillion roubles y-o-y (down 24% to \$31 billion), although it remained at a similar level to that of two years earlier.⁶ It is worth noting that the Russian currency lost about 30% of its value against the dollar last year, which complicates year-on-year comparisons. Nevertheless, **the reduced receipts from this sector have exacerbated Russia's balance**

⁵ For more detail see I. Wiśniewska, 'War is the top priority: Russia is facing increasingly serious budget problems', OSW, 25 October 2023, osw.waw.pl.

⁶ For more detail see F. Rudnik, 'Partial success: Russia's oil sector adapts to sanctions', OSW Commentary, no. 528, 9 August 2023, osw.waw.pl.

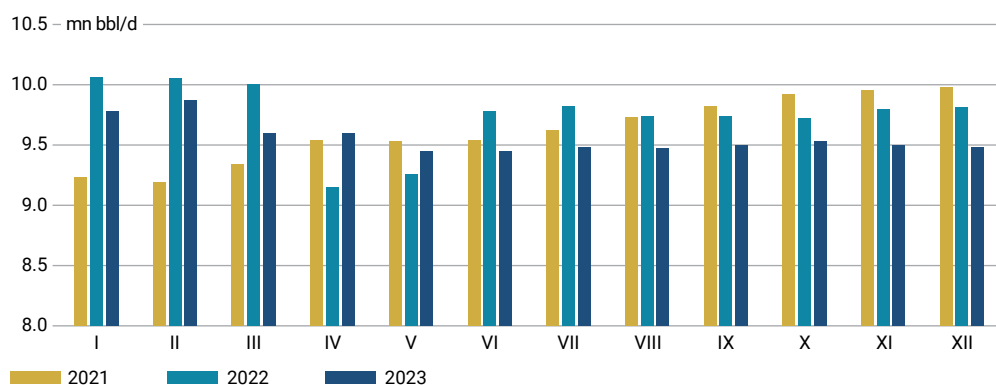
of payments problems. The fall in export revenues, coupled with the rising value of imports and large-scale capital outflows from the Russian Federation, have helped to weaken the rouble more rapidly and caused strong fluctuations in its value due to the changing currency structure of foreign financial operations. Indeed, the shift away from Western currencies after they became ‘toxic’ in Russia made it necessary to increase the use of non-convertible currencies, such as the rouble or the yuan.

Chart 2. Annual oil, gas and LNG production in Russia in 2021–2023



Source: The Ministry of Energy of the Russian Federation.

Chart 3. Average daily oil production (excluding condensate) in Russia by month in 2021–2023



Source: The International Energy Agency.

The invasion of Ukraine as the Kremlin’s economic priority

Spending on the war against Ukraine has been consuming a growing share of public funds and driving up budgetary outlays, although it is

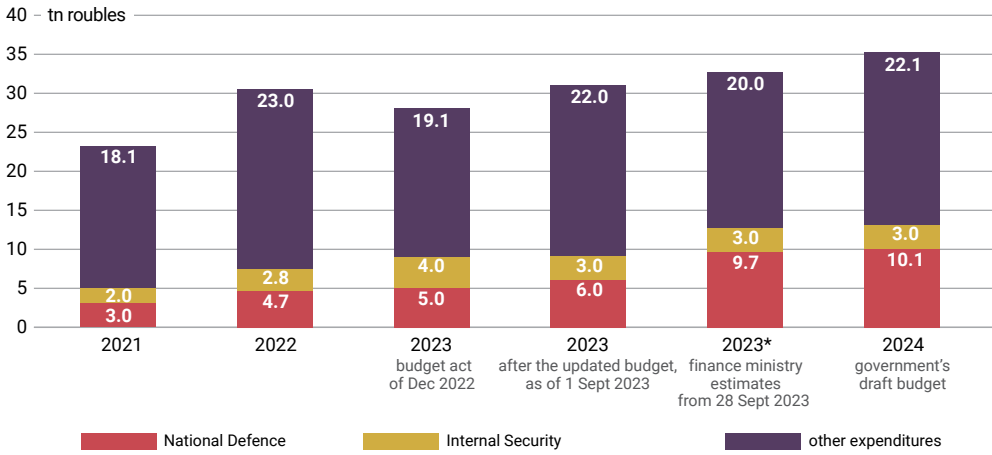
virtually impossible to establish how high these actually are. It should be noted that military expenditure is not a single item in the Russian budget. Most of it is concentrated in the 'National Defence' section: its nominal value in 2023 was 80% higher than in 2021 (no data for 2022 is available) and totalled at least 6.4 trillion roubles, or around \$70 billion. However, funding for the armed forces is also concealed in other chapters. The 'National Economy' section provides funding for things such as support for defence companies, research and development, and the construction & modernisation of infrastructure, including utilities, roads and defence facilities in the occupied regions and districts bordering Russia. In addition, the Russian services (including the Federal Security Service and the National Guard) which are responsible for maintaining control over the occupied Ukrainian territories are funded from the 'Internal Security' section. As a result, **spending related to the war against Ukraine**, as estimated on the basis of available information, **accounts for about 40% of the Russian budget. However, the real costs are much higher**: since the invasion began, the government has not provided any details on the implementation of its budget.

Russian regions and state-owned companies have also been forced to finance operations in the occupied territories.⁷ **This means that support for the war effort has been devouring the country's financial, manufacturing and human resources and weakening the civilian sector**, which is finding it increasingly difficult to maintain production levels. **Since May 2023, industrial production in the Russian Federation has stagnated.** Despite the rising fiscal burden, the rouble's devaluation and spiralling inflation, the government has been unable to finance the growing budget spending from current revenues, which raises challenges for the state's economic stability. The Kremlin has increasingly passed the costs of the war on to the general public and business. The oil and gas industry, which is controlled by President Putin's closest associates, has been particularly opposed to the rises in taxation. In September 2023, this sector was able to effectively force the government to scrap its proposed new taxes, after this conflict led to a fuel crisis in Russia and local fuel shortages that summer.⁸

⁷ For more detail see M. Domańska, I. Wiśniewska, P. Żochowski, 'Caught in the jaws of the 'ruszkiy mir'. Ukraine's occupied regions a year after their annexation', *OSW Commentary*, no. 544, 11 October 2023, osw.waw.pl.

⁸ For more detail see F. Rudnik, 'Fanning the flames: crisis on the Russian fuel market', *OSW Commentary*, no. 548, 18 October 2023, osw.waw.pl.

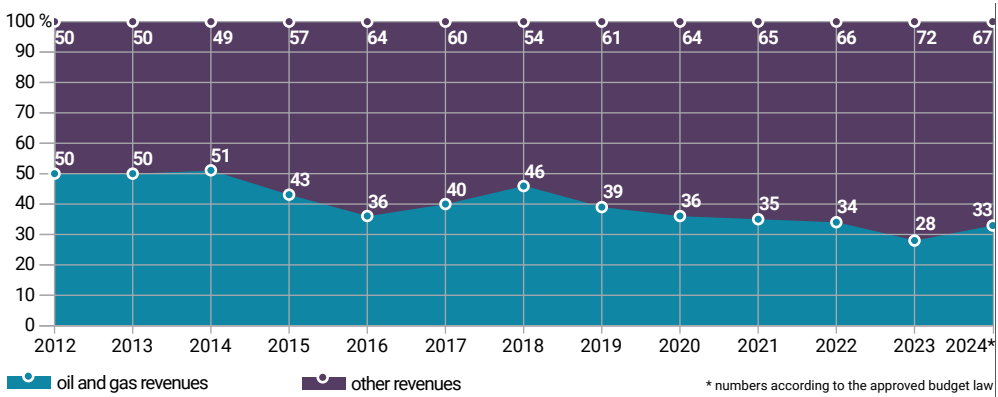
Chart 4. Russia's budget expenditure in 2021–2024



* Information reported by Reuters.

Source: The Ministry of Finance of the Russian Federation.

Chart 5. Share of oil and gas revenues in Russia's budget in 2012–2024



Source: The Ministry of Finance of the Russian Federation.

Technological decline

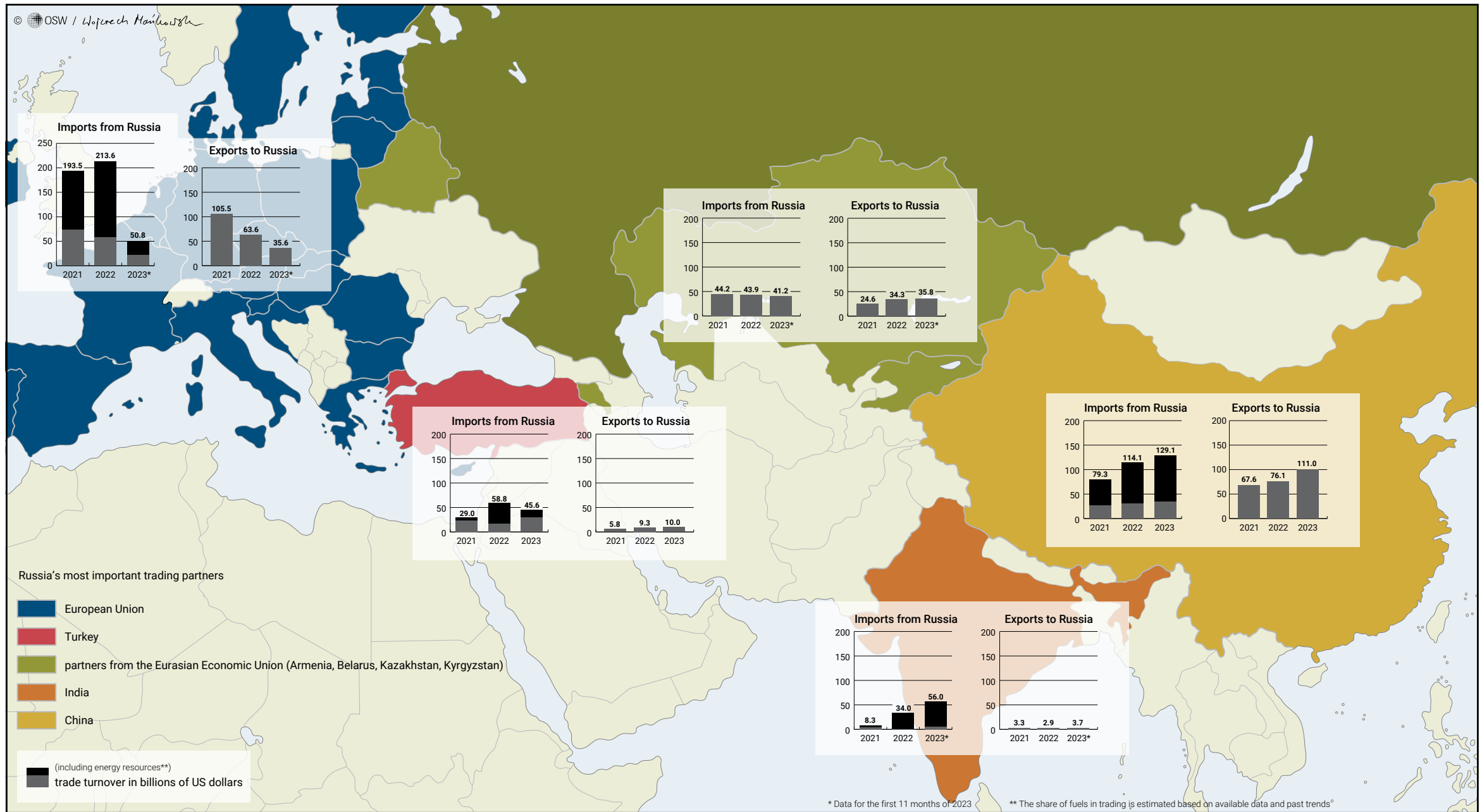
The retreat of investors from Russia and the country's disconnection from Western technology have exacerbated its economic backwardness. This process has been seen since the early days of its invasion of Ukraine. Western countries have been sources of high-tech goods in Russia for the past 30 years, and businesses from Europe and the US were ready to share their technologies and invest in Russia. Without cooperation with the West, it would have been impossible to develop the LNG market and exploit difficult-to-access oil and

gas fields. **Replacing the existing contractors poses a major challenge for Russian companies, which raises doubts as to whether the production of raw materials can be increased.**⁹

The sanctions have also dealt a blow to Russia's much-advanced digitalisation of its economy. This is particularly true of financial services, as well as the continued development (and even the maintenance) of its mobile Internet network (not only 5G technology, but even LTE). In addition, restrictions and corporate boycotts have made it virtually impossible to manufacture many brands of cars and household appliances in Russia. The countries that have opted not to join the sanctions, such as China, India and Turkey, either lack the technologies that could replace Western solutions or are unwilling to share them, as they see Russia as a potential competitor on the market. As a result, Russia has to settle for imports of finished products, most of which are less technologically advanced. **Currently, Russian business with access to public money is investing primarily in infrastructure projects that are designed to maintain exports and redirect them to the East** (especially energy resources, metals and timber), and in adapting to new business conditions. However, it does not want to take any substantial risks and launch projects that may only pay off in the long term.

⁹ For more detail see F. Rudnik, 'Unfulfilled ambitions: Russia's LNG sector in the grip of sanctions', *OSW Commentary*, no. 516, 5 June 2023, osw.waw.pl.

Map 1. The Russian Federation's most important trading partners



Source: authors' own calculations based on data published by individual national statistics offices, Eurostat and press reports.

2. Outlook

In the near term, the sanctions and the costs of the war are likely to further degrade the Russian economy; this will make stabilising the situation a major challenge for the Kremlin. It is difficult to estimate how long the resources available will allow Russia to press on with its invasion. The government's accumulated reserves were already seriously depleted in 2022, but we should keep in mind that huge amounts of capital poured into the Russian economy during the almost two decades of prosperity preceding the attack on Ukraine. Therefore, the state's ability to pass the costs of the war on to business and the public is still considerable.

Given Putin's determination and readiness to wage a long war, the government needs to be frugal with its resources, especially as the costs of the invasion are bound to increase. This is reflected in the 2024 budget, the 'National Defence' section of which is expected to consume at least 6% of GDP. If a new wave of mobilisation is announced, defence spending will increase even further. We can therefore expect that **the Kremlin will try to adjust its economic policy after the presidential 'election' in March 2024. Financing the war against Ukraine will remain its priority, but it will probably be forced to cut other expenditures.** This is illustrated by the government's plans to withdraw during 2024 from its mortgage subsidy programme, which has been the driving force for the construction industry in recent years; it also wants to significantly raise utility & housing tariffs and gas supply charges for households. This will most likely lead to a deterioration in macroeconomic indicators, something that the Central Bank of the Russian Federation has already warned of.

As the government remains a financial drain on the economy, especially the oil and gas sector, the economic stability Russia has enjoyed since the beginning of the 2000s could fall into jeopardy. The financial performance of its energy companies has been weakening, and they too may soon find themselves in need of state support. Meanwhile, the effectiveness of the sanctions, primarily the technological ones that have held back investments, will only increase over time. As a result, the future of the Russian energy sector has become highly uncertain.

Russia's turn to the East and its dependence on China & India may translate into a further drop in its export revenues and problems with maintaining production, especially if Western countries follow through on

their promises to increase the effectiveness of their sanctions: this could be done, for example, by cracking down on Russia's 'shadow fleet' and its failure to comply with the price cap mechanism. In another possible development that would be particularly important for Russia's economic situation, the EU is currently debating whether to broaden its restrictions on the Russian energy sector: this could include phasing out the imports of Russian oil via the southern Druzhba pipeline, the imports of its natural gas by the Central European countries, and the imports of LNG by the Western European countries. All of this would further reduce Russia's budget revenues because the diversion of both pipeline and liquefied gas exports would either be physically impossible or raise the costs of supplies to new customers.

Given the patience of Russian society to date and the extensive apparatus of repression, we can hardly expect any large-scale demonstrations against the government on economic grounds. The attitude of Russian business, however, remains unclear. So far Russian entrepreneurs have focused on minimising their sanctions-induced losses and effectively adapting to the new conditions. In this way they have provided great support to the government in stabilising the situation in the country. However, **the growing fiscal burdens and barriers to doing business have squeezed the entrepreneurs' profits, prompting them to hide their assets from the Kremlin and keep moving them out of Russia.** The continued existence of the sanctions regime, which has reduced budget revenues and corporate profits, means that the government's actions (such as raising the fiscal burden) have been having an increasingly destabilising effect on the economy; the 2023 fuel crisis is a case in point. Therefore we can expect that as the Kremlin continues to place further barriers to doing business in search of new sources of budget revenues, in the near future **tensions between the Kremlin and business will rise - and that may also have political implications**, especially if such conflicts come to involve the most vital industries.

III. THE ARMED FORCES: PERMANENT EXPANSION

1. The main trends

Neo-colonial warfare

When it attacked Ukraine, the Russian army did not have the numerical superiority over the defenders that is typical of a regular armed conflict. It also made no effort to build it up at the tactical level, and proceeded as if the operation were an extension of a training ground exercise. **It completely disregarded both the adversary and the West, which supported Ukraine from the beginning.** For the first weeks of the war, the Russians seemed unwilling or unable to accept that, thanks to US reconnaissance, the Ukrainians knew more about the movements of their units than the Russian military did about those of the defenders. By the summer of 2022, Ukrainian forces had – as a result of rapid mobilisation – a total of one million military personnel (including 700,000 in the Ukrainian Armed Forces) in the field, while the Russian troops attacking them numbered just 150,000.

Putting too modest a potential into battle resulted first in the retreat from Kyiv and then in defeat in a direct armed clash near Kharkiv: in both cases the Russian army suffered substantial equipment losses. In September 2022 the Russians were fleeing the advancing Ukrainian army on the front as the defeated party. Now made aware of their own unpreparedness to face a more numerous and determined opponent, they still withdrew from Kherson in November 2023. By this time, however, the process of so-called ‘partial mobilisation’ was already underway in Russia, with 300,000 reservists called up under arms and extensive recruitment for contract service. Still – despite the voices of some of the elite who were calling for general mobilisation and the settlement of the war in Soviet fashion, which quietened down after the so-called Prigozhin rebellion – there was no change to the original premise. Since February 2022, indeed, Russia has pretended not to be at war with its neighbour at all; it is merely conducting a special military operation on what the Kremlin considers to be (since the formal annexation of four Ukrainian regions) its own territory.

The military situation has required Moscow to accelerate the expansion of its military potential, which had been visible since the middle of the previous decade; and to increase its engagement, which has altered the previously unfavourable frontline proportions for the Russian Armed Forces.

At the threshold of the third year of the war, however, the numerical advantage in the theatre of operations still favours the defenders. In December 2023, Putin announced that 617,000 Russian servicemen were participating in the ‘special military operation’. According to Ukrainian military intelligence (HUR), there were 462,000 of them in the occupied territories at the beginning of January 2024 (with an additional 35,000 Rosgvardiya soldiers). In contrast, according to US intelligence, only 200,000 Russians are directly involved in the fighting (compared to an estimated 300,000 Ukrainians on the frontline). Indeed, the Russian army invariably seeks to build an advantage over the defenders not in terms of the number of soldiers, but in the firepower at its disposal.

Still plenty of cannon fodder

In November 2023, British intelligence estimated **Russian losses at 150,000–190,000 killed and wounded to the extent of being unable to return to service, and in December it estimated the number of soldiers killed at 70,000** (US intelligence stated in August 2023 that the same number of Ukrainians had been killed). However, at most two-thirds of the total estimated losses can be credited to the Russian Armed Forces. Proportionally, the largest group of Russian dead and wounded were prisoners (according to British sources, 20,000 of the 70,000 Russian combatants killed) who were offered remission of their sentences in exchange for service in the ranks of mercenaries, mainly the Wagner Group.

In the first months of the war – facing a wave of setbacks – there were at least several hundred cases of breach of contract, leaving the service and refusing to take part in combat, several of which were collective acts. On the one hand, the transition to trench warfare and directing the subunits recruited from prisoners to the most dangerous tasks contributed to normalising the situation; on the other, the introduction of a system of financial incentives and relatively high salaries for Russian conditions (an average of around \$2000 a month, which is many times higher than the salaries in the provinces). The announcement of the so-called ‘partial mobilisation’ triggered a wave of departures from Russia – at least 400,000 people may have left at that time – but this did not prevent it from being carried out on schedule. Thanks to the aforementioned remuneration system, the Russians have had no problems recruiting for service in newly created units and replenishing the existing ones, including those already fighting in Ukraine.

While it is possible to dispute the official Russian narrative that nearly half a million people have taken up contractual service in the Russian Armed Forces in 2023, and that their full-time equivalent has risen to 1.32 million in December this year (from just over 1 million at the beginning of 2022), Russia's large capacity for recruitment has been confirmed by the Ukrainian side. According to HUR data from January this year, **the manning of Russian units at the front remains at a remarkably high level, of 92–95% of full-time status**. At critical moments it was supposed to have dropped to 89–90%, which means that the Russian Armed Forces have not been seriously affected by personnel shortages throughout the entire period of operations so far. However, the problem remains **the heterogeneity of the so-called 'human material'**: alongside the soldiers who are relatively well-trained and motivated (if only by the financial factor), there are people who lack thorough training and are suffering from various types of afflictions (mainly alcoholics and drug addicts).

Post-Soviet stockpiles as a basis for expansion

The military action in Ukraine to date has strained the military potential with which Russia entered the war in February 2022. Despite the losses suffered and the sanctions introduced by the West, **the real size of the Russian Armed Forces has risen by at least 300,000 troops in less than two years**. Four commands of new operational compounds (two armies and two corps), five new divisions and four mechanised brigades and three artillery brigades were formed. This has come about thanks to personnel reserves and the aforementioned recruitment capacity, as well as equipment stocks inherited from the Soviet army.

Production of basic weapons categories (tanks, armoured combat vehicles, artillery and combat aircraft and helicopters) and artillery ammunition (up to 2 million units per year) more than **doubled during the two years of war**, and that of ballistic missiles & cruise missiles more than tripled (up to 115–130 per month, according to HUR). The Russians have developed large-scale production of loitering munitions (initially relying on kamikaze drones bought from Iran), as well as improved electronic warfare (EW) systems, in which they remain the world leader.

In addition to neutralising Ukrainian communications systems (in the autumn of 2022, the defenders were only able to maintain it thanks to the use of Starlink terminals), Russian EW systems disrupted the GPS signals of HIMARS

guided munitions, limiting their initial effectiveness, and hindered drone communications with satellites. The majority of Ukrainian drones neutralised over Russian-controlled territory have fallen victim to EW systems, with only some of them having been shot down. The invaders have also managed to develop and deploy a type of electronic 'dome' over their own positions that defends them against FPV drones. According to the Ukrainians, up to 90% of the US and European systems handed to them have proved inadequate to the challenges of electronic warfare.

In the course of the operations to date, the Russians have removed hundreds of pieces of weaponry considered 'antique' from storage and sent them to the front, giving rise to claims that they lack newer equipment. However, these armoured vehicles and artillery, which often date back to the late 1950s and early 1960s, are not being used for their original purpose (the tanks are being employed as fixed firing points; the transporters - with the installation of remote control systems - are being used for demining and breaking through fortifications; and the naval rapid-fire cannons are going into destroying drones and lightly armoured targets). **Resorting to the still enormous post-Soviet stockpile furthermore saves on the much less numerous modern weaponry, and especially its ammunition.**

According to Western estimates of Russian equipment losses and ammunition consumption, **current production in Russia is unable to cover its losses and equip the newly-formed units at the same time**, and this is unlikely to change in the coming years. The existing and newly-formed units are being adequately supplied thanks to the modernisation of stockpiled post-Soviet armaments, primarily armoured weapons (Latvian intelligence estimates the capabilities of the Russian arms industry at a total of 100-150 new and modernised tanks per month). The war has accelerated the deployment of generationally newer armaments (for example, serial production of the T-14 Armata tank and the 2S35 Coalition-SW self-propelled howitzer has begun, and deliveries of Su-57 multirole combat aircraft have been increased), but this is still symbolic on the scale of the Russian Armed Forces as a whole: despite receiving a record 11 Su-57s in 2023, the Russian military aviation has so far managed to rearm only one squadron with them.

Russia is also still forced to source its advanced microelectronics from abroad (domestic companies are not producing them in sufficient quantities or to sufficiently high standards. Despite the initial problems, however it has managed to bypass the sanctions imposed by the West and, according to one Ukrainian

assessment, Russian imports of Western electronic components have fallen by less than 10% compared to the pre-war period.

Russia can still afford an army

There is no indication that Moscow has lost its ability to finance its military. Spending on the army and warfare continues to rise (see Chapter II) and may be increased further during the year. Russia still has significant resources for financing warfare, and at the same time for the extensive expansion of its military capabilities. This is evidenced by the fact that the observed austerity has not so far affected the military-armament sphere (the scale of abandonment of some project work remains at pre-war levels). One possible litmus test of the Russian state's financial capabilities is currently the programme for the expansion of the Russian Navy, which is unrelated to the demands of the war in Ukraine. This work is continuing, and it would surely be subject to reductions in the first instance in the event of serious budgetary problems. The modernisation of the strategic nuclear forces is also progressing as previously envisaged.

2. Outlook

The Russian Armed Forces entered 2024 as the side with the initiative on the frontline. It has been systematically strengthening its potential and taking advantage of the progressive weakening of the adversary, which results from the Ukrainian army's increasing problems with the manning of units and the reduction in the supply of armaments, military equipment and ammunition from the West. However, sustaining this state of affairs and turning it into a military success (see below) depends on two conditions. The first is to maintain the current level of expenditure on the Russian army, enabling it to wage war and build up its capabilities simultaneously; the second is to severely reduce Western aid to Kyiv.

While a reduction in war funding and Russia's armament programme seems highly unlikely over the next few months, the scale of external military support for Ukraine remains an unknown factor. Maintaining it at the current level or reducing it will result in a growing Russian advantage and allow the Russian Armed Forces to gradually accomplish the tasks set. Depending on Moscow's perception of the non-military opportunities open to it, the minimum plan remains the occupation of those parts of the four annexed regions which are still under Kyiv's control; and the maximum is the defeat of the

Ukrainian army and the subjugation of the whole of Ukraine (without prejudging its exact nature).

Increasing Western involvement in assisting Kyiv will not lead to Russia's abandonment of its plans to control Ukraine or parts of it, but it will make implementing them more difficult. It is unlikely that Ukraine will receive enough military support to defeat the invaders in the coming months. Even if the supply of equipment and ammunition to the Ukrainian army increases significantly in the next few months, it will still need several months more to train and synchronise the units before offensive operations can be resumed. On the other hand it cannot be ruled out that, in such a scenario, it will be able to contain Russian pressure and maintain its current defensive lines, forcing a further increase in military engagement from Moscow.

Should Russia continue to operate on the scale currently observed or on a larger scale (similar to that conducted in spring 2022), the replenishment and expansion of Russian forces will continue to rely on draining depots and sourcing at least some types of munitions from outside (in recent months, the Russians are said to have imported at least half a million artillery munitions from North Korea).

The western direction remains the priority for the further expansion of Russian forces. The planned reconstitution of the two Military Districts (MD): Moscow and Leningrad, means that the Russian army will have two new full-fledged strategic commands along NATO's north-eastern flank: one in the Scandinavian direction, which is also responsible for operations in the Arctic (the Leningrad MD), and one in the Central European direction (the Moscow MD). The Leningrad MD has announced the creation of an army corps (AC) in Karelia. Preparations are also underway to expand and upgrade the 14th AC in the Murmansk region to army level. At least two of the four mechanised brigades that are currently part of the 6th Combined Arms Army (which for the time being is the only one in the planned area of the Leningrad MD) and the 14th AC, as well as a naval infantry brigade subordinate to the Northern Fleet command, will be developed to division level. It should be assumed that at least one division and one brigade will be integrated into the corps in Karelia. This means an increase in the number of brigades and regiments (their combat strength is identical; they differ in their degree of independence) from the current eight to at least 21 (with a four-regiment structure in the mechanised and tank division, and a three-regiment structure in the air assault and naval infantry divisions).

According to the adopted plans, the Moscow MD will be expanded to a lesser extent, with only one new mechanised division likely to be created (given that a significant expansion of capabilities already took place on its territory in the first months of the war). The Moscow MD will include the core of the Western MD (two armies and a corps, including the only tank army in the Russian Armed Forces), making it one of the Russian Army's strongest military districts (alongside the Southern MD, which is directed primarily at operations in Europe). The Moscow MD will contain a total of at least 40 brigades and regiments of tank, mechanised, air assault and naval infantry.

Moreover, the creation of two districts on the basis of the Western MD will mean a doubling of the number of air force formations and support & security forces subordinate to the district commands as combined strategic commands (the Northern European in the Leningrad MD and the Central European in the Moscow MD). It is to be expected, among other things, that a new army of air & air defence forces and further brigades of high-powered artillery & rocket artillery will be formed. **It remains unclear whether Russia will be able to saturate the two new strategic groupings with the appropriate number of operational and tactical units** (their manning and equipping), especially as the measures taken so far (the construction of new facilities in Alakurtti and Petrozavodsk) are dictated primarily by the needs arising from the invasion of Ukraine. According to the plans adopted, the formation of the Leningrad MD and Moscow MD, together with their subordinate units, is to be completed in 2026.

Russia will therefore continue to expand its military capabilities, and is unlikely to slow down in the next several months. **The consistent pursuit of armament programmes unrelated to the war in Ukraine indicates that Moscow is considering the prospect of an armed conflict on NATO's eastern flank of a larger scale than the present one.** It remains to be seen how long Russia will need to build up its capabilities until it considers them sufficient to strike further. Moscow's assessment of what the objective factors are is not necessarily the same as what the West may consider.

If the West shows its weakness one way or another - either by seeking to freeze the conflict in Ukraine or by ceasing to support it militarily - Russia will not wait for the completion of its military buildup and will try to press home its advantage. From the Kremlin's point of view, the temptation to exploit the West's real or perceived weakness will be stronger than the awareness of any disparity of potentials.

Table. New operational and tactical units of the Russian Armed Forces (2022–2023)

Unit	Superior unit	Status	Comments
Western Military District			
3rd Army Corps	Western MD	formed in 2022	Mulino in Moscow oblast. Part of the units were formed in the Central MD (Orenburg oblast)
44th Army Corps	Western MD/ Leningrad MD	in the process of formation	Karelia. In September 2023, the first information emerged on the construction of new hangars for armaments and equipment on the territory of the Alakurtti garrison and in the military warehouse in Petrozavodsk
6th Mechanised Division	3rd Army Corps	formed in summer 2022	
44th Airborne Division*	Airborne Forces	formed in 2022	Unit assigned to the Airborne Forces, albeit organised as a mechanised division composed of: the 111th mechanised regiment (the former 111th mobilisation reserve regiment of the DPR), and the 387th mechanised regiment (Ryazan oblast, December 2022)
72nd Mechanised Brigade	3rd Army Corps	formed in summer 2022	Formed in Orenburg oblast (Central MD)
17th Artillery Brigade High Power	3rd Army Corps	formed in summer 2022	Leningrad oblast

Unit	Superior unit	Status	Comments
Southern Military District			
18th Combined Arms Army	Southern MD	formed in September 2023	On the basis of the 22nd Army Corps
40th Army Corps	Southern MD	formed in 2023	
47th Mechanised Division	18th Combined Arms Army	formed in 2022	The 47th Territorial Defence Division was formed in Crimea from reservists as part of the Caucasus 2016 exercise
70th Mechanised Division	18th Combined Arms Army	formed in 2023, probably with an incomplete structure	Summer 2023. The 28th mechanised regiment with the 70th Mech. Div. at the front in Kherson oblast
144th Mechanised Brigade	40th Army Corps	formed in 2023	
52nd Artillery Brigade	Airborne troops	formed in 2022	Krasnodar krai. This unit participates in combat operations
5th Mechanised Division*			Reported officially as participating in the battles for Marinka alongside the 150th Mech. Div. and the 20th Mech. Div.

Unit	Superior unit	Status	Comments
Azov Military Sea Region	Black Sea Fleet	formed in 2023	Berdiansk and Mariupol bases. Probably 8 warships and 16 auxiliary ships. Among others, 3 project 22800 missile corvettes of: the <i>Askold</i> (in service), the <i>Cyclone</i> (undergoing shipyard trials) and the <i>Amur</i> (in the final stage of construction), and the project 266M minesweeper <i>Kovrovets</i> . Total single salvo of corvettes: 24 Kalibr cruise missiles

Central Military District

25th Combined Arms Army	Central MD	during formation	Units formed in the Central MD (Irkutsk oblast) and the Eastern MD (Primorsky krai). At the end of August 2023, the first subunits of the 25th CAA were redeployed to Luhansk oblast. According to some sources, it was subordinated to the command of the Southern MD
67th Mechanised Division	25th Combined Arms Army	formed in summer 2023	At the end of September 2023 in the Kreminna area
11th Armoured Brigade	25th Combined Arms Army	probably in the process of formation	
164th Mechanised Brigade	25th Combined Arms Army	formed in summer 2023	At the end of September 2023 in the Kreminna area
104th Air Assault Division	Airborne Forces	formed in 2023	Based on the 31st Air Assault Brigade
73rd Artillery Brigade	25th Combined Arms Army	probably in the process of formation	

Unit	Superior unit	Status	Comments
Eastern Military District			
55th Naval Infantry Division*	Pacific Fleet	probably in the process of formation on the basis of the 155th Naval Infantry Brigade	There are conflicting reports from the front. The 390th naval infantry regiment of the 55th DPM, reported as a unit participating in the battles in which the 155th Nav. Inf. Bde. (formed on the basis of the 165th nav. inf. rgt. of the dismembered 55th Nav. Inf. Div.) is still taking part
Northern Fleet			
N.N. Combined Arms Army	Northern Fleet	no information on the start of formation	On the basis of the 14th Army Corps

* Units of uncertain status whose functioning as tactical units of the declared level has not been fully confirmed.

Source: compiled by A. Wilk based on information from Russian, Ukrainian and Western sources.

IV. FOREIGN POLICY: WARTIME DIPLOMACY

1. The main trends

Ukraine - the first target of revisionism

The invasion of Ukraine marks the start of a new phase in the foreign policy of Putin's Russia, although its fundamental goals have remained the same. Since at least the beginning of his first presidential term, Putin has sought to restore Russia's position as a great power and to revise the post-Cold War order both in Europe and globally. **The military strike against Ukraine, however, marked a shift from a policy of 'masked' revisionism to an open attack on the post-Cold War order with the use of military force.**

Ukraine has become the first immediate target of this revisionism. Moscow wants to transform it into a territorially truncated, rump state with limited sovereignty both in its external (a ban on integration with the West in the security, economic, and political spheres) and internal affairs (disarmament and so-called de-Nazification), open to Russian cultural and political influence. Russia formally annexed four Ukrainian oblasts (Donetsk, Luhansk, Kherson and Zaporizhzhia) in September 2022, and then forced the inhabitants of their occupied parts to adopt Russian citizenship. Given that the Kremlin has consistently labelled the current Ukrainian government as neo-Nazi, it can be assumed that it intends to replace the current political elite in Ukraine with pro-Russian actors, and then reforge Ukrainian national identity by force into a regional one compatible with the Kremlin's neo-imperial project for Russia.

A turning point in policy towards the West

The decision to invade Ukraine has also led to **a turning point in Russian policy towards the West**. Moscow has shifted from a policy that combined rivalry and cooperation (especially in the economic sphere) to one of **frontal attack on the West, using instruments of hybrid warfare**. The aim was to destroy the European political order by forcing the West to accept Russia's demands, concerning not only Ukraine but also the entire security architecture in Europe. These were presented to Washington and Brussels (NATO) in December 2021, roughly two months before the full-scale invasion of the Ukrainian state.¹⁰ Moscow's policy towards the West has become unequivocally hostile, and it mainly boils down to

¹⁰ M. Menkiszak, 'Russia's blackmail of the West', OSW, 20 December 2021, osw.waw.pl.

propaganda, hybrid and undercover actions (creating pressure from migrants on the borders of the Russian Federation and the Republic of Belarus with the EU, the disruption of GPS signals, acts of sabotage on infrastructure, fostering internal political and social conflicts) and nuclear blackmail.

Initially, Russia did not shy away from diplomatic contacts initiated by the Western side. However, these were discontinued after the round of telephone conversations that numerous European leaders held with Putin during the first two weeks of the Russian invasion. Exceptions included a brief conversation between US Secretary of State Antony Blinken and Russian foreign minister Sergey Lavrov at the G20 summit in March 2023, and two meetings between CIA director William Burns and the head of the Russian Foreign Intelligence Service Sergey Naryshkin on neutral ground (in November 2022 and July 2023). Moscow also maintains intensive diplomatic contacts with Budapest (mutual ministerial visits and telephone calls) and has established contact with the new government of Slovakia. In this way it is seeking to support internal 'dis-sidents' within the Western camp, thus testing its cohesion. Unless threatened with expulsion Russia will not leave the multilateral structures dominated by Western states on its own initiative: for example, it is still a member of the OSCE and the Arctic Council.

Nuclear blackmail against the West

Although Russia had used nuclear blackmail before, after the invasion of Ukraine the way it started to do this changed radically. **It became the most important instrument of Moscow's policy towards the West.** The Kremlin constantly signalled that continued support for Ukraine, especially the supply of more advanced weaponry, would lead to a direct military conflict with Russia, and consequently, to unrestricted nuclear war. The escalation of rhetoric (with emphasis on Russia's alleged technological superiority in nuclear weapons) was accompanied by a number of qualitatively new actions.

Firstly, Russia has officially deployed nuclear weapons on Belarusian territory and established a formal nuclear sharing mechanism with it. Secondly, it 'suspended' the New START treaty on limiting strategic offensive nuclear armaments (the most important practical consequence of which has been the end of mutual inspections) and rejected US proposals for consultations on the control of strategic nuclear armaments. It has made the start of any talks in this area conditional on Washington abandoning its 'anti-Russian' policy – that is, in practice, on the US withholding military aid to Ukraine.

Thus, for the first time in history, Russia is using the spectre of an unlimited strategic nuclear arms race to force the US to accept a Russian victory in a regional proxy conflict.

The Kremlin is betting on fundamental political change in the West

Russia's propaganda and diplomacy are seeking to undermine the (relative) unity that the West has been demonstrating on the issue of the Russo-Ukrainian war. Moscow is working to convince Western European societies that an alliance with Washington is contrary to their interests, while at the same time, it is trying to strengthen the influence isolationists and 'realists' within the United States itself who preach the need for accommodating Russia in order to focus on containing China. Moscow will see conflict with the West as structural and inevitable as long as the West does not undergo a fundamental political change – to wit, the removal of 'liberal-Atlantic' elites from power and their replacement by conservative 'nativists' (such as the National Front in France, the Alternative for Germany in Germany, Donald Trump's supporters and other isolationists in the US.

Offensive to win over the 'global majority'

The transition to open conflict with the West was accompanied by an intensification of contacts and closer relations with the countries of the so-called **global majority, i.e. the non-Western world**. The main objective has been to gain diplomatic support and provide a political umbrella for the geo-economic reorientation of international ties (foreign trade, investment) of the Russian economy in response to the sanctions introduced by the West after 24 February 2022. The diplomacy of the Russian Federation has sought firstly to strengthen ties and deepen cooperation with states that have long been in conflict with the West (or at least with the United States), and secondly to persuade the remaining states of the Global South (i.e. the majority of them) to persevere in their neutrality towards the war. The aim is first and foremost to keep them from joining economic sanctions against Russia and to continue economic exchanges with it, as well as to desist from supporting Western-sponsored resolutions criticising Russian aggression within international organisations. Another aim is to gain their cooperation in marginalising the issue of the Russo-Ukrainian war in international forums. The anti-Western turn of Russia's foreign policy has been reflected in the reorientation of its foreign trade. Europe's share of Russian exports fell from more than 50% in 2021 to 20% in 2023, and its share of imports from 42% to 28%

respectively. In the same years, Asia's share rose from 40% to 72% in exports and from 47% to 66% in imports.¹¹

The totalitarian axis: closer alliances with states in conflict with the West

The most important countries in this group include China, Iran and North Korea. In a situation of open conflict with the West, maintaining and further developing relations with Beijing has become even more important for Moscow than before. **China** has become an absolutely indispensable partner for Russia in all spheres, political, military and economic. There has been a further strengthening of military cooperation: a whole series of joint air and naval exercises took place in the summer of 2023, during which the two states' armed forces demonstrated an unprecedented degree of coordination. Trade with China has formed the basis for a successful reorientation of Russian foreign trade from the West towards the East and the South. Turnover increased from \$142 bn in 2021 to \$190 bn in 2022 (up 34%, including Russian exports up 48.6% and imports up 17.5%) and then to \$240 bn in 2023 (up around 26%, including exports up 13% and imports up 47%). As a result, in 2023, China's share of Russian imports compared to 2021 rose from 25% to 36%, and exports from 14.2% to 30.5%.

As a consequence, the asymmetry in Russia's relations with China has become even more skewed in the latter's favour. Nevertheless, Moscow is basing its policy towards Beijing on the accurate assumption that the latter cannot afford to see Russia defeated in a conflict with the West. This means that the PRC's economic preponderance does not give Beijing the ability to exert decisive political influence over the Russian Federation, and Moscow still retains decision-making autonomy in this field. A clear example of this was the deployment of Russian tactical nuclear weapons in Belarus, which Putin demonstratively announced at a joint press conference with Xi Jinping in Moscow in March 2023, even though Beijing had previously made clear its opposition to such a move.

Russia's further strengthening of its relationship with **Iran** constitutes the second major change in its policy. Russia's open conflict with the West has assuaged Tehran's previous suspicion (the partnership had previously been hampered by memory of both Russia's and the Soviet Union's imperialist

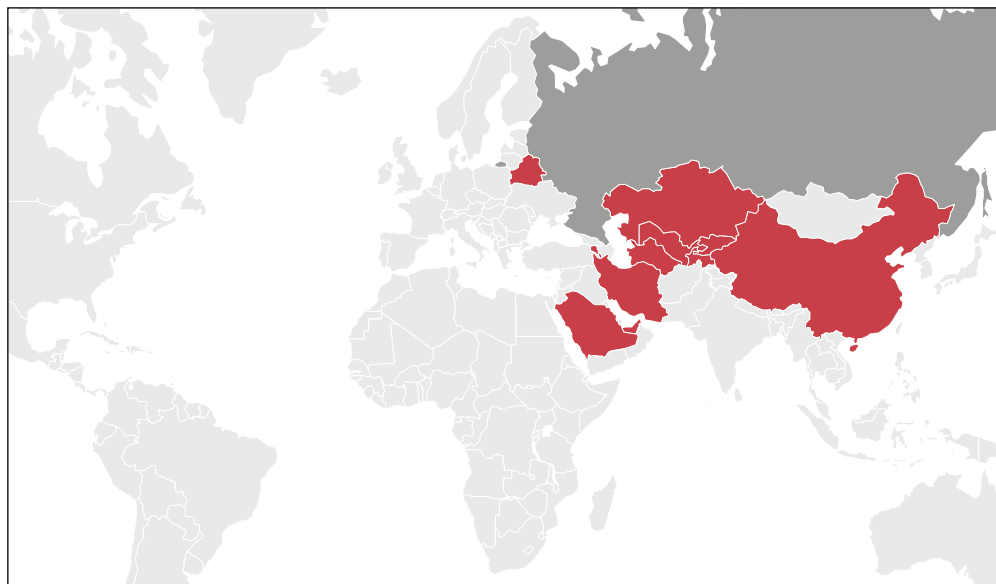
¹¹ Calculations are based on В. Вислогузов, 'Доля Азии в экспорте РФ превысила 70%', Коммерсантъ, 13 February 2024, kommersant.ru; 'Внешняя торговля Российской Федерации по странам за 2021 год', Customs Service of the Russian Federation, customs.gov.ru.

policies towards Iran, as well as of Moscow's instrumental treatment of Iran in the context of its relations with the US), which has resulted in a new dynamic in relations in the political, military and economic spheres. Iran is presently supplying Russia with large quantities of military equipment (combat drones) for use against Ukraine. Moscow, in turn, signed a contract in 2023 to supply Tehran with Su-35 fighter jets and Mi-28 attack helicopters. Contacts between the defence and military ministries have intensified, and joint naval exercises are continuing (including in a trilateral format involving China).

In addition, Russia and Iran are working hard to increase trade and develop transport infrastructure along the International North-South Corridor. In early 2024, Tehran concluded a free trade agreement with the Eurasian Economic Union. In the summer of 2023, the two countries agreed on the upgrade of the railway line in north-western Iran, which will enable a direct connection between Russia and Iran's seaports on the Persian Gulf and the Indian Ocean; Moscow has provided Tehran with a \$1.3 bn loan for this purpose. The fact that Iran was the first (and until October 2023 the only) country outside the post-Soviet area Putin has visited since February 2022 (in July that year) may serve as the best indicator of the closeness of Russian-Iranian relations. The foreign ministers are in constant telephone contact and have held numerous meetings, both bilaterally and within various multilateral formats (the Caspian states, the Astana Triangle, the Caucasus 3+3 format, BRICS, the SCO, the Moscow Group on Afghanistan etc.). In 2023, Iran joined the Shanghai Cooperation Organisation, thus gaining another point of interface with Russia.

The third major change in Russian policy is the rapprochement with **North Korea**. This has allowed Moscow to count on substantial military assistance in the form of supplies of artillery munitions, and more recently short-range ballistic missiles. The agreement to this effect was most likely sealed during the North Korean leader's five-day visit to Russia in September 2023, during which the parties openly declared the intensification of their military cooperation. Talks between the defence ministers took place during the visit following the Russian defence minister's visit to Pyongyang in July 2023. During his visit, the Korean leader openly voiced his support for Russia in its fight against 'Western imperialism' and wished it victory. North Korea is one of the few countries that has consistently voted against resolutions tabled at the UN condemning the Russian attack on Ukraine.

Map 2. Vladimir Putin's foreign trips (24 February 2022 – 31 January 2024)



Source: President of Russia, kremlin.ru.

Bypassing sanctions: relations with the 'neutral' countries of the Global South

Among the countries in this group, the relationships with Turkey, India and the Arab world are of greatest importance to Russia. With **Turkey** Moscow has been maintaining very intensive contacts, including at the highest level. Between 2022 and 2023, Putin met President Recep Tayyip Erdoğan five times and held fourteen telephone conversations with him. Despite the fierce geopolitical rivalry between the two countries, and although Ankara has provided some military assistance to Kyiv, Turkey has not joined the Western sanctions. Moreover, it has played an important role in the reorientation of Russian trade, with turnover between the two countries increasing by up to 86% in 2022 to reach \$68 bn, making Turkey Russia's second largest trading partner. The extent to which the Kremlin values its relationship with Ankara is evidenced by its willingness to support it financially, which has boosted President Erdoğan's chances in the 2023 presidential election.¹²

Another priority for Russian diplomacy is the intensification of contacts with the **Arab world**, in particular the United Arab Emirates (UAE), Saudi Arabia and Egypt. The importance of these relations for Moscow has been demonstrated

¹² Z. Krzyżanowska, F. Rudnik, 'Turkey: first nuclear power plant under Russian rules', OSW, 28 April 2023, osw.waw.pl.

by Putin's personal visit to the first two of those states (in December 2023). The UAE is now Russia's main trading partner in the Arab world; their trade turnover rose by 68% in 2022 to reach \$9 bn, and went up by a further 63% for the first three quarters of 2023. With Saudi Arabia, Moscow shares above all a common interest in keeping oil prices high and stable. It is noteworthy that Russia has taken an identical, unequivocally pro-Palestinian position to that of the Arab world on the conflict between Israel and Hamas in Gaza: it has opposed the Israeli operation and called for a ceasefire and an international conference on the creation of a Palestinian state in Gaza and the West Bank, with East Jerusalem as its capital. By adopting this position Moscow wants to win sympathy and support from the Global South. It strives to demonstrate that it is an advocate of its interests vis-à-vis the West, and therefore deserves its support in its struggle against it.

India was another important partner whose neutrality was of particular significance for Russia. To a casual observer it might appear that the Russian-Indian 'specially privileged strategic partnership' (the official term for the status of this relationship) was working flawlessly after 24 February 2022. Delhi did not condemn or directly criticise Russian aggression, did not join Western attempts to isolate Moscow diplomatically, and it abstained six times at the UN when resolutions critical of Russia were on the agenda. While chairing the G20 in 2022-3, India also made sure that the topic of Russian invasion was excluded from the agenda. Not only did it fail to join the sanctions, it actually contributed significantly to the reorientation of Russian trade ties by more than quadrupling its imports of Russian raw materials and semi-processed products. This has resulted in a more than two-and-a-half-fold increase in Russian-Indian trade, to \$50 bn (April 2022 to April 2023; a similar figure was recorded for the whole of 2023).

However, a closer look reveals that the earlier dynamic of enhancing bilateral political-military cooperation has stalled. India froze the talks on a contract for the supply of Russian helicopters, withheld its signature from the previously announced agreement on military-logistical cooperation, and suspended the notification of the already signed military-technical cooperation agreement for 2021-31. It has also cancelled (formally 'postponed') the annual Indra joint military manoeuvres. The intensity of political contacts has clearly declined; this includes an unprecedented break in the cycle of annual summit meetings between the Russian president and the Indian prime minister.

The consultations between the defence and foreign ministers (in a 2+2 format) initiated in 2021 have also been discontinued.¹³

After 24 February 2022, Russia stepped up its political activity on the **African continent**,¹⁴ as well as its anti-Western mass media propaganda offensive. Many African countries adopted a stance towards the invasion of Ukraine that was generally favourable to Moscow, albeit while keeping their distance from the issue. In 2023, the Kremlin managed to organise a second Russia-Africa summit, even though the attendance of top-level representatives was noticeably lower than in 2019, and some African delegations criticised the host for abandoning the previously announced grain deal.¹⁵ Moscow scored a success in Burkina Faso; the military junta there, following in the footsteps of the Central African Republic and Mali, broke off military cooperation with Paris and brought in Russian troops and staff to replace the expelled French contingent in January 2024. The Russian military presence on the continent (Russian mercenaries are also operating in Libya and Sudan) is likely to be formalised in the near future, as demonstrated by the Russian defence ministry's creation of an Africa Corps which is meant to replace the Wagner Group structures that have been present there.¹⁶ The Russian military presence may also expand to other countries in the Sahel area.

The Kremlin is also trying to intensify contacts with Latin America, which is maintaining a detached attitude to the Russian-Ukrainian war. With the exception of Costa Rica, the countries in the region have neither joined the anti-Russian sanctions nor supplied weapons to Ukraine. Countries in Southeast Asia, with which Russia is also attempting to strengthen ties, have behaved in a similar manner.

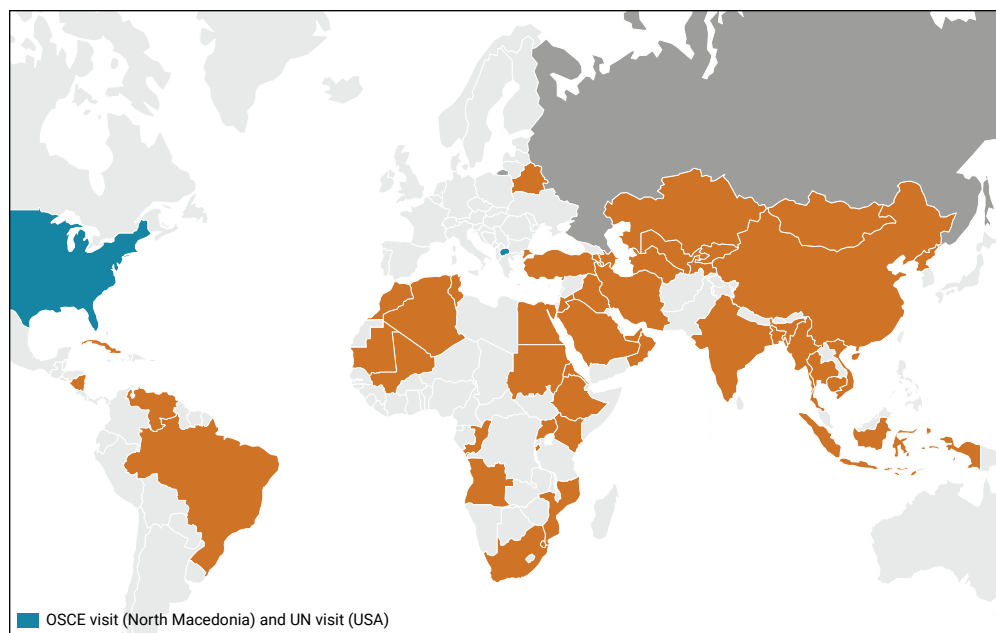
¹³ See W. Rodkiewicz, 'The twilight of the Russian-Indian strategic partnership', *OSW Commentary*, no. 529, 10 August 2023, osw.waw.pl.

¹⁴ M. Bartosiewicz, 'Russian diplomacy is more active in Africa than ever', *OSW*, 9 June 2023, osw.waw.pl.

¹⁵ *Idem*, 'Mutual disappointment: the Russia-Africa summit', *OSW*, 2 August 2023, osw.waw.pl.

¹⁶ See M. Bartosiewicz, P. Żochowski, 'The Wagner forces under a new flag: Russia's Africa Corps in Burkina Faso', *OSW*, 31 January 2024, osw.waw.pl.

Map 3. Sergey Lavrov's foreign trips (24 February 2022 – 31 January 2024)



Source: Ministry of Foreign Affairs of the Russian Federation, mid.ru.

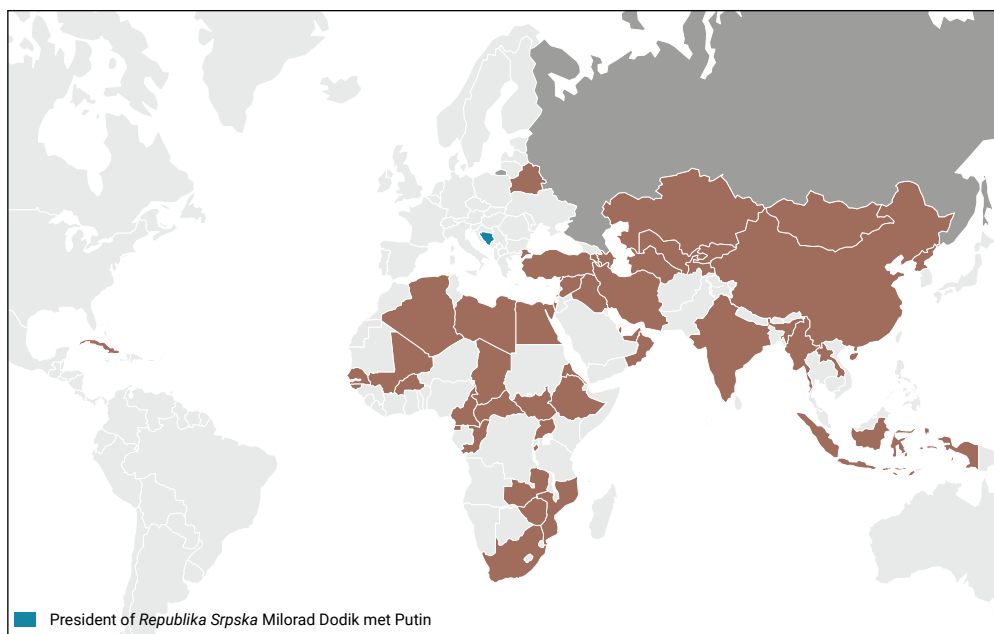
Building a Sinocentric international order

One important part of Russian revisionist policy involves cooperation with China in building and strengthening **multilateral institutions** which are intended to form the backbone of a new, reformed international order, and to offer an alternative to the institutions in which Western states play a significant role. Moscow attributes such a role to two structures in particular: on a regional (Eurasian) scale to the Shanghai Cooperation Organisation, and on a global scale to BRICS. While the last two years have brought no changes with regard to the former, within the latter Russia has supported the initiative (formally coming from South Africa, which held the chairmanship in 2023) to expand its membership by including six new members (Argentina, which eventually refused; Egypt; Ethiopia; Iran; Saudi Arabia; and the United Arab Emirates). The main practical task of the BRICS grouping, with its broader membership, is to create a dollar-independent settlement system for international trade. The finance ministers and central bank chiefs from the BRICS states are supposed to be preparing concrete proposals on this issue for the organisation's summit which is to be held in Russia in the summer of 2024.

The civilisational turn: the new ideology of Russian foreign policy

The openly anti-Western course in Russia's foreign policy is reflected in the ideological sphere. **The narrative constructed by Moscow describes the conflict with the West in existential terms.** According to this narrative, **Russia has executed a fundamental civilisational pivot, turning its back on Europe and the West.** These supposedly have nothing more to offer and are no longer attractive as models, but instead are the source of threat in the form of the neoliberal doctrine. Also, the policy of developing relations with the non-Western world has been adorned with a new ideological banner and an appropriately constructed narrative that is meant to be attractive and persuasive to the countries of the Global South.

Map 4. Countries whose representatives were received in Russia by Vladimir Putin (24 February 2022 – 31 January 2024)



Source: President of Russia, kremlin.ru.

This narrative appeals to anti-Western resentments and invokes the tradition of anti-colonialism. It presents the war against Ukraine as a struggle against Western hegemony and neo-colonialism which Russia is waging in the interests of the entire non-Western world. The alleged aim of this struggle is to replace (or at least fundamentally revise) the existing Western-dominated international system with a new, ostensibly fairer 'multipolar' order. An important element of this narrative is the attribution to Russian policy of a mission to

defend civilisational pluralism, which is supposedly threatened by the desire of Western elites to dilute traditional identities and impose the values and standards of Western liberalism in its postmodern version on all humanity.

***Unsuccessful attempts to rebuild influence:
Russia and the so-called post-Soviet area***

Russia's policy, especially towards the war with Ukraine and the West, should also be seen in the context of its attitude towards the other so-called post-Soviet states (although defining them as such is no longer valid, as they do not form a coherent geographical region, and the features that divide them are now more important than those which unite them), which Moscow still treats as its natural sphere of influence. Inflicting a military defeat on Ukraine, and above all getting the West to accept its political outcome, would be a lesson to the other post-Soviet states that they should take the Kremlin's 'red lines' into account in their foreign and security policy.

Although the Russian authorities had already declared since the early 1990s that relations with the post-Soviet states should be a priority of Russian foreign policy, paradoxically it was only the war with Ukraine and the conflict with the West that brought those states to the centre of the Kremlin's attention. Never before have Putin and Lavrov met and interacted with their counterparts from the former Soviet states as often as they have done over the past two years. The most important issues for the Kremlin at the moment are the intensification of economic relations and the deepening of integration mechanisms within the Eurasian Economic Union to help blunt the impact of Western sanctions. Indeed, the post-Soviet states are serving as a key link in circumventing them. From this point of view, a lack of open support for the Russian invasion on their part (Belarus being the exception) or even a slight distancing from it (for example, in the form of abstentions when voting on the relevant resolutions in international institutions) is beneficial for Russia, as it reduces the risk that Western restrictions will be imposed on them. The Kremlin is well aware that the nature of its relations with these countries will depend on the outcome of the war anyway.

The aim of Russian policy towards **Belarus** remains to maintain its dependence, and consequently its full subordination, on Russia. The Kremlin regards Belarusian territory as an area of strategic importance for exerting military pressure on NATO and Ukraine. Belarus's territory has become a staging area for Russian military operations against Ukraine. The Kremlin has been ostentatiously

involving Minsk in its military ventures, and presents Belarus as being ready to participate in the war directly. This amounts to a psychological and disinformation operation meant to convince the West and Kyiv that at any moment Belarusian forces could be deployed in Ukraine. The frequency of meetings between Putin and Belarusian president Alyaksandr Lukashenka and of the contacts between the two countries' military and special services has noticeably increased. Moreover, Russia's share of Belarus' foreign trade has risen to around 70%. However, the war with Ukraine has reduced the pressure on Minsk from the Kremlin towards deeper integration. The implementation of the previously announced plans in this regard has been postponed until 2026. These include the creation of a common energy market and tax system, and the pursuit of a common agricultural and industrial policy. Belarus' debt to Russia is increasing (in 2022 it was over \$8.2 bn), giving the Kremlin an additional instrument of control over Lukashenka.

The war with Ukraine has increased Russia's willingness to accept a condominium over the so-called post-Soviet states, if only with a non-Western power (China, Turkey, Iran) as a partner. Such a scenario is materialising in Azerbaijan, which – with Ankara's acquiescence and Moscow's passivity – conducted an operation against the so-called Nagorno-Karabakh Republic in September 2023. It ended with the liquidation of the unrecognised para-state, a move which weakened Russia's position in the South Caucasus. Its inability (or unwillingness) to provide assistance to its ostensible ally Armenia exacerbated the crisis in their bilateral relations.¹⁷

Consequently, Yerevan has attempted strategic diversification: it has reduced its activities in the Collective Security Treaty Organisation and has begun to look for new security partners, particularly in the West. However, Moscow still has numerous tools at its disposal to put pressure on Armenia, and how successful the Armenian attempt to distance itself from the Kremlin will be depends largely on the conclusion of a peace agreement with Baku and improved relations with Ankara. Although Russia has deepened its influence in Georgia (especially economically and in the sphere of soft power), the latter state is formally continuing its course towards European integration. The instruments at Moscow's disposal are not sufficient to reverse this process, but it will be able to slow it down. It will be advantageous for the Kremlin if the Georgian Dream party, which has a pragmatic attitude towards Russia, remains in power.

¹⁷ W. Górecki, 'A serious crisis in Armenian-Russian relations', OSW, 11 September 2023, osw.waw.pl.

The war has not significantly weakened Russian influence in **Central Asia**. Moscow continues to play a key security role, and remains a major partner for the political and economic elites of the states in the region. Furthermore, Russia has markedly increased its trade with them, which is a direct consequence of the diversion of goods flows caused by the Western-led economic sanctions on Russia. Moscow's circumvention of restrictions via the Central Asian countries has also significantly intensified interest in them on the part of the EU and the US. They are trying to get them to comply with the sanctions regime, but since sanctions evasion has proved very profitable, these countries are not making any real effort to isolate the Russian Federation economically. However, the war has not dampened the long-term demographic, cultural and economic trends that will lead to the erosion of Russian influence in the region in the longer term. The generations that retained elements of Soviet identity are gradually passing away, the knowledge of the Russian language is shrinking, and a growing interest in Islam is producing a re-orientation towards religious and cultural centres in the Middle East (Turkey, Arab states). With the strengthening of national identities among the local population, **the status of the Russian language** and the use of Central Asian migrants as soldiers in the war in Ukraine may become flashpoints in relations with Russia.

2. Outlook

The Kremlin sees the clash with Ukraine as a decisive trial of strength with the West, the outcome of which will decide the fate of the political system built in Russia by Putin and his team. **They are determined to see this war through to a victorious end, and are not prepared to accept any compromise solution to the conflict** or even a temporary freeze on the hostilities. Only the palpable prospect of military defeat or the collapse of the Russian economy can induce them to seek ways out of it.

We should thus expect the Kremlin **to continue its current policy of uncompromising hybrid warfare against the West** and blackmailing the West with the further escalation of the conflict to the level of nuclear warfare. Russia will strive to undermine Western influence and to destabilise entire regions (Africa, the Middle East, the Balkans). **Should Ukraine's resistance break down, Moscow will sooner or later renew its ultimata for a revision of the security architecture in Europe along the lines which it presented in December 2021.**

One must also take into account a scenario in which Russia takes direct military action against Central European or Northern European countries

if it perceives a ‘window of opportunity’ – for example if an armed conflict involving the United States erupts in East Asia, or if it concludes that these countries are paralysed for internal political reasons.

Russia will continue to strengthen its ties and develop strategic coordination with China and other radically anti-Western actors (states and political movements). It will also continue to cultivate relations with key non-Western states by appealing to their narrow national interests and anti-Western resentments. It will also – in close partnership with the PRC – try to construct the institutional framework of a new international order that excludes the West, based primarily on the BRICS countries and the Shanghai Cooperation Organisation. It will also try to influence regional organisations such as the African Union, the Arab League and those in Latin America in an anti-Western direction.

V. SUMMARY: RUSSIA'S FRAGILE STABILITY AND GROWING AGGRESSIVENESS

Two years on from the start of the full-scale war with Ukraine, which is a part of Russia's systemic conflict with the West, we are faced with a complex picture. On the one hand, no serious challenge to the stability of the Putin regime can be seen in the short term. The war has become a pretext for the Kremlin to tighten the totalitarian nature of its domestic policy, increase the role of the institutions of force, and crack down on the remnants of the opposition, institutions of civil society and the independent media. The elite, some of whom believe in Moscow's victory, has been effectively intimidated. The public has sunk into apathy and is focused on waiting out the difficult times; they have come to passively support the war, treating it as a form of 'necessary evil'. The actions of the government and the central bank, as well as the continuing economic links with abroad (especially the main non-Western states), have made it possible to survive the crisis triggered by the invasion and the Western sanctions. The intensification of arms spending has even become a catalyst for some parts of the economy. In foreign policy, the multifaceted confrontation with the West has led to a reorientation of Russia towards non-Western states, primarily in Asia, which has allowed Moscow to avoid complete isolation. Relations and trade with China, India, Turkey and the United Arab Emirates have created a kind of 'lifeline' sustaining Russia, which in return has been attempting to use anti-colonial slogans in its propaganda.

On the other hand, events such as the Prigozhin rebellion demonstrated the fragility of the internal stability in Russia and its dependence on the situation on the Ukrainian front. There were growing signs of fatigue among the Russian public and in both the local business community and the wider elite at the deteriorating (contrary to official indicators) social situation and the rising costs of the war. The Russian economy, which has been subordinated to it, is struggling with numerous problems: inflation, capital flight, labour shortages, the 'primitivisation' of domestic production, and the country's ever-increasing dependence on China. Production and exports of raw materials, which are still the country's most important source of export income, are declining. Despite the Western countries' war weariness, there are no signs that the sanctions regime is weakening: indeed, especially from the US, they are gradually becoming tighter. Attempts have also been made to close the existing loopholes and deter third countries from circumventing the restrictions. There were very few countries to which Putin had the courage to travel without fear of

being detained in connection with the International Criminal Court's wanted notice for him, which has become a serious political and prestige problem for the Kremlin.

In the near future both the internal situation and Russia's foreign policy will be fundamentally determined by the ongoing war and its subsequent course – whether in the short term the scales of victory will tip in favour of Moscow or Kyiv (the former currently being much more likely), or whether the conflict of attrition will continue. The stability and scale of Western support for Ukraine, global economic trends (especially in the energy sphere), the security situation in other regions (notably East Asia and the Middle East) which may involve the attention and resources of the US and its allies, and finally the political dynamics on the domestic scene of the latter (in particular, the consequences of the US presidential election) will also be important factors.

In the event of a reduction in Western (especially US) military aid to Ukraine and/or another Russian offensive (especially by the summer of 2024, before the NATO summit scheduled for July), Moscow could succeed in politically humiliating the Biden administration in the US and creating tensions within the Alliance, and above all, could achieve success in the war. This could take the form of further territorial gains, and in the maximum variant, of forcing Kyiv to halt the hostilities on terms dictated by Moscow, meaning a *de facto* loss of sovereignty for Ukraine. This would lead to a strengthening of the Putin regime, could bring about an erosion of the Western sanctions, and give Russia time (two to three years) to rebuild its economic and military capabilities to enable another phase of aggression, this time aimed at the West (primarily against the Baltic states and Poland, which are Russia's neighbours). Before that, Moldova could also fall victim to Russian imperialism.

In an extreme but not unlikely scenario, after such a success in Ukraine Moscow could come to believe that the Western community is in crisis (in the event of a relatively passive Western reaction, the defensive nature of its strategic communication, and/or as a consequence of tensions following Trump's possible victory in the US presidential election). In such a case the Kremlin could become convinced that Western institutions (especially NATO) are collapsing and that key Western states lack the political will to resist Russian aggression. Russia could then – as early as the end of 2024 or during 2025, despite the limitations of its military potential – undertake aggressive hybrid actions or even limited military operations against individual states on NATO's north-eastern flank, while using nuclear blackmail. Its goal would be to test the response of

the Western community and try to force a fundamental revision of the security order in Europe in line with its demands.

In contrast, a situation in which Western support for Ukraine is maintained and Kyiv defends its existing front line or even achieves limited military successes, partly moving the war into Russia as well, would pose a serious challenge to the Kremlin. Indeed, in the months and years to come, the economic and social problems resulting from both Western sanctions and the growing cost of the war on state finances would accumulate. Local social unrest and discontent within the wider elite and the general public would intensify. This could lead to political tensions and growing (initially covert) competition among members of the power elite for access to dwindling resources.

The Kremlin would likely respond by increasingly paranoid political behaviour, tightening control and repression, and deepening the totalitarian nature of the state, adding to the fragility and instability of the regime. Even if there were no political breakthrough (which seems unlikely in the foreseeable future), Putin's Russia would then be increasingly consumed by internal and economic problems, and its military capabilities would be partially worn out. And while this would be unlikely to weaken Moscow's confrontational posture, its potential for effective aggression against other states, including those in the West, would be markedly reduced.