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Executive Summary Report



Bancroft Capital's GEOIntelligence Group will publish monthly White Paper Reports. Our first White Paper Report in early September will be on "Great Power Competition," with other strategic topics to follow.

The GEOIntelligence Group will also release more frequent Executive Summary Reports for perspectives on trending issues and events. The most threatening crisis with international order is clearly the Ukraine-Russia War, hence, our initial "ExSum."

Ukraine-Russia War Key Points

- Ukraine has demonstrated that it has the strategic resolve and will to prevail in this violation of its sovereignty.
- This conflict is a test bed for like-minded democracies to demonstrate similar resolve in that it reinforces the importance of alliances and strategic partnerships; and demonstrates the power of remaining unified toward a resolution of the war.
- This conflict has shown the EU, NATO and Western Democracies the economic imperative of finding alternatives to Russian natural resources and select manufacturing.
- The strategic landscape in Europe has changed dramatically: NATO is more united than ever, and growing, with Finland's entry and soon, Sweden's.
- Western force posture has increased. The U.S. has added forces; and although probably not permanent, this increase will likely be in place for the duration of the war.
- NATO defense spending has edged upward for the past five years or so, at a snail's pace. Next year, large increases to levels unseen in decades are projected. UK, Germany, France, Norway, Finland, Sweden, Poland, Estonia, Lithuania, Latvia, and Romania are all increasing defense spending.
- 54 nations are contributing to the defense of Ukraine through the Defense Contact Group, led by Secretary Austin. The U.S. has contributed the most, at \$40+ billion.
- Yet, there are many wildcards on the table:
 - o End-states range from a long-term war of attrition, with or without enduring Western aid; to Ukrainian battlefield successes; to the possibility of a negotiated settlement; and to a distinct possibility that Russia could escalate the conflict to attempt to regain the initiative, or to stave off defeat.
 - o The real decision is yet to be made: Will Western powers and the Alliance build a strategy to help Ukraine win? Or will they stick with a strategy of doing just enough to keep Ukraine from losing?



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Big Picture

Russia boldly attacked Ukraine along five lines of attack on February 24, 2022 to rapidly capture the national capital. Their initial strike failed, and the war soon became one of attrition and exhaustion, with each side attempting to wear the other down to the point of capitulation. Recent International peace talks in Saudi Arabia were an effort by the West and Ukraine to find a path to peace and bridge the chasm between the two respective belligerents' demands, by widening international support, especially with the developing world.

To date, Russia has seized mineral-rich and industrial eastern Ukraine with a focus on destroying the country's means of production and stealing their factories and products to support their own war efforts. In addition, Russia has blockaded Ukraine's seaports and maritime traffic nearing Ukraine's coastline. Because Ukraine provides a substantial portion of the world's grains to poor and developing countries, the U.N. brokered an agreement to export Ukrainian grain to relieve international food stress. Russia withdrew from the agreement in July, however, in response to Ukraine's attack on a critical bridge linking Crimea to Russia. Further, Russia has used long-range strike weapons to destroy port infrastructure, grain elevators, and grain in storage.

Implications

The prospects for reaching a temporary cease-fire or enduring peace are extremely remote. Neither side has an incentive to stop fighting, as the stakes are mutually existential. The stakes involved, while markedly different, cannot be much higher.

Ukraine has no alternative to victory; they are in a fight to exist as an independent, sovereign state. Ukrainian domestic and international public opinion will not tolerate rewarding Russia's aggression, countless war crimes, and criminal behavior with territorial concessions. A recent think tank survey found that 68% of Ukrainians believe that the war will end only when there is a complete defeat of Russia; and 77% of Ukrainians are "completely confident" of victory of Ukraine. Further, they see the return of Crimea as an essential outcome to the war.

Winning is essential, and perhaps, existential for President Putin; if Russia was defeated by Ukraine, Putin's grip on power would be tenuous at best. Already a pariah with most of the Free World, polls are tracking a steady decline in Russian citizens' support for the war in the past 12 months. While a popular uprising continues to be unlikely as the war protracts, a loss for Putin and the likely ensuing rise of internal anti-Putin sentiment would likely embolden those now quietly opposing the conflict. At present, Putin and his power structure are largely insulated to the human losses and financial costs of the war, as international sanctions do not meaningfully affect Putin and his inner circle of political and financial supporters; and the elites are not sufficiently inconvenienced to demand changes.

This could change – perhaps swiftly and dramatically – if the strategic picture in Ukraine shifted decisively in Kyiv's favor.

Russia has a few partners, but no allies. Iran and North Korea are providing arms and ammunition. Belarus is providing geography and a potential flanking option to threaten Ukraine from another axis. Syria cannot do much for Russia beyond providing rhetorical support.

China continues to try to appear neutral, mainly to protect its slowing economy. It cannot afford to lose the European market, and it also cannot afford for its largest industries to be sanctioned. China also cannot afford to abandon Russia. China is in global competition with the U.S. and increasingly the West, and it does not want to face this alone, without Russia.

China claims that its peace framework is a neutral plan; however, it is a “freeze in place” proposal that clearly favors Russia. It is becoming increasingly difficult for China to straddle the neutrality line, quietly helping Russia while claiming not to help Russia so it does not lose Europe.

Global grain prices have spiked and will create food stress in nations that can least afford to pay significantly higher prices for grains. Turkey, which brokered the original agreement, has attempted to mitigate the immediate problem and return to the multilateral agreement. The ‘sideline nations’ that include the global south are increasingly unwilling to give Russia a pass, given Russia’s obstruction of the flow of grain from the Black Sea.

Forecast

The prospects for peace are few, and the war will most likely drag on for at least another year, which raises concerns and questions:

- Can either side sustain a long-term war of attrition?
- How would an election loss for President Biden affect U.S. support for the war?
- Would a string of strategic defeats lead Putin to escalate the conflict, possibly to include nuclear weapons, to attempt to regain the initiative or to stave off a defeat?
- What will be the role of theater nuclear weapons?
- Could a miscalculation by Putin provoke neighboring NATO partners and provide a flashpoint for expanding the war beyond Ukraine?
- What does this ensuing conflict mean for the international community, particularly Global Powers?
- Will conditions unfold that force the Western powers and the Alliance to build a strategy to help Ukraine win? Or will they stick with the strategy of doing enough to keep Ukraine from losing?

China is monitoring the war closely with Taiwan in mind. They are watching the fighting for applicable lessons. More importantly, China is seeing how quickly, and completely like-minded nations have coalesced around a common cause (the defense of Ukraine) and will search for ways to obstruct that in the event of war over Taiwan. China also is observing closely to see what techniques were effective/ineffective for weathering or mitigating the impact of sanctions.

Global grain prices will remain high until Russia is incentivized to return to an export agreement. Also, following any peace agreement or cease fire, Ukrainian infrastructure and industries must be rebuilt, to include urban centers to support the re-industrialization.

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