

## Power Struggle in Russia and Outlook Russia-Ukraine War

### Key Takeaways

- Prigozhin's failed assault seriously challenges Putin's grip on power, which depends on him demonstrating to his people and the world, that he is the strong, uncontested leader, guaranteeing order, security and stability, in control of patronage networks and media propaganda.
- Russian forces show no signs of disintegration and fighting on front lines continues with undiminished intensity. However, friction around the future of Wagner group as well as weakened morale and cohesion within the military may severely impact Russia's war effort down the line.
- Russian propaganda was at a loss explaining what had happened and could not protect Putin from being publicly exposed to his weaknesses, and his core war narrative was deconstructed by his so far strongest and highest profile war campaigner.
- Focus of Western leaders over the past weeks had been on trying to devise a way of stopping the war without legitimising Russia's land grab in Europe.
- Assuming a stabilisation of Russia's political and military situation, Ukraine's counter offensive is facing a tough campaign over the coming months most likely focused along two axes in the south-east.
- In the run up to the July NATO summit in Vilnius, Western leaders are concentrating on a US-Israeli type security arrangement with long-term military support commitments.

### Power Struggle in Russia: Putin's grip on power weakened

The aborted march on Moscow by Wagner has seriously undermined Putin's grip on power by dramatically exposing what is worst in Russian politics: his weakness. He has shown poor judgement by allowing the challenge to unfold. He was unprepared in countering the challenge, bowed down to a settlement negotiated by Lukashenka, and backtracked on his vow to severely punish traitors.

Prigozhin equally is a loser of the standoff: he had to bow down as well, even though he was able to negotiate a deal that got him some protection in the short run. Still, his failed assault and the way it got averted will have at least three lasting effects:

Russian propaganda lost control, and Prigozhin's defying criticism of the war as being needed "by the clan that is today practically ruling Russia" will remain in the public domain. Secondly, whilst parts of Wagner troops may be integrated into the Russian army, morale and motivation of the Russian forces will be undermined further. But most importantly, the events have for the first time triggered the question: "Is Putin still fully in charge"? Until his march on Moscow Prigozhin fulfilled a useful dual function: He was providing the most brutal and ruthless part of Russia's warfare, and by rampaging publicly against Shoigu and the military, Prigozhin answered the most Russian of all questions: „кто виноват? - Who is guilty?" The incompetent military leaders. Not the president. Effectively, whether or not Putin takes out Gerasimov or Shoigu or holds on to them, the answer to the question „Who is guilty?" is now very different: "The President may not be guilty, but he is no longer the strongman and guardian of our security."

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Members of the Russian elite from St. Petersburg and Moscow with some weight and power will very closely monitor the situation. As one Russian analyst once put it rightly: „Yes, they all seem to support him. But once he stumbles nobody will take to the streets to support him.“ Putin’s power system has undermined Russian state institutions over the years, relying on patronage networks and threats of repression. Those may start to disintegrate once the belief in the invincible leadership of the strongman has been shattered.

### **Ukraine War: Diplomatic dynamics?**

As the Ukrainian army tries to regain territory in southeastern Ukraine as part of its western backed counter offensive, political leaders have been seeking to devise a way in which the war can be halted without compromising key security goals on the Western side.

In parallel to increasing their weapons supplies to Ukraine, European leaders and the White House have in recent months raised their expectations that following the counter offensive, negotiations with Russia could become possible. The Russian leadership’s readiness to strike a deal could come at a point, where unsuccessful war-efforts lead to growing dissatisfaction and dissent internally, i.e. threatening the grip on power. When Zelensky met German Chancellor Scholz and French President Macron for dinner in Paris in February, the European leaders discussed with Zelensky to think about eventual negotiations over the end of the war. Similarly, some White House officials have been nurturing expectations that Ukrainian military gains could pave the way for negotiations, while US Secretary of State Blinken earlier this month laid out the US principles for peace in a speech delivered in Finland.

While Putin has all along claimed his willingness to negotiate, a recent uptick in Putin’s public statements (first in his public meeting with military-bloggers, followed by a meeting with an African delegation to discuss diplomacy over Ukraine and then his statement at the St. Petersburg Economic Forum) about the war’s progress as well as his frequent stressing of Russia’s openness to embark on negotiations has been notable. At the same time however, he has so far consistently and firmly stuck to his key demands regarding Ukraine. Behind the scenes and in track II engagements, amongst others in Geneva and via the Vatican, contacts between Russia and the West have continued. Following Zelensky’s recent visit to the Vatican, Pope Francis appointed Cardinal Matteo Zuppi as a mediator for the war in Ukraine. Zuppi had in the past participated e.g. in successful mediation efforts over the civil war in Mozambique.

The challenge Western leaders are facing is how to devise a halt of the war whilst at the same time not legitimizing Russia’s European land grab – which may lead to other nations around the world making their claims on disputed territory count. Close observers are interpreting Russia’s involvement as being driven by the assumption of an American interest to settle the Ukraine war before the 2024 presidential election. Allegedly the Russians are floating an openness for a “Korean model” according to which the conflict would be frozen by way of an armistice including a demilitarized zone. This is however viewed skeptically by Western experts given that it would advance Russia’s stated goal of “demilitarizing” Ukraine.

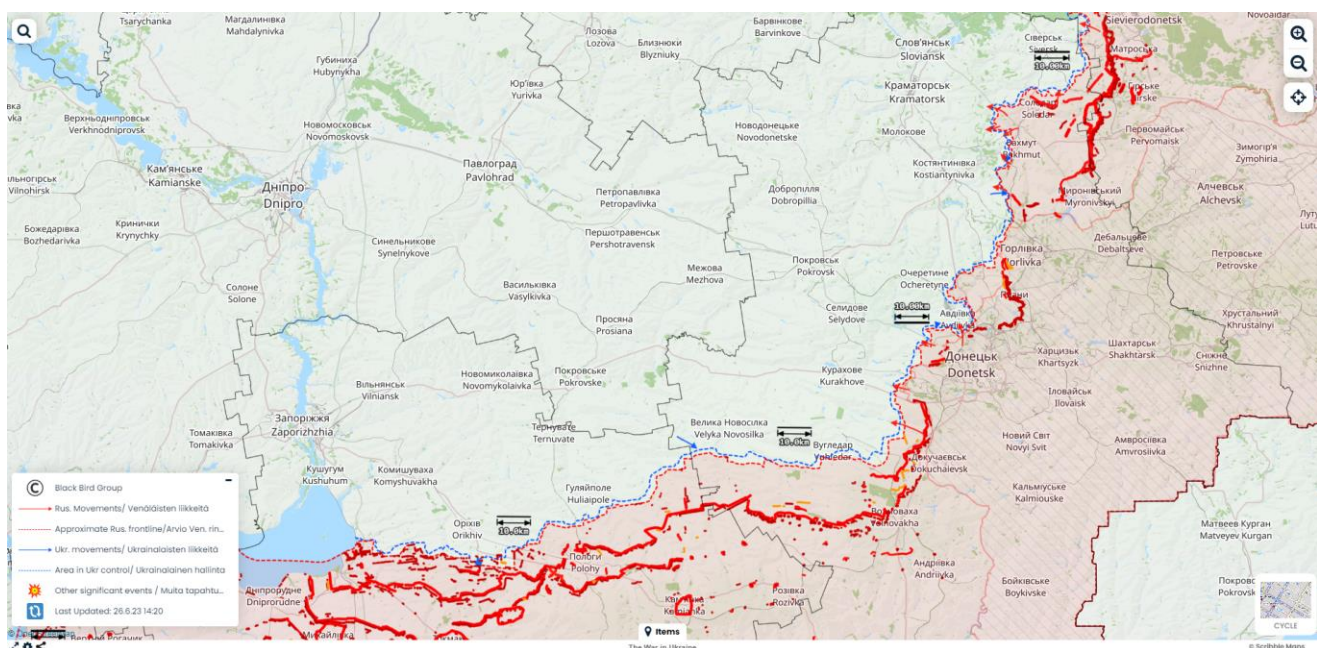
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US officials have warmed to the prospect of a PRC role in negotiations between Russia and Ukraine. After initially dismissing the PRC's "peace plan" for Ukraine, US officials including the more hawkish Secretary of State Blinken indicated an openness to the PRC's involvement in finding a diplomatic solution to the war in Ukraine. When official US-China diplomatic engagement was in a deep freeze in March following the spy balloon incident, the former Chinese ambassador to the US, Cui Tiankai, visited Washington DC for talks with Sullivan and Deputy Secretary of State Wendy Sherman. There, he indicated that the PRC was interested in helping to find a diplomatic solution for the war in Ukraine. At their recent meeting in Vienna, US National Security Advisor Sullivan and his counterpart Wang also discussed how the war in Ukraine could be ended. Sullivan's meeting with Wang was followed by a recent visit to Beijing of Chancellor Scholz's foreign policy advisor Jens Plötner (who played a key role in negotiating the Minsk accords) where he will have discussed the situation in Ukraine as well.

### Probing the attack

Ukrainians for their part continue to signal their determination to fight and that no direct negotiations would take place as long as Russia continues to occupy Ukrainian territory.



Source: [Black Bird Group](https://www.blackbirdgroup.com/), 26.06.2023

Over the past three weeks, the Ukrainian military has conducted a set of attacks south of Orikhiv in the Zaporizhzhia Oblast and Velyka Novosilka in the Donetsk Oblast along a roughly 80-kilometre-long front line in Ukraine's southeast between Zaporizhzhia and Vuhledar. There it has liberated a few towns along the line of contact. However, we would caution against overly optimistic reports of Ukrainian advances at this stage of the counter offensive. Russian forces have established staggered fortifications along the south-eastern front line with a dense line of defences some ten to twenty kilometres behind the current line of contact which Ukrainian forces have not yet reached.

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The Ukrainian goal will be to achieve a breakthrough along the frontline once weak points in the Russian line have been identified. Ukrainian forces must make the decision where to deploy its strongest units to be able to break the frontline at one point. Once a weak spot in the Russian defence opens up, it will be crucial for Ukrainian units to advance as quickly as possible, thereby increasing the chance of making critical territorial gains. So far, Ukraine has not committed the bulk of its western-equipped forces to this end.

Should the Ukrainian military continue to focus its operations in the south-east, we expect it to conduct its offensive along one or at most two main axes of advance towards Melitopol or Mariupol. For the Ukrainian military, reaching Melitopol would put the Crimean Isthmus in reach of its HIMARS. However, Russian forces have heavily fortified long-stretches leading up to Melitopol, including the strategic railway hub of Tokmak.

Given the Russian entrenchments along the southeastern frontline, Russia's ability - contrary to the Kher-son offensive last fall - to resupply its forces in the region and the Ukrainian lack of air superiority we expect the counter offensive to be a slow and tough fight which will last several months.

However, also intense cruise missile attacks by the Russians will not mask the fact that last weekend's instability of Russia's political situation will impact the morale of front-line Russian troops going forward.

### **Establishing Iron Dome**

Ahead of the NATO Summit in Vilnius on July 11/12, Central Europeans leaders have been pushing the Biden administration to agree to a strong political commitment for Ukraine's eventual NATO membership once the war has ended, including specific goals and timetables for accession. Importantly, the French government has sided with Central Europeans following a recent defence council meeting in a push to back Ukraine's NATO membership after the war. On the other hand, Germany and the United States remain wary of providing Ukraine with a clear roadmap to NATO membership already now.

The issue is still being hotly debated within the Biden administration and among NATO allies, however we expect only limited changes to Ukraine-NATO relations at the upcoming summit. At a recent White House meeting, NATO Secretary General Stoltenberg floated the option of waving the requirement for a Membership Action Plan – the usual process for nations to join the alliance – for Ukraine. While it is unclear what alternative timetable would take its place, Biden has been open to consider this option. Another likely change will be the elevation of Ukraine-NATO relations to a NATO-Ukraine Council, similar to the one Russia enjoyed after the cold war. Still, Ukraine's NATO membership will at the end of the day be a political decision made in capitals and with the war still raging we remain a far way off from actual membership.

We expect that Western leaders will issue a separate Ukraine related communique at the summit which will focus on security arrangements outside of NATO. The focus will be on a package of bilateral security provisions modelled on the US-Israeli security relationship and will include military hardware such as fighter jets and missile defence systems.

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The European Commission has proposed a Ukraine facility worth €50bn to support Ukraine's macro financial stability and reconstruction. EU member states however have yet to sign on to the Commission's proposal with France and Italy linking their agreement to the financing plan for Ukraine to concessions on the reform of the stability and growth pact. However, given Germany's Finance Minister Lindner and his peer group of frugal member states remain insistent on a debt-reduction path and appear unlikely to budge, we do not expect France and Italy's linkage between Ukraine aid and the reform of the Stability and Growth Pact debate to last.



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