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Thank you. Hello, everyone. Good morning, good afternoon, good evening, depending on where you are located. Thank you for joining us today for a very timely discussion on the current situation in Ukraine. My name is Paige Montfort. I am the media relations coordinator here at the Center for Strategic and International Studies, CSIS, and it is an honor to host you and our brilliant experts.

Our press briefing today coincides with the launch on CSIS.org of a new curated collection of independent bipartisan analysis from across the Center. It’s called “Crisis Crossroads: Ukraine.” And I encourage you all to check it out for the most recent analysis, upcoming events, and more pertaining to the Russian threat to Ukraine and its potential impacts.

To give you an idea of what to expect today, each of our four experts is going to open up with about five to seven minutes of analysis, and then we will open it up to you and our questions. Our moderator here is going to instruct you on how to join that queue when the time comes. And finally, as a reminder, we will have a transcript available for this call within just a few hours after we conclude.

So, without further ado, I’m going to briefly introduce our experts.

First, we will have Dr. Seth Jones. He is a CSIS senior vice president, Harold Brown Chair, director of the International Security Program, and director of our Transnational Threats Project. He is going to provide a military analysis based on his most recent brief and satellite imagery analysis, “Russia’s Gamble in Ukraine.”

Then we’re going to have Rachel Ellehuus, deputy director and senior fellow with the Europe, Russia, and Eurasia Program here at CSIS. Rachel is going to discuss the state of U.S. engagement with allies and partners, assistance to Ukraine, and NATO response to protect allies and signal deterrence.

Next, we’ll be joined by Andrew Lohsen, a fellow in the Europe, Russia, and Eurasia Program here at CSIS as well. He is going to provide the view from Ukraine, so to speak, on Moscow’s demands, why Moscow is so intent to change the status quo in Ukraine now, and more.

And finally, expert Nikos Tsafos, who holds the James R. Schlesinger Chair in Energy and Geopolitics with the Energy Security and Climate Change program here at CSIS, is going to analyze what different conflict scenarios might mean for European energy security.

We have a lot to cover, so I’m going to hand it over now to Dr. Seth Jones to get us started.
Seth G. Jones

Thank you, Paige. And thanks, everyone, for joining. I’ll try to be relatively quickly and focus predominantly on the military aspect of what we’re seeing. I should note that none of what I’m about to outline means that the Russians will definitively invade, although happy to get into that in the Q&A period. I’ll lay out some of the recent developments and then kind of an assessment of what this could mean if there was an invasion.

So based on recent movements of forces, not just ground which folks have paid a lot of attention but also air and naval forces, and our look at open-source information – we spent a lot of time, you know, over the last few days continuing to monitor satellite imagery. And not just what folks may see in – you know, in general in the press, that is the images, but also the counting of Russian-named battle tanks and howitzers, and Iskanders. So doing a little bit more than just looking at photos, but also counting specific weapons systems in specific locations, including ones that have been coming by train from other areas.

So what I’d like to argue is two main points. One is to continue to highlight what we’re seeing, and this is not necessarily major news but we continue to see the movement of forces – ground, air, and naval – into positions for the possibility of a conventional invasion. Again, not saying that it will happen but just saying that they are in a position, and not just Russian but also the – forces for Belarus, which I’ll get into in a moment, which actually increases the numbers available if there was an invasion.

Second, it’s gotten a little bit less attention – also seeing extensive Russian preparation and, actually, preparation in Belarus as well for irregular operations, cyber operations, and various aspects of subversion and sabotage by Russia’s intelligence services – the GRU, the Main Intelligence Directorate; the SVR, the foreign intelligence agency, and then various Russian Special Operations Forces, those under the KSO and just general Spetsnaz, and not just preparations in Ukraine or even Eastern Europe but, potentially, much more broadly. Some of this we’ll get into specifically here. Some of this may get deferred to the Q&A period.

Let me talk with the Russian and the Belarusian lay down. You know, our maps of the Russian force lay down around Ukraine, essentially, show that the country is surrounded by three sides, and in addition to the ground force presence in Belarus as well as the Russian-Ukrainian border, obviously, we see Crimea as well, and then heavy air presence of Russian aircraft around the region in Belarus, in Russia itself, as well as in Crimea, and then additional Black Sea maritime activity, which I’ll get into.
We still see probably at least six types of military options that the Russians could take.

One is a decision, actually, not to invade but to continue to use irregular means in Ukraine, a combination of offensive cyber operations and then proxies and partners and some Russian forces operating probably out of uniform in Ukraine, including in Donetsk and Luhansk as option one. So, essentially a stand down but continuing to operate militarily.

A second would be just focusing on actually formally seizing Donetsk and Luhansk.

A third would be an actual push – a conventional push up to the Dnieper River, which is a – would be a reasonable geographic barrier.

A fourth would be a seizing of the Dnieper River as well as an additional belt of land around the Black Sea, which would connect Russia, including Crimea, to Transnistria.

A fifth option would just be that belt of land from Crimea along the Black Sea.

And then a sixth option would be a seizure of all of Ukraine. It would not necessarily have to involve all conventional forces. It, certainly, could include a combination of Russian conventional forces and then irregular units operating, for example, in the west.

So we’re looking at all of those.

We would expect that if there was an invasion we would absolutely see, as we saw in Syria, for example, with the Russian deployment, an initial focus on heavy offensive cyber operations against command-and-control structures, probably critical infrastructure in Ukraine, as well as airstrikes from Russian fixed-wing aircraft and strategic bombers against key locations in Ukraine – command-and-control centers, air defense systems, probably air systems more broadly – Ukrainian air systems – probably some conventional units on the ground to facilitate a ground advance. Again, we’re seeing the types of systems – I would expect to see, if they were to move, main battle tanks, self-propelled howitzers, towed artillery, multiple-launch rocket systems, surface-to-air missile systems, short-range ballistic missiles, and a range of other support vehicles and equipment that has been pushed to Yelnya and various other locations.

The Belarus exercise is an interesting one, in part because, you know, it has raised a question about whether any Russian military deployment, if it were to happen, would also include Belarusian army forces, of which there are about 45,000, which would increase the numbers of conventional units that
could push into somewhere in the neighborhood of 200,000, which starts to
get up to a much more serious level.

In addition, we continue to see a slight increase in the number of battalion
tactical groups, or BTGs, operating the Black Sea for potential amphibious
operations. Again, not saying that the Russians will definitely conduct
amphibious operations and land at Odessa or other locations in Ukraine; just
saying they have the capabilities to do that. We’re seeing probably an
increase in the combat power ashore in the first wave and assault from
about two to 3.5 BTGs, which does provide for somewhat greater
survivability of a beachhead, if they were to create it. Also looking at
airborne BTGs that could parachute into nearby airports, which would
number about 6,000 to 7,500.

These amphibious activities are notably important, but let me just add,
before wrapping up, the irregular activities that we would expect to see as
well, and some of these may be in response to sanctions or other actions.
First is the various Russian and, in some cases, Belarusian cyber
perpetrators, the UNC2452, Turla, the very advanced persistent threats
including 28, APT28, UNC530, UNC1151. These are all actors that have
generally been tied to intelligence services in Russia, Belarus, and other
countries, which have been defacing websites, conducting some limited
malware placements and attacks, and could certainly ramp up, if they
needed to. Also, I think we – there are paramilitary actors in Ukraine that
could conduct escalated sabotage and subversion, if the Russians decided to
do that. We’ve also seen activities including the Russian maritime vessels
operating around the fiber optic networks off the coast of Ireland, which has
been in the news. We’ve also been monitoring some of the fiber optic cables
that have been – that have gone dark around and I think have been brought
back up around the Norwegian mainland between the Norwegian mainland
and Svalbard. So there are – and the U.K. chief of defense has raised this issue
about Russian vessels, including submarines, potentially could cut those
critical underwater communications cables.

So I think that’s it. I do want to highlight before turning this – I think Rachel
is next – that, you know, the Ukrainians have been able to fight effectively in
a range of areas over the last couple of years, so if the Russians move in, in
no way, shape, or form would I personally argue that anything would be
easy, particularly if there were weapons systems provided or other types of
cyber defense systems, electronic warfare provided to the Ukrainians. Happy
to get into that more specifically. Again, bottom line here is that we’re seeing
both conventional and irregular preparations that the Russians are making if
they decide to move in.

And with that, I will pause and hand this over. Thanks.
This is Rachel Ellehuus with the Europe, Russia, and Eurasia Program, and I'm going to focus my remarks on the state of U.S. engagement with allies and partners, assistance going to Ukraine, and what NATO's doing to respond to protect the allies and signal deterrence.

Most of you, I think, are familiar with a lot of the core principles the Biden administration has put forward in handling this crisis. I'll just go through them quickly. Diplomacy first: I think the number of meetings we've seen with all sorts of counterparts and the pace of those meetings and the depth of those meetings attests to their commitment to that. There is this core principle of nothing about allies and partners without allies and partners, so anytime you see an engagement with the Russians or a response to the Russians, that has been thoroughly coordinated with Ukraine, with the Quad, with Poland and the Baltic states, and with NATO and EU leaders. And I'm hearing that these consultations are quite detailed. For example, with regard to the written response that Russia asked for from the United States, what we saw come out of that was a parallel coordinated U.S. and NATO written response to the Russian demands. And in those consultations with allies and partners, the U.S. apparently went line by line in a very detailed fashion to make sure everybody was onboard with that.

And so I think there is – there is quite a lot of engagement going on. I think where you see the most unity is around the statement that core principles of international security will not be sold down the road or compromised in any way. So things like a sovereign country's right to choose its own alliances and alignment in the world. So any suggestion of closing NATO's open door would be dismissed. But at the same time, there's been a real effort to try to find areas that could offer some sort of assurances to Russia and allow for possible off ramps. But those are being worked through in real time.

I'd say generally speaking, I think allies and partners are preparing and converging on a range of responses. Those would be coordinated if not identical measures. Clearly, you know, in any NATO response or EU response, what you're looking for among that number of allies and partners is general agreement on what's trying to be achieved. And then it's up to individual allies and partners to decide what they contribute to that fight or that response. But there's essentially, I think, three areas where work is currently ongoing, and a fourth where I'd like to see more work.

So the first area where we're seeing a lot of efforts to converge and coordinate measures – potential response measures among allies and partners is in this economic sphere. So you're all very familiar with the
suggestions here, which is sanctioning Russian financial institutions, instituting export control measures that affect strategic sectors of the Russian economy, targeting sanctions on individuals, particularly those who are used to traveling on – traveling to the U.K. and the United States, maybe have property there, maybe even have family going to school there or working there. So those are on the books as well.

And then more recently, probably in a response to some of the things that Seth laid out, a lot of discussion on cyber. Because there is this sense that part of the Russian aggression will build on some sort of a cyberattack. So there’s been a lot of engagement, and there will be continued engagement between the U.S. and NATO and EU allies and partners next week on cybersecurity, in four areas in particular – aviation, water safety, energy, and financial services. So I think I see a lot of proactive thinking here about the types of vulnerabilities that exist in Europe that could be compromised if Russia takes this next step.

Secondly, disinformation. I think we’ve seen – after an initial slow start, I think the U.S. government has gotten pretty good at exposing and pushing back on Russian disinformation together with allies and partners. There have been a number of websites launched to try to show, and expose, and sort of shine daylight on some of the disinformation and misinformation that’s trying to change the narrative.

Third, and I know that Nikos will cover this in detail, is energy. But I think the important point there is we’re moving beyond the discussion on Nord Stream 2, which of course we can talk about later, and the peculiarities of the German position. But, you know, really these deliberate attempts to divert supply, to find alternative energy sources in the case that this does go to the next step and the current energy supplies are disrupted.

The one area where I’d like to see more progress is clarity around what triggers a response. It’s really great we have all these response options, but if allies and partners, or even a subset thereof, can’t agree about what triggers an invasion or an incursion, you know, then that list of possible responses is not really going to signal or have the effects that we want it to have. And as Seth laid out, there seems to be, you know, Russian knowledge of that, and a deliberate attempt to focus on this irregular space, and maybe have that one- or two-degrees of separation from any malign acts, by using proxies, or special forces, or separatist forces.

In terms of assistance to Ukraine, you know, clearly the U.S. has been the most robust. And, again, to Seth’s point, I think the idea here is to make it as tough as possible for the Russians, if they should decide to invade Ukraine again.
The NATO secretary general’s been pretty clear that no NATO combat forces would go to Ukraine. He made this distinction partly in response to some disinformation, a lot of people calling Ukraine an ally when, in fact, they’re a partner. So while they have, you know, close cooperation with NATO, they don’t have that same Article 5 collective defense assurance that goes to countries who are actually allies and members of the organization.

But the U.S. assistance is over half-a-billion dollars in development and humanitarian assistance just in the last year. They’ve now committed about 650 million (dollars) in defense equipment and services in the last year. And then, most recently, we saw a new package with Javelin anti-tank missiles, anti-armor systems, grenade launchers, and ammunition. And now I think I heard yesterday that the U.S. was exploring macroeconomic support to help Ukraine’s economy if it should be pressured by events.

European allies have also stepped up. We’ve seen a lot of visits by foreign ministers from the U.K., Poland, Netherlands, Germany, and France. The U.K. is probably the most forward leaning here. They’ve provided light anti-tank missile systems. And then our Baltic and Polish friends have also shipped antiaircraft missiles and are anticipating shipping ammunition, artillery, mortar systems, and drones. And of course, even Turkey has provided drone and counter-drone capabilities.

The EU, a little bit lost in space here because they are working on a package of financial export-control and energy sanctions, but let’s hope those are not late to need because things are moving so quickly.

But again, like, a very robust response in terms of assistance to Ukraine.

The last thing I want to touch on is NATO deterrence efforts because, again, I think we need to make this distinction between what can be done for Ukraine and what can be done for countries who are members of the alliance. The reason we’re seeing additional deployments by NATO allies now is because Russia continues to operate in NATO space. I think Seth mentioned, you know, the three Russian ships in the Baltic Sea. We continue to see snap exercises, a lot of movement in the Baltic and North Seas but now also possibly, again as Seth mentioned, in the Atlantic and the Mediterranean.

So I think NATO wants to achieve two objectives. They want to signal deterrence and they want to prepare for any risk of spillover. Again, the troop movements into Belarus and the snap exercises are right along the border with Poland and very close to the Baltic states, and a lot of capabilities are going into Kaliningrad that could even hold partners such as Sweden and Finland at risk. So a lot of these moves are meant to get at what
we’re seeing in terms of Russian increased activity in NATO’s area of responsibility.

So a number of allies have stepped up.

The Danes are sending frigates to the Baltic Sea. They’re also sending fighter jets to Lithuania to support NATO’s air policing mission.

Spain and France are focusing kind of more on the Black Sea region. Spain is sending naval forces and considering sending fighter jets to Bulgaria, again for an air policing type mission. And France has been talking about sending troops to Romania under NATO command so we get a presence that is more like the NATO enhanced forward presence that we see in the Baltic states and Poland. Currently, NATO presence in the south is a tailored forward presence, so that’s mainly rotational forces and mainly U.S. rotational forces that are going into Romania and Bulgaria but not necessarily on a heel-to-toe basis. So there are quite a few gaps in terms of the presence in the south.

The Netherlands, similar to Denmark, is sending fighter aircraft to support air policing and then putting some units on standby for the NRF. I do think you might see a number of other allies, including Germany, putting land-based units on standby for NRF just to signal that preparedness and intent should things go badly.

Finally, the U.S. I think the headline here is that the United States put the USS Harry Truman Carrier Strike Group under NATO command. That’s pretty significant. That ship can accomplish a lot, even in a standoff matter. And then Secretary Austin announced that he would put these 8,500 U.S. forces on alert and was considering increasing military presence in the east. So a very robust air, land, and naval response, not just from the U.S. but also from allies.

And I think I’ll stop there.

Andrew Lohsen

Thanks, Rachel. This is Andrew Lohsen. I’m a fellow in the Europe, Russia, (and) Eurasia Program at CSIS. I’ll start by covering the view from Ukraine on Moscow’s demands and its potential military operation, and then I’ll go into, you know, why Moscow is so intent on changing the status quo in Ukraine now and, you know, the feasibility of obtaining its desired outcomes.

I’ll start with the government response. And so far, what we’re seeing is that Ukraine is continuing to acquire defensive support from its Western partners and to engage in information sharing about the threat posed by Russia. But of course, the elephant in the room over the last week has been the divergent assessments coming from
Washington and Kyiv about the likelihood of a Russian military operation. And what we have seen is that top officials in Ukraine have seemed to downplay that threat, with Zelensky urging calm, the defense minister saying that the current situation doesn’t look too dissimilar from the spring 2021 buildup, and the advisors to the president suggesting that the threat to Ukraine may be exaggerated for political reasons. And I think I would – I would offer three, you know, reasons why this divergence has emerged in this last week.

First of all, what we’re seeing is that the assessment of Russia’s capacity is being conducted really in different timeframes with – among the U.S. and Ukraine, and that’s leading to really different assessments of Russian intentions. If you look at the recent statements from Ukrainian officials recently, those have all really stressed how Russia lacks sufficient forces to launch an operation against Ukraine either today or tomorrow, so the very immediate timeframe. And for now, you know, this led them to the belief that for now what Russia wants is simply to destabilize the situation internally. Unfortunately, this view doesn’t really take into account the potential for other military operations that don’t involve occupation. I don’t think they’re viewing things in terms of the six potential outcomes that – or methodologies that Seth has explained in his remarks. And you know, that could be one of the reasons why we’re seeing some divergence in assessments here.

Also, the actions that are short of invasion. If Ukraine is believing that Russia doesn’t plan on inundating and occupying Ukraine, well, that honestly fits into Russia’s existing pattern of behavior for the past eight years. And so Ukrainians have been subject to Russian disinformation, propaganda, psychological operations since 2014, and so I think what we’re seeing now in the government is a perception that the amassing of forces is simply something that’s used to try to force concessions from Ukraine and that’s really just a new chapter from an old playbook.

But also, there’s real concern about the economic impact of discussing the possibility of a Russian invasion or occupation of Ukraine. Certainly, this is something that would lead to capital flight, further devaluation of the hryvnia, and also possible labor disruptions as more people flee, you know, areas that might be perceived as being in harm’s way. And we’ve already seen Ukraine’s currency drop almost 9 percent against the dollar since November, when this latest buildup began. So I think Zelensky is really just trying to keep a lid on the situation economically while Russia’s intentions remain still a bit unknown.

And also, what we’re seeing is that defensive preparations that are being undertaken by Ukraine don’t really belie the expectation that an attack is going to be – you know, to come in the next – in the immediate future. While
they're continuing to acquire military equipment, ammunition, and other support from Western partners, as Rachel had mentioned, we still haven’t seen the mobilization of reservists. There's no obvious deployments to the north to fortify the border with Belarus, which remains largely unprotected. And also, regional governments, which would play a key role in civil defense and the protection of civilians, are taking a rather uncoordinated and varied approach to the question of readiness, with some regional officials really refusing to engage on the subject, again because they don’t want to sow this perception of panic.

But that’s not to say that Ukrainian citizens aren’t concerned and that – or that they’re unprepared. What we’re seeing is that civil society, particularly organizations that are working in the humanitarian sphere, are drawing up contingency plans. It’s clear that an invasion would trigger a wave of displacement and would compound a number of preexisting humanitarian challenges that have existed since the current conflict broke out in 2014. And of course, these organizations are facing the challenge of not entirely knowing where a Russian military operation could come from. So right now there’s contingency plans that are being developed, but there’s really no way to implement them because of the unpredictability of Russia's military buildup and how that force might be deployed against Ukraine.

And we've also seen increased interest from citizens to engage in civil defense, first air, and other emergency preparedness training in the event of a wider conflict. And one-third of Ukrainians say that they would take up arms to defend their country.

So, you know, I think the view in Ukraine is really one of watchful waiting. You know, I think the government now is just trying to do everything it can to keep society functioning and not give into panic. And that has led to some different statements in the media recently. But I think, you know, the information sharing relationship, the communications that are taking place with Western partners is still ongoing. And so I don't think there’s too much reason to doubt, you know, how closely and how well that cooperation is working, despite some of these recent statements.

Now, taking a step back and engaging the question of why Moscow is so intent to engage – to change the status quo in Ukraine now, I mean, it does deserve to be said that regaining Ukraine does appear to be a legacy project for Putin. I try not to put myself in Putin's brain too much, but at the same time what we see is that he has really invested personally in pressing claims that Ukraine is part of this broader Russian entity. That was made very clear in this op-ed in which he claimed that Russians and Ukrainians were one people and he argued Ukraine is not a state. And, you know, it’s really rare to
see an article like that written by Putin and published so widely. So I would give that really high analytical value.

But also there’s concern that Ukraine is becoming irreversibly anti-Russian, that it’s become a security threat over time, and that Putin may believe that his chances of achieving goals in Ukraine might degrade as Ukraine continues to forge relationships with Western partners on increasing its defensive capabilities. We’ve also seen that in Ukraine lately several media outlets that were controlled by Putin’s allies have been closed, so that deprives Russia of a disinformation and propaganda platform. Political parties that are more inclined toward peace with Russia and accommodation of the Kremlin’s vision have really very little political prospects. And there’s increasing levels of support among the Ukrainian public for NATO membership and broader alignment with the West.

And so right now – and I think Putin’s looking at the situation and perceiving that he still has some solid leverage that he can use over the West. In the past he’s been dominated – or, he’s been rewarded for his – having escalation dominance, for taking the risks, upping the ante, and assuming that the West would back down and respond weakly. I think he sees fissures in European unity that he can exploit partially by virtue of being a major energy supplier. I’ll leave Nikos to discuss that question. But I think that would leave the perception that any penalties against Russia in response to aggression in Ukraine would be very weak and confined to specific sectors.

And also, with the U.S. pull out from Afghanistan, there’s a, you know, perception that the West has a low appetite for conflict and that its resources are constrained with its, you know, pivot and strategic thinking to addressing the competition with a rising China. And I think ultimately if Putin can achieve his aims in Ukraine, he would – if he could force the West to drop its support, it really does advance these geostrategic goals of weakening European unity, of hastening the emergence of this multipolar world, and really undermining the standing of the Euro-Atlantic democratic model.

So very briefly, before I pass it over, I’ll just say the feasibility of what, you know, Moscow – if Moscow can get what it wants, which is a say in Ukraine’s future and to prevent it from slipping further into the West’s embrace, you know, I think it’s clear that these – the strategy that Russia opened with, of issuing these maximalist demands to the U.S. and NATO for a sphere of influence that would include Ukraine, is really not going anywhere. And so I think that means strongarming Ukraine into making concessions, including implementing some of the painful political reforms under the Minsk Agreement, is starting to look a little bit more of a possibility.
We saw last week that advisors to the head of state of the so-called Normandy format, which is intended to accelerate progress under the Minsk Agreement, convened for the first time in several months and released a first formal statement recommitting to the Minsk process in since 2019. And they’ll convene next week once more to discuss how to break the impasse. I think that this is still a, you know, viable option for Russia to pursue. The progress toward the Minsk Agreement has really been stuck lately. But certainly, there’s plenty of opportunities for Russia to use the – use the threat of force to get Ukraine to make some of those concessions.

And honestly, if that strategy fails, then there is also the option of recognizing the independence of these two separatist-controlled areas of Ukraine, which has emerged lately because the Communist Party and the State Duma has tabled a draft law to provide that recognition and it’s under consideration.

So, still, you know, there’s a number of different possibilities that could play out here, and I think we’ll get a much better sense of how those are looking when Putin speaks today in one of his first press conferences in recent weeks about the Ukraine crisis.

Thank you. I’m Nikos Tsafos. I’m going to talk about energy. Before I delve into the different scenarios, let me make a few observations about the backdrop here. The real security issue is about gas. There could be ways in which this conflict, whatever it looks like, affects the oil market but gas is the real headache.

And before we even begin to talk about what’s happening in Ukraine, gas price(s) in Europe have been incredibly high. They’ve been incredibly high since last summer. They’re about 85 euros per megawatt hour. Today, just by way of reference, in the past before 2021 the highest point ever was 35 (euros). So, like, in the normal times before any conflict were at 85 (euros) when the previous historical peak was 35 (euros). So we’re not starting from a great spot.

The storage situation in Europe is also not very good. Storage is about 39 percent full. That’s how Europe makes it through the winter. Normally, in this time of year it’s 50 (percent) to 70 percent full. So high prices, not a lot of storage.

But as I talk about scenarios, remember one thing. Timing matters. A conflict in February is not the same as a conflict in April or May because as we go through the winter and into spring we use less gas.

I’m going to focus on two possible scenarios. They’re not the only ones, but just for simplicity: One, a disruption of gas flows through Ukraine, which I
would label as painful but manageable and quite possible; a wholesale interruption of gas exports from Russia, which I would consider catastrophic and impossible to fathom, but also unlikely.

The scenario number one, a disruption of gas flows through Ukraine. In the 1990s, Ukraine is how Russian gas got to Europe. Around 80 percent of Russia’s gas exports transported through Ukraine. By 2021, that has changed dramatically. Volumes are down about 70 percent from 1998 to 2021. Last year, in 2021, about a quarter – slightly less than a quarter of Russia’s gas exports to Europe went through Ukraine.

So the reality is, as we talk about these conflict scenarios Ukraine isn’t as important to European energy security as it was in earlier crisis that we had in the 2000s. Today, who is affected if we don’t get gas flowing through Ukraine? It’s Italy, it’s Austria, it’s Slovakia, and Ukraine itself. So we’re talking about a much smaller corridor of impact.

What happens if you lose this gas? You try to move gas around, particularly in the form of liquefied natural gas, to help the countries that are affected. Where do you find this gas? There’s sort of three broad tranches of flexibility. The United States has already shifted its supply posture. About two-thirds of U.S. liquefied natural gas went to Europe in January. So this has already happened.

The rest of the world – Africa, South America – there’s some capacity. Some of that gas is now going to Asia. Europe will have to bid it away. The biggest unknown, Qatar. Qatar hasn’t really shifted its export posture to supply Europe quite yet. Eighty percent of Qatar’s exports in January still went to Asia. Even by Qatari standards their exports are low, kind of like at the floor that they tend to get to.

Even if you just kind of got Qatar to supply what it did a few months ago, you could have a doubling of exports. Moreover, Qatar supplies more gas to Asia in the wintertime. January is usually the peak. So there’s also a natural seasonality. Qatar will be supplying more to Europe in the coming months no matter what happens in Ukraine.

But if you have a disruption, a shift, realignment of Qatari exports are going to be key for balancing the markets. That’s a scenario that, as I describe it, you have a disruption; you draw gas from storage; you attract more LNG; you have to do some gymnastics to move the gas around in Europe. It’s not a catastrophic event, especially if the disruption is short-lived.

Scenario two, a wholesale interruption of gas exports from Russia. The first nine months of 2021 Russia supplied about 42 percent of EU imports, Norway 23 (percent), Algeria 11 (percent). You’ve got some gas from Libya
and Azerbaijan. And 20 percent came in the form of liquefied natural gas. So 42 percent, you just can't replace it. This is a catastrophic scenario. We'll be looking at rationing of gas to industrial customers. You'll start burning whatever you can – oil, coal, wood. Prices would become essentially meaningless.

It's also a huge escalation on Russia's behalf. You know, you can cut off gas through Ukraine in the context of the conflict and the scenarios that my colleagues have discussed. There's also an air of deniability. Whoever does it, they blame the other side. But if you have a wholesale cutoff, that will basically destroy whatever remains of Russia's reputation as a reliable supplier. And this is largely a reputational issue. Oil and gas is still the livelihood of the Russian economy, but Russia also exports a lot of non-oil and gas products, and in fact, more in 2021 than they did oil and gas. And they also have, of course, a lot of money in reserves, about $640 billion. So they have a buffer. This isn't about making their money for the short period of a possible disruption. This is reputational.

What might their response be and sanctions? The problem with sanctions, as always, is that the proposals are either too big or too small. You can't get rid of Russian gas in Europe, and if you go after the growth in Russian energy, as we did after 2014, it's painful but maybe not enough to shape Russian behavior. Could Nord Stream 2, the pipeline, be targeted? The United States, if it were up to them, would have targeted this project much earlier. Germany's still not on board. It could. There's some indications from Germany that they consider targeting Nord Stream 2 depending on what happens in Ukraine. In my view, the significance of such a shift would be about what it says about Germany's foreign policy rather than energy markets. Right? It would be a signal of Germany being fed up.

In energy terms, I find Nord Stream 2 to be somewhat of a sideshow. What we've learned in 2021 is that Russia has market power in Europe. All they did in 2021 was not fill up the storage that they own in Europe, and they went prices – and they sent prices through the roof. Nord Stream 2 does not fundamentally change the gas equation in Europe, so even if the project is stopped, I wouldn't expect much change to the underlying energy dynamics and the relationship between Europe and Russia.

And with that, I will stop.

Ms. Montfort

Thank you very much, Nikos.

And thank you also, Seth, Rachel, and Andrew.

Now we're going to begin to take questions from all of those of you who have called in. Because we have just about 20 minutes, I'd like to remind our
experts perhaps to get through these questions to keep the answers short
but also as detailed as they need to be.

I’m going to turn it over to our moderator now to provide the queuing
instructions, and then we can begin.

Operator

Thank you.

(Gives queuing instructions.)

Our first question will come from the line of Howard LaFranchi from The
Christian Science Monitor. Go ahead, please.

Question

Hi. Thanks, all of you, for doing this.

What I think I wanted to ask Rachel specifically: You talked about the
possibility of coming up with off-ramps for Russia and I’m wondering – and I
noted that you also said that what you’re seeing – where you’re seeing most
unity is around, you know, core international principles, including a
sovereign country’s right to choose its own security alliances or its own
security policies. So I’m wondering if – what about this idea that Ukraine
might, as a sovereign country, sort of declare that while they would be a
partner, they would never seek NATO membership? And I’m just wondering
about that option and if you see it, you know, kind of as a no possibility or
how you see that from the Ukraine perspective too. And maybe Andrew
would chime in as well. Thanks.

Ms. Ellehuus

Thank you so much for that question. Well, certainly, let me take – I think
there were two parts to that question – first about the options that are being
put on the table, aside from giving up on those core principles.

I mean, I think they do tend to be in the capability area or the forces and
exercise area, and it’s in line with some of the deconfliction mechanisms
we’ve offered to Russia in the NATO-Russia Council in the past. So limits on
conventional forces in Europe along the lines of the CFE Treaty, maybe
agreements to limit cruise missile deployments that hold one another’s key
assets at risk, different rules around notifications for exercises and trainings,
those are the types of things that are being put on the table and I imagine
were included in both NATO and the U.S. response.

In terms of the option about Ukraine sort of self-declaring that it didn’t
intend to become a member of NATO, I have heard that option floated before.
It’s kind of like Sweden – the Sweden/Finland model, plus. The only problem
I have with that it doesn’t seem credible. So for that – for that announcement
or self-declaration to work, you would have to have some fidelity that Russia
would respect that agreement. And I think we already have ample proof that
even when they sign up to agreements, they have no intention of holding those up.

And in the specific case of Ukraine, Russia is, in fact, a signatory to the 1994 Budapest Memorandum, which actually compels them, the U.S., and the U.K. to respect Ukraine's borders and sovereignty. So I like the idea, and I think it's a creative way to get around NATO's reluctance – or, refusal to abandon its open door policy, even for Ukraine, but I just worry about the credibility and the ability to implement and sustain such a status when Russia is occupying Ukraine and has breached previous agreements. But I don't know if Andrew has something to add to that.

Mr. Lohsen

I think actually I'd just focus on the domestic political implications of that decision, Rachel. I think you covered the overall kind of question quite well. But, you know, for Zelensky to backtrack on the road to NATO membership I think would really be highly destabilizing. He's already been subject to a number of street protests that are organized by conservative political forces accusing him of being too soft on Russia, of kind of veering toward capitulation. And I think that this was – this would also just kind of create a wave of protest throughout the country, and really undermine confidence in the Zelensky administration among members of the military, who have been fighting for the last eight years to kind of preserve sovereignty, and Ukraine's ability to make decisions for itself. So I think that this is something that, should it happen, it would really put a lot of pressure on the Zelensky government, and could even kind of create a vote of no confidence forward if it were to be put in the table.

Operator

And, ladies and gentlemen, we do have one more question in queue.

(Gives queuing instructions.)

Our next question will go to the line of Danila Galperovich of the VOA. Go ahead, please.
Question  
Thank you very much.

My first question is to Rachel and Andrew. To what extent Russian rhetoric demands and military buildup is dictated by domestic reason? I mean, because everybody says that Putin successfully suppressed opposition. He has no rivals, controls everything. But he’s getting older, and problem of 2024 goes nowhere. So he needs to prove his entourage that he is the one who can speak with the West, and so on.

And another question to Seth, what do you know for now about the activity of mercenaries like Wagner Group in present situation with Ukraine? Because we know that together with, and even before, some official Russian steps in Ukraine, Syria, Africa, there were paramilitary groups like Wagner. So what do we know about their activity now? Thank you.

Ms. Ellehuus  
All right. I'll start. And I'll be brief, because I believe Andrew has a better handle on the Russian internal dynamics. But I think your question sort of has part of the answer embedded into it, in that Putin does value credibility with the West and access, you know, to the decisionmakers' table. And so this is why I think the West has chosen diplomacy first aspect, because even in those initial days of consultations in Geneva the Russians did come to the table and have a back and forth dialogue. So that is — that talking and that ability to have that access, and to have a voice, I think, does increase his standing on the international stage, even as things get more difficult at home.

But I do think there's probably a tipping point, where if there is an invasion there would be costs. I mean, certainly if there are body bags coming home, that could have the opposite effect from distracting and building up this credibility that he so seeks, to undermining that credibility. You know, I really worry about the economic costs, for example. The markets have already reacted to some extent to these preparations for invasion. And if that continues and the markets are further destabilized, it, I think, makes it more difficult for Putin to keep a handle on things economically, in particular to keep some of those more remote regions that are already struggling under his grasp.

Andrew.

Mr. Lohsen  
Thanks, Rachel.

I mean, I think that there's — quite often when this question comes up there's a reference back to some of the polling numbers that Putin had after the annexation of Crimea, which really, you know, sent public support for him to all-time highs. And I think it would be a real mistake to assume that, you
know, this is being done for similar reasons, to increase his standing and to kind of shore up his popularity numbers among the Russian electorate.

I mean, the main reasons for that is, you know, that there, I think, is a bit of hesitance among the Russian population to kind of see a broader conflict with Ukraine, which, you know, for decades and generations has been really tied closely with Russia in terms of, you know, politics and history and kind of even family ties. There’s so many, you know, mixed Russian-Ukrainian families that I think it would be, you know, a bridge too far to engage in a wider conflict with Ukraine that’s about, you know, more than something that would be, you know, returning Crimea to the Russian fold, which I think was a highly popular move with a lot of – with a lot of Russian citizens.

In general, I would agree with Ukraine that – or, excuse me – (laughs) – would agree with Rachel that, you know, shoring up Putin’s standing and his image is quite important, but I really think that this is much more driven by frustrations that existing paths to resolve – you know, to break the impasse in the Minsk negotiations, to ensure that Russia has a lever over Ukraine, this is not really working anymore. And I think what we’re seeing now is this willingness to risk a different kind of conflict with Ukraine to kind of up the ante once more, just to regain some of that leverage that seems to have been lost as the Minsk negotiations have broken down over the last couple of years. So I think that, you know, the domestic considerations I see as relatively limited in this one.

Dr. Jones

And then briefly – this is Seth – on the Russian private military companies, including Wagner Group, a couple of quick things. One is, you know, even setting aside Russian private military companies that Russia has, including its GRU and SVR, has been willing to provide assistance to paramilitary groups in Ukraine. Historically the Russian Orthodox Army, the Night Wolves, They have recruited and been involved in helping recruit Cossack and Chechen and Serbian and then even Russian paramilitaries to fight in Ukraine, and then established training camps. And there’s been some good work coming out of a couple of U.S. research institutions about the foreign fighter movement to Ukraine, including Russian-backed training camps. So there are certainly, outside of the private military companies, there are – there are other options available to the Russians, just simply to train paramilitaries.

On the Wagner Group, we have seen through CSIS published work now roughly three dozen countries where we have Wagner Group or other Russian private military companies active, with a particular high number in Africa. And I would highlight that the kinds of activities that we’re seeing Wagner Group involved in is not just site security, intelligence collection, train, advise and assist, but also combat operations, including flying fixed-
wing aircraft, artillery, even tanks. And there have been reports – media reports over the last few days about an exodus of Russian private military company contractors withdrawing from Africa and potentially being redeployed to Eastern Europe, including possibly to Ukraine. I have not been able to verify those, including those numbers, yet. I mean, it’s certainly conceivable and it would highlight a Russian ability to operate in various ways in the irregular arena that we talked about earlier. And again, you know, the Wagner Group operations in Libya, they have – they were involved in serious combat operations.

Just a final comment, kind of an interesting one, is that I think we have seen the Kremlin treat slightly differently the activities, particularly the death of contractors, from general conventional forces. The Kremlin has been much more willing to deploy and then even to accept casualties among various types of paramilitaries as well as Russian private military companies. We saw the U.S. attack against Wagner Group in Syria, but we’ve also seen deaths including in Libya and other countries – Central African Republic. Russian conventional combat deaths, I think, would be a very different situation and almost certainly would put pressure on Putin if we were to see conventional forces dying. So, I mean, that may raise this possibility of willing in some areas where there’s likely to be more intense fighting contractors to conduct operations, as the Russians have done in a number of countries.

Thanks.

Operator

We have three more questions in queue. For our next question, we’ll go to the line of Steven Erlanger, go ahead – with New York Times. Go ahead, please.

Question

Thank you.

We have a kind of hostage crisis, right? Ukraine’s a kind of hostage and everyone’s rushing to Moscow to speak to the czar about what is he going to do. And I’m curious just simply to ask the simple question: Is there, do you think, still a coherent Western diplomatic strategy? Or, when Macron runs to Moscow or with the Germans tries to revive the Normandy format, or when Boris Johnson wants to run to Moscow, or Orbán runs to Moscow, I mean, is this viewed by Putin as, you know – it must be satisfying, but does it help him or does it not?

And secondly, in a way, do you think he’s willing to break with Europe? Because, I mean, a big operation in Ukraine would certainly break in a serious way with the European notion of a sort of European Russia for five, 10 years easily. So, you know, again, nobody knows, but I’m curious what some of you think. Thank you.
Ms. Ellehuus I’m happy to start. This is Rachel.

Again, I think you can’t really predict. I think there’s two schools of thought.

The first is as long as we’re talking we’re not fighting, so the more European leaders who want to go to Moscow and engage Putin that’s better. Maybe it gets us into the spring. So I can certainly see that viewpoint.

But I can also see the downside which you alluded to, that the more interlocutors there are the more risk there is of exposing differences or allowing Putin to expose differences. So I think it’s really – you know, there are both costs and benefits.

But in terms of a break with Europe, that’s a great point because I do think if there is an invasion and it’s very overt, then certainly you see a break with Europe and you see the Germans getting their act together and responding very quickly. Because it’s – as long as he kind of sits on the – as long as Putin sits on the fence it’s quite easy to put your head in the sand and not believe an invasion will happen, but the minute that it does that is a break with Europe.

I do think, very quickly, however, because of some of the dependencies that Nikos laid out, Europe would seek, again, some form of dialogue and practical cooperation with Russia, but there would be – there would be a price in the interim. Thanks.

Mr. Lohsen Steven, maybe I could just weigh in here as well. This is Andrew Lohsen.

You know, I think the more engagements that are happening with Putin, whether it’s from Britain, Germany, France, U.S., it certainly reveals the potential for new end states. I think, you know, it helps to create opportunities for divisions, and I think there’s a – there’s a desire among the Europeans, certainly, to have an increased role in helping to find a way out of this crisis. And so, well, certainly, I think that there is a risk in this – in this approach to having so many engagements as the crisis continues.

You know, on the issue of the break with Europe, yeah, I think the long-term ramifications for Russia would be – would be really catastrophic. I mean, it would be losing their, you know, largest trade partner, you know, foregoing potential oil and gas revenues, and I think would really kind of drive Russia into more of this kind of reliance on China as its primary partner going forward. So, you know, it’s hard to imagine that this – that in the long term alienating Europe would be a good move for Putin because it just simply kind of forces him into that junior partner role with Beijing that I think he’s been trying to avoid for the last couple of years and as well as going forward.
We'll go next to the line of Corey Paul with S&P – pardon me – S&P Global. Please go ahead.

(Pause.)

Mr. Paul, your line is open. Please go ahead. You can check –

Sorry, I was – (inaudible) – there. Yeah. (Laughs.) Yeah. Thanks for doing this.

My question's for Nikos. I wanted to ask you what you kind of see as the most likely scenario for how a Ukrainian cutoff would be managed. We've, of course, like, seen press reports about the U.S. asking LNG exporters to route supplies to Europe, and that trade is highly contracted. So what might Europe bidding gas away look like? I mean, is the price environment such that it would be enough to, like, require governments to subsidize imports and that sort of thing, or might this just kind of happen more organically, in your view?

Yeah. Thanks, Corey.

I mean, my sense is it would happen largely organically. I mean, look, we have a pretty good system for moving gas around the world. Like, I don't – you know, much as I appreciate the efforts of U.S. diplomacy, you know the Qatars monitor the gas market very closely. They understand where it's best to send their gas. And there's kind of like a lot of gas that's floating around that could be redirected, both from the U.S. and from various African producers and Qatar.

So, you know, in terms of, like, could governments kind of give a signal to their companies that they would protect them? I think that's possible it could help, but it's also sort of part of the baseline anyway because you're having a lot of price increases that governments are being called to step in and sort of insulate consumers anyway. So in some ways, even if it's not an explicit signal, I think a lot of European buyers today are operating under the assumption that they may get some budgetary support to make it through the sort of last few months and the – and the months that are coming.

So I think diplomacy helps, but on the margin. I think we have a pretty good system for responding to shocks. You know, we've dealt with Fukushima. We've dealt with a lot of things over the last, you know, 10-plus years. We know how to adjust. So diplomacy, I think, is sort of a lubricant on top but not the primary instrument through which the system will adjust.
And with that, we’ll turn the call back over to our host, Paige Montfort. Go ahead.

Thank you very much. Thank you to all of our experts.

That brings us right to just past 11 a.m. Eastern, which is our ending time. As I mentioned previously, the transcript for this briefing will be emailed out and posted to the event page on CSIS.org within just a few hours. Again, thank you all very much for joining today. And please don’t hesitate to reach out to me, Paige Montfort, or our chief communications officer at CSIS, Andrew Schwartz, with further questions, questions we weren’t able to get to today, interview requests, and other inquiries for our experts here at CSIS.

Thank you all and have a wonderful day or evening.