



**SPECIAL ISSUE: PERSPECTIVES ON THE ESCALATING CONFLICT
BETWEEN RUSSIA AND THE WEST AND ITS
IMPLICATIONS**

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1993-2022 TWENTY NINE YEARS OF POLICY FORMULATION AND ANALYSIS

INTRODUCTION (on behalf of the Editors)



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In our previous issue on the war in Ukraine, which was published in June 2022, we attempted to outline the day after the war and the future of Europe. Unfortunately, after more than nine months, since the beginning of the war, neither the conflicting parties nor the international community are placed to see an end to this tragic conflict. Human suffering in Ukraine still goes on, while territories' control shifts between the belligerents. At the same time, Ukraine and Europe are heavily concerned about the upcoming harsh winter, as high inflation and energy shortages threaten to brake Western unity and Ukrainian morale. There are of course some differences this time, compared to the analytical framework of June: on the one hand, Ukraine's recent gains in the battlefield put the nuclear card on the table as an option for a Russian face-saving victory in case the Kremlin is faced with military defeat and/or serious domestic pressure. On the other hand, this situation enhanced the discussion regarding the need for negotiations that will end the war, against the backdrop of zero-sum thinking.

In this issue, the authors mainly focus on two points: the need for a negotiated agreement and the re-evaluation of Western sanctions against Russia. The debate on the Ukraine war is global in scope and draws from the wisdom and experience of many different socio-political and analytical frameworks. As there is no optimism that the war will end any time soon, while the global economy has entered one more instability circle without recovery hopes in sight, many analysts focus on values-based normative approaches. In this frame, the need to respect global values and international rules is paramount, so the analysis focuses on Russia's aggression and how it can be contained. Another approach is driven by a form of pragmatism which dictates that, at the end of the day, the war's outcome will not look either black or white, but gray, and that the sooner it ends, the better for all. In this issue, the reader can find arguments deriving from both approaches.

Van Coufoudakis makes a useful comparison of the current situation with the Cuban missile crisis (1962) and explains the risks of escalation. Furthermore, he makes some interesting points regarding how the war affects domestic political developments in the United States.

Nadia Arbadova adds to the debate on negotiations the value of a cease-fire agreement as a potential game-changer to the disastrous track of the war. She also takes a critical account of dialectical misperceptions in both sides.

Klaus Larres discusses the risk of nuclear escalation. He also focuses on the negotiations' perspectives, particularly on the issue of the right timing and, among other interesting points, he raises "Putin's Stalin problem" regarding the terms of Western government's involvement in the negotiations.

Tatiana Romanova elaborates on the concept of the Liberal World Order (LWO). Particularly, she offers a detailed analysis on how Western sanctions against Russia contribute to what she calls "de-ordering of the LWO".

Andreas Theophanous outlines the competing narratives of the embattled parties and refers to the immense cost of the war. He also points out the need for designing a new European and international security architecture.

Stephanos Constantinides offers a game-theory perspective of the options that the conflicting parties have and highlights the importance of a negotiated resolution.

Robert Mood raises the issues of Western responsibility on dealing with aggression at the top of the West's controversial record and approaches this challenge in the context of a struggle for global leadership.

Theodoros Tsakiris views the Western sanctions as "an all-out economic declaration of war". His analysis focuses on the fundamental change in Russia-EU energy relations and interdependence.

Yuliia Pavlovska offers an overview of the Western sanctions' policy and questions their effectiveness. She also underlines the risks of backfiring thus leading to diminishing support to the Ukrainian cause in Europe.

Svetoslav Spassov elaborates on Europe's energy security and discusses potential paths for energy diversification, given the "uneasy task of significantly reducing Russian gas imports by 2024".

“FROM RUSSIA WITH LOVE”



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Since the end of WWII and the Cold War that followed, Russian-US relations have been tested on numerous occasions, including the 1962 Cuban Missile crisis and numerous crises over Berlin. We also had important agreements on the limitation of nuclear weapons. Spy thrillers like “From Russia with Love” (Sean Connery’s 1963 film classic) among other films, dramatized this period. Since 1945, the US and Russia tested the limits of their relationship but avoided direct conflict. Unfortunately, the 2022 Ukrainian crisis has created the risk of a nuclear war between the two superpowers for the first time since 1962.

On February 24, 2022, Russia invaded Ukraine. Since then, the Russian forces have suffered many setbacks and heavy casualties. The Russian forces have resorted to war crimes against Ukrainian civilians, while thousands of innocent civilian refugees have fled to secure areas of Ukraine or to other countries in Europe. President Putin drafted reserve units to supplement his forces, something that undermined further his domestic support. Western sanctions and massive military assistance and training of Ukrainian forces have created a new battlefield situation. We are now headed to a winter of discontent both in Russia and in the West. At first, Russia expected a quick and easy victory in Ukraine. After several months of fighting, we are now looking at the possibility of a prolonged war of attrition. The Russian invasion showed serious weaknesses in equipment, training and in the morale of the Russian forces despite the military reforms carried out earlier by President Putin. The use of sophisticated hypersonic and other advanced weapons systems by the Russian forces did not improve their performance. It only increased civilian casualties and destroyed Ukraine’s infrastructure. In the Russian authoritarian system popular dissent has been controlled by arrests of dissidents and media censorship. President Putin appears to be in effective control of the country. High ranking military have been removed from office for poor performance. Putin’s earlier military reforms have not strengthened either the morale or the effectiveness of the Russian military. Despite earlier successful military actions in Georgia, in Syria and in the Crimea, Russian military appear to be short of equipment, supplies and poorly trained. Russia

is now purchasing conventional weapons from North Korea and Iran to supplement her arsenal.

In recent weeks there has been increasing talk that a desperate Russia may resort to the use of tactical nuclear weapons, or even to the use of a “dirty bomb” to turn the tide of the war. In turn, the US and NATO have repeatedly reminded Russia of dire consequences if such weapons were used. In a futile attempt to justify these threats Putin reminded the US that it used atomic weapons against Japan to end WWII. This is the first time since the 1962 Cuban missile crisis that the world is sliding toward a nuclear catastrophe whether by miscalculation or intent. Moreover, under the Trump administration, earlier arms control agreements lapsed, and neither side appears to be interested in renewing or updating these agreements. Even China has expressed anxiety over the escalating nuclear rhetoric.

All this is happening on the 60th anniversary of the Cuban Missile Crisis that came to a head on October 14, 1962. At the time, I was a graduate student in the University of Michigan. I was literally “glued” to the radio and the TV for updates on the evolving crisis. The university campus was in a crisis mode, as many students were leaving to return home to be with their families... Eventually, quiet diplomacy, compromise and firm but rational leadership on both sides saved the world from nuclear catastrophe. The behind the scenes talks between Russia and the US remain a classic of how a nuclear crisis could be defused. One hopes that the same process will be repeated soon, even though no such signs exist at this time. Only threats and warnings seem to dominate the airwaves.

In 1962, during the Cuban Missile Crisis, a unified United States addressed a clear and present danger to American security. Today, in the aftermath of the Trump presidency, the US is a divided country ideologically and tired in the aftermath of the covid experience. Domestic issues like the economy and the populist outbursts of Republican presidential aspirants have created a deliberate climate of distrust in the US government and its policies. In turn, Western Europe faces an uncertain and expensive winter, unless reasonable energy supplies become available. Unity in the EU is tenuous with the rise of populist movements in key countries like Italy, France, Germany and even Sweden. This will not go unnoticed by Putin!

Putin is becoming increasingly belligerent as his insecurity and isolation increases. In contrast to the 1962 Cuban Missile Crisis, channels of communication between the Kremlin and those supporting Ukraine appear limited. Dictators like Tayyip Erdogan have attempted “mediation initiatives” with Russia, but Erdogan’s credibility and influence is both limited and questionable, as he is using the crisis to upgrade his role in the world and the region. Putin’s incentives to negotiate a rational solution to the Ukrainian quagmire will diminish further if he senses that the global opposition to the Ukrainian invasion is weakening. This is particularly true of his assessment of

the political situation in the US. In the recent US midterm elections, some Republican leaders, questioned the open-ended commitments to Ukraine under the Biden administration. The Ukrainian president's constant complaints of inadequate Western aid and his reluctance to engage in productive negotiations with Russia do not help his case, despite the billions of dollars expended by the US, members of NATO and others in various forms of aid to Ukraine. Even some progressive Democratic lawmakers are questioning the open-ended support to Ukraine in the face of inflation and increased energy prices. Similar is the case in Europe in anticipation of the impact of a severe winter on limited energy supplies. In the meantime, the war in Ukraine grinds on and the number of civilian victims increases with the indiscriminate use of force by Russia against civilians and civilian infrastructure. Even more dangerous for Ukraine and for Europe is the threat of a nuclear accident involving Ukraine's nuclear reactors.

The US and Europe are at a critical point in their relations with Russia. The absence of credible interlocutors and the allegations made against President Putin make the search for a compromise difficult. A compromise must restore Ukraine's territorial integrity but also address some of Russia's concerns about Ukraine's political and security objectives. Even though there is agreement on the need to bring the Ukrainian war to an end, there is no consensus as to what the day after may look for Ukraine or for Russia. Plenty has been written about how the US and Russia defused the Cuban Missile Crisis. Both sides made compromises in order to avoid nuclear war. Russia understood the risks of its Cuban gamble. The US was willing to offer some cost-free incentives to Russia to extricate itself from its Cuban adventure. The eventual removal of the dated US missiles from Turkey was one such cost free incentive. In the process the world was saved from catastrophe. Can imaginative diplomacy work again? It remains to be seen. For the United States, the effectiveness of its response in Ukraine will have implications in the resolution of other international problems including those between China and Taiwan, North and South Korea, as well as those between NATO allies Greece and Turkey over Erdogan's revisionist claims in the Aegean, the Eastern Mediterranean and Cyprus.

As the year 2022 comes to an end, world peace remains at risk. Disinformation, miscalculation, and gross violations of international law have brought the world close to the critical point we witnessed in 1962. At that time, we were able to avoid catastrophe. One hopes we can do so again. As I bring this short commentary to an end, I want to remind the readers that it would be a mistake to start writing Russia's obituary! Russia, after Ukraine, will still be a superpower. Russia's psyche has been molded by its long history, its many struggles, and cultural traditions. George Kennan at the height of the Cold War understood this as he tried to explain and address the sources of Soviet conduct. It would be helpful if western policy makers understood Russia's psyche because Russia will still be here, and will still be a superpower long after Putin is gone.

PEACE VERSUS ESCALATION



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The tragedy that began to unfold in Ukraine on February, 24 2022 marked a dramatic turning point in the evolution of the post-Cold war European and global politics. The Ukraine conflict can be considered and analyzed from different angles but one of them is of utmost importance. Many today are wondering if this conflict will escalate into a nuclear one, since there are many options for escalation in the course of hostilities in Ukraine as well as in the form of unintended incidents like armed collisions of ships and aircraft of Russia and NATO in the surrounding seas and airspace above them. Moreover, Russia's military operation in Ukraine has affected the state's approach to nuclear weapons.

The official Military Doctrine of the Russian Federation defines conditions for Russia's using nuclear weapons. First, "the Russian Federation reserves the right to use nuclear weapons in response to use of nuclear weapons and other weapons of mass destruction against the Russian Federation and (or) its allies". Second, nuclear weapons may be used "in case of an aggression against the Russian Federation with the use of conventional weapons when the very existence of the state is threatened".¹ Addressing Security Council of the Russian Federation President Putin presented a more detailed interpretation of a threat to "the very existence of the state": "Speaking about NATO's possible expansion into Ukraine, he pointed out that "for the United States and its allies, it is a policy of containing Russia, with obvious geopolitical dividends. For our country, it is a matter of life and death, a matter of our historical future as a nation. This is not an exaggeration; this is a fact. It is not only a very real threat to our interests but to the very existence of our state and to its sovereignty. It is the red line which we have spoken about on numerous occasions. They have crossed it".² This statement that allows for a broader interpretation of nuclear deterrence and thus affect

¹ Military Doctrine of the Russian Federation (in Russian).
<http://news.kremlin.ru/media/events/files/41d527556bec8deb3530.pdf>
(accessed February 1, 2018).

² Address by the President of the Russian Federation. President of Russia, February 24, 2022.
<http://kremlin.ru/events/president/news/67843> (accessed February 25, 2022).

strategic stability should be viewed not so much as an evidence of Russia's intention to start a nuclear war but rather as a warning against NATO's undesirable actions. However, it had a strategic resonance in Europe and in the United States.

President Putin like other proponents of nuclear weapons in Russia and abroad argues that nuclear weapons are a factor of deterrence and a factor of ensuring peace and security worldwide,³ since they saved the humanity from the threat of the III world. Nowadays this thesis is undergoing a severe test in Ukraine. Russian political and experts circles proceed from the understanding that Russia cannot afford to lose and needs a kind of victory. This posture creates a dangerous dialectical linkage – the greater the military success of the Ukrainian armed forces, the higher the risk of nuclear escalation. Sadly, this dialectic does not fit into the framework of ideas about justice.

The only realistic alternative to the endless slaughter is a ceasefire talks that will stop mass killing and bring the fighting to an end. Recently Kremlin repeatedly said that it was ready to start peace talks with Kyiv but always received a negative reaction from the Ukraine leadership. "There will be no peace talks between Ukraine and Russia as long as Vladimir Putin remains Russian leader", Ukraine's President Volodymyr Zelenskyy said on November, 8 2022. The idea of "a ceasefire without preconditions" on the territory of Ukraine is supported by the so-called old Europe, Hungary and parts of the U.S. establishment mostly from the Republican Party, while it is rejected by the Baltic region countries and irreconcilable American ideologues. The latter compare the situation on the Ukraine war front with the wars of the past and claim that the winning sides have been always ready to go till the bitter end. Perhaps this is true, but there is one significant circumstance that negates all comparisons with the wars of the past. The aggregated destructive potential of the world nuclear arsenals, 80% of which is related to Russia and the US arsenals, even after the planned reductions will be about 2000 MT, which 60 000 times as large as the destructive power of the Hiroshima and Nagasaki bombs. None of the sides in the past wars had destructive potential of such power. In a global nuclear catastrophe there will be no winners, no losers, right and wrong sides.

Kremlin's opponents also say that Putin will use a ceasefire as a respite to regroup the Russian armed forces and prepare a new offensive next spring. This argument does not hold water because "the respite" can be used just as well by EU/NATO to rearm Ukraine. For instance the EU plan would comprise military assistance to Ukraine in the form of a 'security compact'; security assurances that respond to scenarios of Russian escalation; economic

³ Meeting of the Valdai International Discussion Club. October 27, 2016.
<http://kremlin.ru/events/president/news/53151> (accessed February 28, 2018).

support, giving Ukraine access to the EU's single market; and help to secure Ukraine's energy supply.⁴

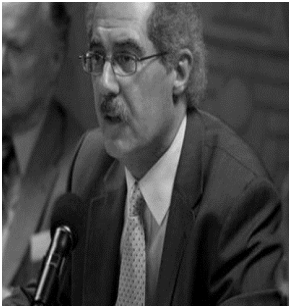
A ceasefire agreement is often confused with a peace treaty but there is a huge distance between them. A "good" ceasefire agreement, which results in a durable peace and excludes setbacks or a collapse of the peace process, is the necessary but only the first requirement for launching peace negotiations. As the fighting in Ukraine continues, cities are being destroyed and people are dying, it is worth asking whether the Minsk agreements were truly doomed to failure or they were the victim of short-sighted policies and ambitions. Nowadays it looks that the biggest disadvantage of the Minsk process was not the imperfection of the text of the Minsk Agreements, but that it did not provide for the establishment of a ceasefire under international control. A ceasefire is not only needed to stop the killing and suffering but also to prevent the next round of violence.

The USSR/ US efforts launched 60 years ago after a peaceful resolution of the Cuban Missile crisis that nearly brought humanity to a nuclear disaster marked the starting point of moving away from the Cold War. Hopefully the agreed ceasefire in Ukraine will be the starting point of moving away from the nuclear disaster.

⁴ Piotr Buras, Marie Dumoulin, Gustav Gressel, Jeremy Shapiro. Survive and thrive: A European plan to support Ukraine in the long war against Russia. Policy Brief 9 September 2022.

[www.https://ecfr.eu/publication/survive-and-thrive-a-european-plan-to-support-ukraine-in-the-long-war-against-russia/](https://ecfr.eu/publication/survive-and-thrive-a-european-plan-to-support-ukraine-in-the-long-war-against-russia/)

RUSSIA'S WAR ON UKRAINE AND THE DANGER OF PEACE NEGOTIATIONS AT THE WRONG TIME



Klaus Larres

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When young conscripts and volunteers went to war in August 1914 they were confident that they would be back home within a matter of months as the 'Great War' would be "over by Christmas". This was a naive delusion, which however was shared by most experts at the time. Instead, the major European powers which fought World War I were soon engulfed in "total war". Increasingly ruthless and savage trench warfare, which eventually lasted for more than four long years, led to much destruction and 40 million casualties (both deaths and injuries). The war brought down colonial empires and kingdoms and resulted in many other dramatic geopolitical shifts which changed the world forever.

If today's major powers are not careful we may be witnessing a similar development regarding Russia's war of aggression on Ukraine. At the time of writing in late November 2022 Russia is militarily on the backfoot while, however, hardly close to being defeated. Russia's vicious attacks on Ukrainian critical infrastructure in almost all major cities and towns in the country and the weaponizing of Moscow's gas and oil resources as a tool of war are posing major problems for both Ukraine and its supporters in Europe and also in the US. To some extent the Ukraine war has already become global. The effects of war induced inflation, grain and food scarcities, violation of climate change protections, supply line challenges and energy shortages and immense price hikes are felt everywhere around the globe. They have already led to great misery and much destitution in many parts of the world.

Since Ukraine managed to push the Russian occupiers out of Kherson on November 11, 2022, the war itself is turning increasingly into a war of attrition and stalemate, including brutal hand-to-hand fighting and savage trench warfare. It is unlikely that much military progress will be made by either side during the long winter months, which are notoriously harsh in this part of the world. The winter will severely challenge the resilience of the fighters in the field on both sides, their weapons and equipment and of course the remaining civilians in the destroyed cities and towns of Ukraine.

Nuclear Dangers

Despite the expected stalemate during the coming winter months there could well occur unexpected but frightening developments in other respects. The Zaporizhzhia nuclear power plant, the largest in Europe, continues to be attacked by daily shelling. A meltdown cannot be excluded by any means, if these insane attacks lead to a permanent interruption of the power supply to the plant or destroy the back-up diesel generators.

And there also remains the danger of the deployment of the atomic bomb in the war in Ukraine, even perhaps “only” of a so-called tactical nuclear bomb or a dirty bomb. Yet, in November 2022 top secret Russian-American contacts occurred at least at three different levels and these meetings appear to have lessened the threat of the use of nuclear weapons. Meetings took place between President Joe Biden’s National Security Adviser Jake Sullivan and his Russian counterpart, between the US and Russian Defense Ministers, General Lloyd Austin and Sergei Shogou, and between CIA director William Burns and his Russian counterpart at a meeting in Turkey.¹ As a result of all these secret contacts Putin has mostly stopped making his once frequent references to Russia’s nuclear weapons potential and readiness to use it under certain circumstances. While this scaling down of the nuclear rhetoric is good news, the situation could easily become inflamed again, in particular if the Russian leader feels pushed into a corner and if his political and perhaps physical existence is threatened in case of further disastrous defeats of the Russian military.

Thus, we are still pretty close to a potential calamity. The accidental missile strike on Poland by a misfired Ukrainian anti-missile system in mid-November indicates the escalatory danger of Russia’s war on Ukraine. The situation is made particularly volatile and ambiguous as we don’t really know what Putin’s war aims are. Initially the Russian President wanted to conquer all or at least most of Ukraine, including Kiev, and install a pro-Russian puppet government to run Ukraine as a kind of Russian satellite country. In Putin’s mind the model may well have been Belarus’s domination by Russia. Moscow allows President Lukashenko to stay in office while Putin himself has become the real holder of power in Minsk. Once Russia’s conquest of Kiev had clearly failed by early April 2022, it seems that Putin decided to shift his war aims and focus on attempting to conquer all or most of the Donbas area (consisting of both Donetsk and Luhansk).

Yet, after first losing Kharkiv in the east and recently Kherson in the south, which led to the Russian military’s withdrawal to the east bank of the Dnipro river, it is unclear how these defeats have affected and changed Putin’s war aims. Does he believe he will be able to reconquer these territories perhaps

¹ Julian E Barnes et al., “C.I.A. Director Warns Russian Counterpart Against Using Nuclear Weapons,” *New York Times* (November 14, 2022): <https://www.nytimes.com/2022/11/14/us/politics/cia-russia-nuclear-weapons.html>

by means of a massive spring offensive? While Ukrainian President Volodymyr Zelenskyy has repeatedly explained that Ukraine ultimate aim is to push Russia out of all sovereign Ukrainian territory as internationally recognized in 1991, Putin’s war aims remain vague and shifting.

Should peace negotiations commence?

This uncertainty makes the prospect for peace negotiations even more difficult and complex than is the case anyway. After Ukraine’s victory in Kherson General Mark Milley, the Chief of the US Joint Chiefs of Staff, wondered whether now was the right time for the two sides to talk to each other and reach a settlement so that the Ukrainians might perhaps cement their gains on the battlefield.² The civilian leadership in the US and also the EU leaders quickly walked back Milley’s suggestion. Only if and when Ukraine were prepared to enter into peace negotiations would such talks be convened it was announced in Washington and Brussels. Neither the US nor the Europeans would put pressure on Ukraine to meet the Russians at the negotiating table. President Biden himself declared: “But I do know one thing: We’re not going to tell them [the Ukrainians] what they have to do”.³

Ukrainian leaders have made clear repeatedly that they only wish to talk once Russia has given up all conquered Ukrainian territory, including the Crimean peninsula, and once Putin has been replaced. While Ukraine might be flexible regarding the latter, the return of all Ukrainian territory is not negotiable it seems. “The Ukrainian military will not accept any negotiations, agreements or compromise decisions,” Ukraine’s top military commander Valeriy Zaluzhny insisted firmly in a phone conversation with his American counterpart Mark Milley. “There is only one condition for negotiations – Russia must leave all captured territories,” Zaluzhny continued.⁴

Moreover, the Ukrainian population is not prepared to enter into talks for a compromise peace with Moscow. In fact, Russian atrocities and war crimes and the widespread bombing of Ukrainian civilian infrastructure have hardened rather than softened attitudes toward Moscow. In light of the strong views of the Ukrainian public, at present President Zelensky is not in a position to enter into formal talks with Russia, even if he wished to do so.

² Karoun Demirjian, “Milley tries to clarify his case for a negotiated end to Ukraine War,” *Washington Post* (November 16, 2022): <https://www.washingtonpost.com/national-security/2022/11/16/milley-ukraine-negotiate/>

³ Remarks by President Biden in Press Conference, November 9, 2022: <https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/11/09/remarks-by-president-biden-in-press-conference-8/>

⁴ Telephone conversation between Valeriy Zaluzhnyi and Mark Milley, November 14, 2022: <https://mil.in.ua/en/news/ukrainian-military-will-not-accept-any-negotiations-or-compromise-decisions-zaluzhny/>

Russia, however, has repeatedly called for peace negotiations to take place. It is, however, not prepared to return any territory to Ukraine. It thus seems that Russia is ready to negotiate in order to obtain a pause in the fighting and win time over the winter until the training of the new mobilized conscripts has been completed, Russia's defensive positions along the Dnipro river in the south have been well fortified and its military resources and supply lines have been rebuilt. This, at least, is the thinking in both Kiev and Washington but also in many EU capitals. Hardly anyone believes that Putin is serious about starting negotiations to really end the war in Ukraine and enter into a compromise peace, which would have to include giving up at least some of the conquered Ukrainian territory, though not necessarily Crimea.

Putin's Stalin problem

But couldn't talks be entered into in any case in order to "check out" at the negotiating table what Putin has to offer and whether or not he is serious?

This reminds me of the western dilemma during the early Cold War years regarding talks with Soviet dictator Stalin about reunifying Germany. In 1952, after the receipt of the so-called Stalin Note on March 10, the US, Britain and France (strongly supported by then West German Chancellor Konrad Adenauer) eventually turned down Stalin's offer to negotiate about reunifying the divided Germany. Once talks would have been convened, it was believed, public pressure in the western world to come to an agreement with Stalin to settle the volatile and potentially dangerous German question, might well have pushed the western negotiators into entering into a disadvantageous and unwise compromise settlement with Stalin, endangering the Bonn Republic's integration with the western world as well as European strategic stability and predictability in the long run.

Stalin clearly wanted to prevent West Germany's militarization and inclusion into a western military organization, such as the impending European Defense Community (EDC) or NATO. In particular the West feared that a neutral, demilitarized Germany, upon which Stalin insisted in his Note, would yet again become a "loose canon" in Europe swaying to and fro between east and west and destabilizing the emerging Cold War settlement. In hindsight the western powers were probably right though it meant in fact that the East German people were "sacrificed" as they had to continue living under the East German communist dictatorship. But an early reunification of Germany in the mid-1950s would in all likelihood have undermined the European integration process, and thus the creation of the EEC in 1958, and the relatively solid and economically prosperous though divided stability of the European continent.

Entering into negotiations with the Kremlin now and agreeing on a half-baked compromise settlement presents an equally difficult and complex dilemma. Such a course of action would antagonize Ukraine and make a mockery of the

country's heroic efforts to resist and push back Russian aggression. It would also encourage autocrats everywhere that war can be used successfully to change borders as you please. Not least, it would be a serious blow to the resolve of the western allies and their commitment to uphold the global order, western democratic values and indeed human rights.

Perhaps even more importantly, talks with the Kremlin would also bitterly divide the western allies and Ukraine. And even within the US and among the European countries such talks would be highly controversial and lead to bitter transatlantic recriminations and divisions. Perhaps this is what Putin has in mind when he calls for peace negotiations. The Kremlin knows that it can no longer win the war on Ukraine. Russia may not lose the war but it won't gain a victorious outcome on the battlefield either. The only way Putin can still win his war on Ukraine is by dividing Ukraine from its western allies and make the West stop supporting Ukraine militarily, financially and politically.

Negotiations are indeed necessary but the conditions and the timing for such talks have to be right. And it should indeed be primarily Ukraine rather than the White House or the Pentagon which takes the decision whether or not to enter into peace talks with Putin, which by necessity will have to result in a most difficult and highly controversial compromise settlement.

RUSSIA AND THE WEST DE-ORDER Their Relationship and the Liberal World Order



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The 'de-' prefix became central for Russia's relations with Ukraine, the EU and the West at large. The Kremlin on 24 February 2022 ordered its troops to cross the Ukrainian border to 'demilitarize and denazify Ukraine' [Putin, 2022]. This vocabulary was legitimately rejected in Ukraine and the West. The US, the EU, and other like-minded actors rushed to denounce most cooperation with Russian partners and citizens, to deprive Moscow of any revenues that it could use to continue its activities in Ukraine, and to 'de-swift' Russian banks. The overall aim is to stop Russia's military activities in Ukraine. As a result, however, we also witness a de-ordering of the liberal world order (LWO).

An order can be defined as 'patterned or structured relationships among units' [Lake, Martin, and Risse, 2021: 228]. Researchers usually identify six key elements in it [Deudney & Ikenberry, 1999; Lake, Martin, & Risse, 2021; Sorensen, 2011]. The first one is the US constitutive hegemony. Original (Western) members of the LWO see the US leadership as 'provision ... of public goods such as international security, free trade, financial stability' whereas many non-Western actors look at it as hegemony [Kundnani, 2017: 7]. The EU also constitutes leadership of this order in that it claims (through its normative / regulative power) the authority to shape the LWO rules. The second LWO element comprises international institutions that create venues and procedures for multilateral cooperation and constrain illegitimate behaviour. Security provisions constitute the third element; non-application of force and respect for others' sovereignty is essential although the West itself has challenged it on a number of occasions. Some scholars view the NATO as 'the most important co-binding security institution' of the order [Deudney & Ikenberry, 1999: 179]. Fourthly, the LWO is based on free and open market economy with private property as its core. Democratic institutions and liberal political values constitute the fifth element of the LWO both domestically and internationally. This element became essential for the LWO towards the end of the XX century and has been a bone of contention as it potentially challenges sovereignty [Sorensen, 2011]. Lastly, the LWO leads to intensive transnational relations that involve different strata of the

society and result in 'the relative de-emphasis of states' [Deyermond & David, 2021: 406]. Transnational relations provide for communication, mutual socialization, and interests' representation [Deudney & Ikenberry, 1999].

Russia has long challenged various elements of the LWO, which is well documented in the literature. Initially this challenge was conceptualized as neorevisionist because Moscow's policy was viewed as aimed at gaining 'more authority and leadership within it' [Ikenberry, 2011: 57; see also Romanova, 2018; Sakwa, 2011]. Already in the 1999 Russia demanded more pragmatic – hence equal – relations with Brussels, which sought to re-assert its normative leadership in the dialogue. That Russia's demand for equality has grown ever since [Romanova, 2022]. Russia also moved to challenge the political values' element of the LWO. Moscow resisted EU (and US) efforts to discuss human rights and democracy in Russia, it also pointed out that the EU's and US own track record in this field was not perfect, and hence they could not judge the others. Moreover, Russia posited itself as a proponent of 'traditional values' in contrast to the 'decadent' Europe. Finally, Russia expressed its discontent with European security order, another LWO fundamental. President Putin vividly expressed it already in 2007 in his infamous Munich speech [Putin, 2007]. In 2014 Russia 'repatriated' Crimea, seeing it as a remedy to its security and as a historical justice [for discussion see Allison, 2020, Forsberg and Haukkala, 2016]. Yet the West (and many other actors) conceptualized it as annexation, and as a serious and real threat to the LWO security element. Thus, by 2014 Russian challenge to the LWO evolved from neorevisionist to revisionist, with Moscow undermining three of the six key LWO fundamentals (the leadership of the West, political values and security). In late 2021 Moscow asked NATO / EU members for written clarifications of some security principles and proposed new security initiatives [MID, 2021]. The crisis was thus 'not just about Ukraine but the European security order' [Borrell, 2022]. Not satisfied with the answers that it received, Russia started a 'special military operation' against Ukraine on 24 February 2022. This Russia's assault thus brought its revisionist challenge to the LWO to the extreme.

The EU and US until 24 February 2022 tried to preserve the LWO in their relations with Russia, inter alia through revising some elements of their relations with Russia [Romanova, 2022]. Yet Russia's 2022 assault against Ukraine became a challenge too big for the West to preserve the previous line of actions. The EU has approved eight rounds of sanctions, the ninth one is under discussion at the time of writing, and ways to increase the compliance with sanctions are searched. EU restrictions are closely coordinated with those of the US, which is in the driving seat in what concerns sanctions' imposition and enforcement. The obvious and well-articulated goal is to limit Russia's ability to continue its military activities in Ukraine and to isolate Moscow. Yet many adopted measures – ironically – continue Russia's foreign policy line in that they challenge the LWO fundamentals.

Firstly, the West undermines the economic element of the LWO. The connection between sanctioned individuals and Russia's political regime / 'special military operation' is not always clear and well-motivated [see, for example, Kijewski, 2022]. Overcompliance of Western (particularly EU) banks and financial institutions with sanctions makes it impossible even for non-sanctioned individuals and entities to make any transaction or access their assets, especially in euro. Russia's June 2022 default was pre-cooked because Moscow had the means and the will to pay the interest but Western banks were not allowed to process the payments. Current EU efforts to invent a legal basis to confiscate some Russian assets and use them for the reconstruction in Ukraine, however noble they are, undermine the rule of law [see, for example, Kijewski, 2022] and the notion of private property, which is central for the economic element of the LWO. Similarly, expropriation of the Central Bank of Russia resources would run against legal rules on the independence of central banks. Secondly, cooperation through international institutions – another key LWO element – is strained. Russia was expelled from the Council of Europe; it also withdrew from the Council of the Baltic Sea States (CBSS), facing the prospect of expulsion. The work of the Arctic Council under the Russian presidency has stalled. Worrying are the talks about the expulsion of Russia from the WTO, the IMF, World Bank and EBRD. Russia was also stripped of the most favoured nation status and of the market economy status. Thirdly, some EU sanctions undermine the political values' element of the LWO. Russia's expulsion from the Council of Europe deprived its citizens of their right to challenge Russian authorities in the European Court of Human Rights. The EU's / US closure of their sky to Russian planes, border limitations, imposed by the Baltic countries, Poland and Finland, certainly cannot be conceptualized as an attack on human rights (on the freedom of movement). But these restrictions constrain the options for civil society / anti-war activists, and leave them at the whim of the Russian regime. Sanctions also challenge small and medium companies, which are recognized as the basis for an independent civil society and democratic system. Fourthly and finally, transport, visa and financial restrictions severed transnational links, another LWO fundamental. Suspension of scientific and education cooperation by the US, EU and its member states also negatively impacted transnational relations. In sum, the present policy of the West, targeted at the support of Ukraine and its people, constitutes a break with the previous pattern of binding Russia in the LWO. Rather it aims at depriving Russian state, its companies and citizens of any LWO benefits, at denying any LWO element to them.

Several conclusions can be drawn from this short exposé. First, Russia and the West are paradoxically very similar in that their activities undermine the LWO. While Russia does it consciously, the EU and US seem to defend the LWO and its benefits against today's Russia; but this defence goes against some LWO fundamentals thus challenging it at the core. What structures the relations among states and other entities today seems to be less and less

liberal, less and less global and less and less order. Second, while both the West and Russia appeal to the rest of the world, both are losing that rest of the world. The West portrays conflict with Russia as a struggle for liberal values of the West, which the rest of the world does not necessarily take as universal; nor does the conflict seem relevant to many of them while their local problems and vulnerabilities looked ignored. Russia, for its part, pretends that it represents 'the rests' but is frequently treated as a part of the West in the rest of the world. Moreover, the atrocities in Ukraine are highly unlikely to improve Russia's soft power in the rest of the world, and thus its ability to speak on behalf of the non-West global majority, as Moscow would like to. Thirdly, when the 'special military operation' is over, the world will have to renegotiate key principles of the order. The Western non-selective sanctions eliminate most stakeholders (business, academia, common people) in Russia who would be interested in the revival of the LWO as it was previously known. The Western denial of elements of the LWO to Russia also seems to confirm the worst worries of non-Western participants that the West not only enforces the LWO but also manipulates its rules to serve the specific goal of today.

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COMPETING NARRATIVES, INTENSIFIED ANTAGONISM AND THE UNCERTAIN FUTURE



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It is unfortunate to say the least, but it is a harsh reality, that the war in Ukraine has completed nine months. Furthermore, it seems that we still see no prospects for an end to this tragedy. Instead, we observe a dangerous escalation.

It is essential to understand that the war is not only about Ukraine. In one way or another, Ukraine has become the battle ground between the West and Russia. That is why it has become more difficult to address it conclusively.

It is also important to evaluate the competing narratives of the parties involved in the conflict and, moreover, what is at stake. For the first time since 1962 the risk of further escalation which may lead to the use of tactical nuclear weapons cannot be ignored. It is imperative that such a possibility is averted.

Ukraine underlines that what has been taking place is a violation of international law. And this cannot be tolerated. Furthermore, Kiev stresses that because there was no strong reaction to the annexation of Crimea by Russia in 2014 Moscow became even more blunt in its expansionist designs. And if it is not stopped in Ukraine, Russia's imperial campaign will continue. The West supports this narrative; furthermore, it also indicates that Russia is an authoritarian state with no respect for human rights.

The EU and the US have been supporting Ukraine in multiple ways. What they have not yet done is the direct active engagement in the battlefield against Russia. The western military support of Kiev though has been the decisive factor for the resilience and the counter offensive of Ukraine.

Russia considers that this war is directly related to its own national security concerns. Moscow asserts that its own warnings against NATO expansion were ignored. Instead, since 1991 NATO expanded from 18 members to 30; and with the application of Sweden and Finland it will expand to 32. As the US was opposed to the presence of Soviet missiles in Cuba in 1962, Russia is

also opposed to the deployment of NATO weapons in its backyard. Furthermore, Moscow expressed its dismay with the regime in Kiev which it describes as Pro-Nazi. In addition, it also accuses Kiev of human rights violations against the Russian speaking population of Eastern Ukraine. Kiev had the opportunity to address this issue within the framework of the Agreements of Minsk but it failed to do so, Moscow asserts. In addition, it was pursuing a policy of accession to NATO which if successful would have created serious security issues for Russia. Last but not least, Russia accuses the West of using Ukraine to weaken Russia, to cause regime change and if possible to lead to its break up into several states.

As far as Crimea is concerned Moscow asserts that this region was historically part of Russia. In the 1950's though the Soviet leader Nikita Krushchev gave it to Ukraine for administrative purposes. With the collapse of the Soviet Union this was not reversed. According to the same narrative, Russia took action only after Ukraine embarked on pursuing policies which were against Moscow.

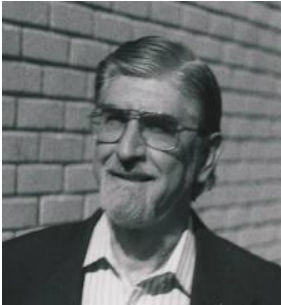
Obviously the narratives of Moscow and Kiev are intense and diametrically opposed. Be that as it may this war should not have even started. This could have been done by a major understanding and indeed an agreement between the West and Russia which would have addressed the security concerns of all parties involved. That would have also entailed a strong commitment on the neutrality of Ukraine. The territorial integrity of Ukraine could also have been secured with an agreement of a high degree of autonomy for the Russian speaking population in the eastern part of this country. Another option could have been a form of federalism.

Unfortunately, this was not done. And in the last few weeks there has been a dangerous escalation. Even at this late hour it is of utmost importance that initiatives are taken to address the situation. Inevitably, eventually there must be negotiations between the parties directly and indirectly involved so as to end this war.

Reason suggests that the increasing cost of the war in multiple ways should have already led the belligerent sides at the negotiating table. But I am not certain that we can assume that always rationality reigns supreme. While events are unfolding in the battlefields in Ukraine a new international environment is emerging. Irrespective of the outcome of the war there will be difficulties ahead. And most likely Russia will be closer to China.

Last but not least, I think that it is essential for the major powers to reflect on their actions and explore other possibilities for addressing issues. The time has come to work toward a new European and international security architecture that can address the relevant concerns of all nations. Such an approach will promote peace and most likely enhance cooperation at various levels.

HOW THE WAR IN UKRAINE MIGHT END



Stephanos Constantinides
Greek Canadian Scholar

The latest developments of the war in Ukraine, after the evacuation of Kherson by the Russians, constitute a turning point. We are headed into two drastically different directions. The first is the continuation of the war by any means with the prospect of Ukraine recapturing all Russian-held territory. The second is the pursuit of talks between Ukraine and Russia towards a compromise and a peaceful end to the war.

The first position is fanatically supported by Zelensky and the Ukrainian government as well as the former Eastern countries - currently members of NATO and the EU, especially Poland and the Baltic countries. Moreover it is also supported by Britain and some part of the American and European establishment.

The second position is supported also by part of the American and European establishment. It is characterized by the recent statement of General Mark Milley, head of the US Armed Forces, who calls for negotiations in order for the Ukrainians to strengthen their battlefield gains at the negotiating table. On one hand Biden has lowered his tone of voice and is trying to escape Zelensky's extremes, but without favoring direct talks. On the other his advisers insist that the time is not ripe for negotiations given Russia's current situation. A similar dichotomy prevails within the European political elites.

Political analysts consider it difficult if not impossible for a nuclear power like Russia to accept defeat. They also remind us that despite its humiliating defeats, Russia still owns 20% of Ukrainian territory. Moreover, the fear of a nuclear war has led the Americans to secret talks with the Russians either at the level of the secret services, or at the highest level of the security advisers of the two countries.

It appears that although Joe Biden's advisers believe that the war will eventually end through negotiations, they also have concluded that the time is not ripe for such a thing. As well the United States should not be seen as pressuring the Ukrainians to talk with the Russians.

Yet there are also analysts who believe that the evacuation of Kherson took place after an agreement between the Russians and the Americans. According to the prevalent western media Americans, due to the global economic crisis, and with the pressure of the Europeans, want the end of the war. With the return of Kherson to Ukrainian rule there will be an incentive to pressure Ukraine for territorial concessions to Russia in order to end the war with a certain degree of compromise. Is there already an American-Russian agreement in effect? Time will tell. However, a scenario with a complete defeat of the Russians seems unlikely.

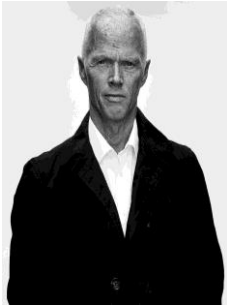
Of course, winter will make things difficult for both belligerents.

For Ukraine, on the ground, there is evidence that missiles and drones have destroyed 40%-50% of energy infrastructure and 10 million Ukrainians are without electricity. The poverty rate reaches 25%, unemployment 35% and GDP will shrink this year by more than a third. Some ten million Ukrainians left the country without counting the millions who moved within it. According to the World Bank, in 2023, 55% of Ukrainians will be below the poverty line, living on less than two dollars a day.

For Russia, analysts estimate that Moscow has suffered a great humiliation on the battlefields and is exhausting both military and diplomatic forces without achieving its goals. Domestically, President Vladimir Putin is beleaguered and isolated internationally. Its allies such as China and India have begun to distance themselves and called for the non-use of nuclear weapons.

The war has reached a decisive point. In the West only the US benefits from its continuation. And only the US can stop it. And they will do this at some point for two reasons: first, although their military and oil industries benefit from it, the cost to the empire will be great, inflation is knocking at the door. Second there is a need to focus on Asia and deal specifically with China. Besides, a major weakening of Russia would throw it even more into the arms of China. The most likely possibility, however, is that the great loser of the war will be Ukraine and secondly Europe.

THE WAR IS ALSO ABOUT US



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Nine months in

His actions in Ukraine, as well as his exposed position, imply there is no going back for President Putin. He crossed his Rubicon on February 24th. Whether because he felt his imperial ambitions threatened, or intended to dominate Europe, only he knows.

It is hard to assess what battlefield conditions could lead to the negotiating table. President Zelensky's support and significant influence in western capitals, argue there is neither a search for compromise nor a willingness to consider any, on his part. Hence, the Minsk agreement seems long dead.

As we stumble along, western leaders are not willing to confront President Putin head on with an ultimatum that unless he withdraws from Ukrainian territory in two weeks, he will be thrown out by us. On the other hand, they seem not interested in telling President Zelensky that he needs to engage in a substantive dialogue with Russia, and if he does not the support he enjoys, will not last forever.

I will neither explore the US involvement in Ukraine since more than ten years that possibly inspired indifference on the Minsk agreement. Nor on NATO's high-end diplomacy that might have led Ukraine to calculate that they would be defended by NATO forces, if attacked. Nor will I expand on the human aspects of war, that make perspectives and facts natural opposites across lines of conflict.

Nine months into the war western politicians, as well as most analysts, keep insisting that we are witnessing a war between Ukraine and Russia only. Ukraine is fighting for her territorial integrity as well as survival. Only an ignorant can deny that this is the heart of the matter. Hence, I will put it aside for now and explore larger, more fluid dimensions. Where are we now - nine months in, and what is at stake?

Self-interests

I am intrigued by the fact that western politicians and analysts *also* argue the war is about much more than Ukraine's territorial integrity but deny wars by proxy. They say it is also about the freedom and future of Europe, an existential fight between autocracy and democracy, about whether destructive or superior values will guide international relations.

If the war regardless lead-in and initial stages, now is also about these fundamental issues, why are we leaving the fighting and dying to the Ukrainians?

During my military studies in the US, years ago, I was told that to understand foreign policy, I needed to interpret the rather vague term "national interests" as self-interests. The key perspective from which to analyse actions and wars of states.

To avoid nuclear annihilation is an obvious interest for all of us. But through the lens of self-interests European political leaders are also eager to prevent escalation, limit the negative political consequences of energy shortages, and weaken the Putin regime. The US, with a global security agenda, does not seek an escalation but is also eager to reduce the strength and influence of Russia.

Remembering decade old discussions about *when* the US would need to confront China militarily to defend its hegemony, it is also safe to assume that the US sees an opportunity to reduce the influence of China through its affiliation with Russia.

Global leadership is at stake

As I write this the Sharm el-Sheikh Climate Change Conference (COP 27) has started. Western countries seek to sell that the world is in this crisis together and need to take coordinated action. Developing nations expect to hear rich countries shoulder their responsibility for its consequences. The West has more than one hundred years of looting and exploitation behind it, during which our fortunes and welfare have been built on the back of poor and less developed nations. What arrogant impudence to insist that they must share the costs of cleaning up our mess!

If they have learned any lesson, it should be that western political leaders cannot be trusted even when faced with an existential global threat. Why should they trust our words on any other issue?

From leadership during challenging circumstances, leaders have experienced that you need to hold yourself to higher standards than your peers and subordinates, to earn their trust and motivate action.

Hence, when the war in Ukraine challenges the leadership of the US and the western world on top of our history of colonial exploitation, irresponsible approach to the climate crisis, lies and exaggerated use of force, as well as illegal use of torture and armed drones the stakes are growing higher by the day.

Yes, the war in Ukraine is about its territorial integrity, but there are also additional conflicts, with layers of regional and global strategic aims.

At stake now is not only the freedom of Ukraine and future of President Putin, but the very credibility of the US and the western world. If we do not bring the world together and confront all aggression rather than regimes we do not like, the world will become the brutal anarchy realists already label it. We will all face defeat.

On the other hand, in every large crisis there are opportunities for fundamental changes, but it needs to start with ourselves.

STRUCTURAL REORDERING: THE IMPACT OF THE RUSSIAN-UKRAINIAN WAR ON THE GLOBAL NATURAL GAS INDUSTRY AND EU ENERGY SECURITY



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The second Russian-Ukrainian War will drastically alter the global and the European balance of power across several sectors of Great Power competition. The amount of economic pressure being exercised on Russia since February 24 amounts to nothing short of an all-out economic declaration of war. It is not an exaggeration to note that the US and its closest allies are uprooting over thirty years of Russian economic integration with the global economy. At the core of that integration is Russia's role as the largest energy exporter in the world particularly in crude oil, products and natural gas that cumulatively made up to 45% of Russian federal state revenues in 2021.¹

Since the end of the Cold War Russia has been consistently the largest gas exporter,² the second largest crude oil exporter (after Saudi Arabia) and the largest petroleum exporter if one combines crude and oil products.³ Around 70% of Russian gas exports, 48% of Russian crude oil exports and 32% of Russian coal exports were directed in 2021 to the greater European markets (EU-27+ Europe OECD).⁴

According to the European Commission's RePower Europe "strategy paper" these exports correspond around 40% of EU-27 final gas demand, 27% of its total crude oil demand and 46% of its final coal demand.⁵ In 2021 the European Commission estimated Russian exports to EU-27 Member States (MS) at 155 BCM including both pipeline (140 BCM) and LNG (15 bcm). In 2020 -under a normal year- Russian gas exports to Europe OECD (EU-27 including Norway, Switzerland, the UK and Turkey) reached 185 BCM of which

¹ <https://www.iea.org/articles/energy-fact-sheet-why-does-russian-oil-and-gas-matter>

² <https://www.iea.org/articles/energy-fact-sheet-why-does-russian-oil-and-gas-matter>

³ <https://www.iea.org/articles/energy-fact-sheet-why-does-russian-oil-and-gas-matter>

⁴ US EIA, *Country Analysis Briefs: Russia*, (Washington D.C.: December 2021),

<https://www.eia.gov/international/analysis/country/RUS>

⁵ *European Commission, REPowerEU: Joint European Action for more affordable, secure and sustainable energy*, (EC: 08/03/2022), p. 1.

around 120 BCM are linked to Take or Pay clauses, as high as 75%-80% of the contracted volume.

This means that even if an importer were to choose to not buy a theoretical 10 bcm contract which has an 80% Take-or-Pay clause it would still have to pay for 8 bcm even if he is consuming 0 bcm. This equates with a long-term financial stranglehold of Russia over long-term European supplies that extends, according to Cedigaz,⁶ to 2035 with volumes ranging between 100BCM (until 2030) to 50BCM (until 2034). Europe needs to find a way to eliminate Russia's leverage over its long-term contracts.

Around 120BCM or approximately 77% of total Russian gas exports in 2021 are tied to contracts that cannot be broken prior to their expiration unless the importer wants to continue to pay anywhere between 70%-85% of the contracted prices without physically importing the contracted volumes. That is the primary reason why strategies envisioning the "instantaneous" disentanglement of EU markets from Russian gas exports are unrealistic.

Having said that it is important to note that by 2030 a systematic attempt at diversification away from Russia can succeed to free the EU from most of its reliance on Russian physical supplies, although Turkey, Serbia and Hungary, may continue to buy significant quantities of Russian gas even then.

By 2030 though Russia is also at least equally likely to have rid itself of its dependency on European markets by expanding its pivot towards China and in general towards Asian markets. By 2023 Russia's Power of Siberia (PoS) 1 pipeline commissioned in 2019 and currently exporting 15 bcm/y would have reached its full capacity of 38 bcm/y.

By 2026 the agreement Gazprom-CNPC signed on 4 February 2022 to expand exports through the PoS1 would increase China's intake through the Far Eastern (Shakhalin-Blagoveshchensk) route to 48 bcm or 1/3 of Russia's 2022 EU exports.⁷ It is also likely that by that time the Soyuz Vostok or PoS2 50 bcm/y capacity pipeline would have been completed directly linking the Yamal Peninsular with China's pipeline system through Mongolia augmenting Russian pipeline exports to China to around 100 bcm/y close to 65% of its 2022 EU exports.

Exports to China will not yield the same financial benefits for Gazprom that EU markets did for decades but they will cover for a very significant part of the losses of Russia's European markets as Russia diversifies away from pipelines to become, with Chinese and Indian assistance, one of the world's top LNG exporters by the end of this decade.

⁶ <https://www.cedigaz.org/wp-content/uploads/Evolution-of-EU28-LT-import-contracts.png>

⁷ <https://www.reuters.com/world/asia-pacific/exclusive-russia-china-agree-30-year-gas-deal-using-new-pipeline-source-2022-02-04/>

Since February 2022 Russia has deliberately cut supplies in violation of its LTC (Long Term Contracts) contractual obligation in three EU member states, Poland, Bulgaria and Finland, in respectively April and May 2022 claiming the unwillingness of the three abovementioned governments to comply with Russian Presidential Decree 172 that demanded payment for the delivery of gas supplies in rubbles.

Despite the political significance of these moves the losses of the Polish, Bulgarian and Finnish markets for Gazprom amounted cumulatively to less than 1/15 of its total EU markets or approximately 13,5 bcm/y. Fortunately for all three EU states the negative impact imposed on their national economic as a result of the loss of Russian gas is also relatively minimal and, by and large, manageable.

The fundamental change in the balance of Russian-European natural gas trade resulted from Russia's decision to limit during July and eventually completely shut down as of September 1, 2022, the flow of gas via its main export pipeline to Germany and Central Europe. Despite the fact that typically Gazprom shut down the Nord Stream 1 pipeline system for reasons of operational security after a purported oil leak was discovered in one of the serviced compressors, the non-interruption of supply in Turkstream, which went through a similar process of maintenance in July 2022, indicates, but does not legally corroborate, a political motivation behind the Kremlin's decision to effectively stop all exports to its largest and most lucrative gas export market anywhere in the world.

Overall though the recorded limitation of Russian exports is not due to a successful long-term substitution campaign on the part of EU importers that secured affordable prices for long-term volumes. Such a policy would indeed constitute a tangible diversification success, but no rationally thinking person could claim the current precarious supply conditions as a success. The EU has been able to substitute for the loss of Russian pipeline exports by increasing short-term LNG imports at enormous costs without any long-term commitment on either side of the commercial transaction.

Conclusion

Russia's preeminent control over physical EU supplies will remain, although progressively weakened, a fundamental fact of life in European natural gas markets to 2027 and beyond. If current trends continue though, and this is the basic projection scenario, Russia will lose its preeminent position as the top exporter to EU markets by the middle of this decade and eventually degrade in importance rapidly after 2026/27 to end up as a marginal provider to EU markets by 2031. This progressive marginalization will force Russia to pivot to Asian markets focusing primarily on China by building a second major pipeline within this decade. It will also maximize its LNG export capabilities

by replacing European with Chinese and Indian investors as strategic partners for the success of its global LNG outreach throughout his decade and beyond.

WESTERN SANCTIONS AGAINST RUSSIA: HOW EFFECTIVE ARE THEY?



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Introduction

The Russian-Western relationship has been deteriorating continuously, and a manifestation of this are the sanctions the West has imposed on Russia. While sanctions have been imposed on Russia since its 2014 annexation of the Crimean Peninsula, they have increased in size and significance tremendously since the start of the Russian invasion of Ukraine on February 24, 2022 (Milov, 2022). With actions like the freezing of Russian assets in banks, the Russian economy is increasingly being curtailed and cut off from its resources (Wong et al., 2022). However, the true implications of this conflict between Russia and the West, economic as well as ideological (RANE, 2022) are unclear yet. While the Russian natural resource industry is far from being severely undercut by sanctions (Kunyt'skiy, 2022), most non-Western countries have not cast Russia aside as an international pariah in the way that the West has done (Stent, 2022). Moreover, the West risks losing its momentum in its stance against Russia due to the issue of energy (Bonner, 2022).

Western sanctions on Russia: their successes and failures

It is undeniable that Western sanctions have had a great impact on the Russian economy and have cut across many aspects of thereof. For instance, major shipping lines have ceased to provide their services to Russia. Aside from general sanctions on Russia, there have also been sanctions imposed (at least, by the Biden Administration) on certain Russian individuals, such as the President himself, as well as on hundreds of other Russian elites (Wong et al., 2022). Along with Putin's recent generalization of the mobilization procedure in Russia (Sauer & Harding, 2022), increasing sanctions are likely to heighten discontent in the Russian population and further decrease support for Putin and his war in Ukraine (Bonner, 2022).

However, the effects of sanctions are not absolute. A major factor accounting for this is that while the West is trying to find alternatives to Russian gas, such as their most recent attempt in Africa (Schauenberg, 2022), there are

other countries which are still willing to purchase Russia's natural resources. For instance, this is reflected in the fact that nations like India, Turkey and China have actually sought closer economic and financial collaboration with Russia (Berriault, 2022). This is fueled by the fact that many countries in the world have not condemned Russia's invasion of Ukraine (RANE, 2022).

Moreover, sanctions have actually increased the prices of the commodities Russia exports, which has led to an increase in Russia's export revenue (Razek & McQuinn, 2022), even as its economy is contracting overall (Wong et al., 2022). As long as it can find alternative markets for supply of its natural resources, it can keep the export side of the economy going.

Meanwhile, the sanctions also negatively affect the Western, and specifically EU, economies themselves. Since the Western European, and other EU, countries have grown to rely heavily on imported energy from Russia, the sanctions have led to an increase in energy prices and are manifesting in an energy crisis in the EU, and the only way out is through decreasing EU countries' dependency on Russian gas (Meredith, 2022). While this is slowly happening – for instance, the EU is trying to foster new economic ties with African countries in terms of energy supply (Schauenberg, 2022), as has been mentioned – the approaching winter will probably be harsh, and there is risk of recession in the EU (Meredith, 2022) amid higher prices (Bonner, 2022).

Aside from economic difficulties, the energy problem the West currently has to face could lead to the breaking down of the general political concord in the West that Russia is the enemy. If the energy situation gets worse, the public, in several nations, could advocate a turning away from Ukraine, and perhaps a more conciliatory, rather than confrontational, approach to Russia. Since the provision of energy is one of Russia's strongest points in its conflict with the West, it could use the withholding of it to push the West towards taking a softer approach to it. If the West gives in to the economic and political pressure and ceases aiding Ukraine, Putin would be one step closer to prevailing in the war there (Bonner, 2022).

Conclusion

In summary, while the confrontation between Russia and the West, especially as concerns sanctions, has undoubtedly led to a contraction of Russia's economy, it has failed to have the drastic effect the West had hoped for (Wong et al., 2022). Moreover, as Russia finds new economic partners for its commodities markets (Berriault, 2022), the West is growing weaker with the energy crisis and may become politically fragmented in its stance towards Russia's invasion of Ukraine (Bonner, 2022). Thus, the overall effect of sanctions as regards the Ukrainian war may not turn out to be what the leaders in the West had hoped for – in fact, it may lead to a decrease in support for Ukraine and thus lesser chance of a victory for the Ukrainian

population. If this happens, this would mean that the sanctions have backfired and have not been effective.

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THE IMPACT OF THE RUSSIAN INVASION OF UKRAINE ON THE EU ENERGY SECURITY



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The war in Ukraine has seriously influenced both the global economy and politics. Many households in the EU are bearing the economic brunt, especially given that the Russian invasion presided over the Covid-19 pandemic crisis. The approaching winter additionally leads to an increase in political tension in the member states, certainly without forgetting that Ukraine citizens are and will be the most affected in this regard.

However, high electricity prices and constantly increasing inflation do not only lead to political clashes and tremors in the EU's economies, above all this situation directly threaten the well-being of many of its citizens. According to Eurostat data (2021), roughly 8% of them were considered unable to adequately heat their homes in 2020. In the long term, all this could lead to riots and even conflicts in other parts of the world (Benton et al., 2022).

As a response to the unprovoked Russian invasion of Ukraine, the EU members as well as other states imposed economic sanctions on Russia. Combined with the war itself and the consequences in political and economic terms, this has transformed into significantly higher prices in the energy sector. For instance, between the first six months of 2021 and the first six months of 2022, gas prices increased in 23 of the EU countries (Eurostat, 2022), with Estonia, Lithuania and Bulgaria being the most affected. Not surprisingly, these three countries are also among the most dependent on energy supplies from Russia.

Under such circumstances and growing discontent among the EU citizens, the majority of whom were directly affected by the galloping inflation, the EU is facing the difficult path of seeking energy independence from Russia, most precisely from Russian fossil fuels. As a part of the EU efforts to achieve that goal, on 18 May 2022 the European Commission presented the so-called REPowerEU plan focusing on saving energy, diversifying supplies, substituting fossil fuels and combining investments and reforms in a smart way (European Commission, 2022). Furthermore, in November 2022 the European Commission has proposed a new temporary emergency regulation aimed at

accelerating the deployment of renewable energy sources (European Commission, 2022).

Energy security or energy independence

The ongoing war in Ukraine has brought to the fore the issue of neglected energy security in the EU. This has been for years rather a sidestepped question at the expense of policies aimed at green energy and dealing with greenhouse effects (Prisecaru, 2022). As a matter of fact, it may be said that the war obstructs the ambitious Green deal as EU citizens well-being and security are expected to be a priority in the EU policies at this moment.

Considering that the EU has taken on the uneasy task of significantly reducing Russian gas imports by 2024, namely by two-thirds, this would mean a huge gap in terms of the necessary supplies. The EU has expressed on various occasions its interest to import gas from some African and Central Asian countries. Despite the steps that have been taken into that direction as well as the European Commission's statements that liquefied natural gas (LNG) and gas storage will contribute significantly to the energy security of the member states, the development of the necessary infrastructure will take years, posing a huge challenge to the EU's energy security and the well-being of millions of EU citizens. It also means that diversification of Russian gas supplies will not be easily achieved (Butler, 2022, p. 3). It is not by chance that some countries have started to develop bilateral relations, which, however, adds fuel to the already very fragile general approach of the member states towards the Russian military aggression in Ukraine. In a nutshell, more economic, political and social upheavals can be expected in the future.

What is the path ahead?

Since diversification of the Russian energy supplies are difficult to be achieved in the short-term, what alternatives does the EU have? Nuclear energy has been on the table for quite some time, although many avoid the topic out of security and safety concerns. However, at the same time according to IAEA data, as of May 2022 more than 50 nuclear power plants are being constructed globally. What is more, in September 2022 even Germany announced its plans not to close two of its operating nuclear power plants at least until April 2023, although the country had earlier declared its intention to shut them down. In other words, the war in Ukraine may have longer consequences on the EU energy sector that it was previously thought.

Given the above-mentioned, it is crucial now for the member states to promote common external energy policies in order for the EU to avoid further political tension and divisions among its members, including in terms of the common response to the Russian military aggression in Ukraine.

Last but not least, if the EU aims to achieve energy security and independence from Russia energy sources, it should also invest more in energy connectivity between its member states and the building of the respective critical infrastructure. This is of great importance to enabling energy transition and EU policy makers should further promote and support cooperation between EU DSO Entity and European Network of Transmission System Operators (ENTSO-E) and other similar initiatives.

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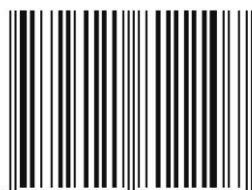
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