

The Tsar's Gambit and China's Chains

Inside Russia's Attritional War, Authoritarian
Decay, and Strategic Dependence in the Shadow
of Beijing

Treadstone 71



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Analytic Brief

Russia's protracted war against Ukraine has evolved into a costly war of attrition, where its tactical adaptations on the battlefield are insufficient to achieve a decisive victory and are purchased at an unsustainable long-term cost. This strategy is profoundly destabilizing Russia's economy, fracturing its social fabric, and compromising its future security, even as the Kremlin consolidates authoritarian control. The regime's stability is now paradoxically dependent on perpetuating the very conflict that generates its most severe internal and external vulnerabilities, making it increasingly reliant on China as a strategic lifeline.

- **Primary Belligerents-** The Russian Federation, led by President Vladimir Putin, its military forces, and its defense-industrial base; and Ukraine, with its resilient armed forces and civilian population.
- **Key External Actors-** The People's Republic of China, which serves as an indispensable economic and military-industrial enabler for Russia. Western allies (led by the U.S. and key European nations) provide critical military and financial support to Ukraine and lead the sanctions regime against Russia.
- **Influential Third Parties-** Key nations of the Global South, notably India, are pursuing a policy of "strategic autonomy," creating a parallel economic ecosystem that undermines Western sanctions through pragmatic, interest-driven engagement with Russia.
- **Internal Stakeholders-** The Russian populace, which bears the escalating domestic costs of the war through economic hardship and social decay.

Russia's military strategy has shifted from its unsuccessful 2022 bid for a rapid resolution to a protracted, attritional approach that prioritizes gradual territorial advances despite significant human costs. The tactics involve tactical adaptations such as the mass use of unmanned systems (drones), unconventional mobility (motorcycle assault units), and belated fortification of strategic assets in response to effective Ukrainian deep strikes. Concurrently, the war has pushed Russia's economy into a state of structural overheating, fueled by massive military spending that masks long-term decay. This has triggered rampant inflation, punishingly high interest rates, and a looming housing crisis, placing a severe strain on the Russian population and social services, such as healthcare. In response to these

pressures, the Kremlin has intensified its centralized control and restricted opposition, while promoting a narrative of ongoing tension with Western countries.

The conflict has settled into a strategic stalemate where Russia's attritional approach is hollowing out its military and demographic potential for generations. The Kremlin is caught in a strategic trap- prolonging the war is essential for the regime's stability, yet it is also the primary source of the pressures that could cause its collapse. A move toward peace would likely precipitate an immediate and severe economic crisis. The dynamic has made Russia existentially dependent on China, but this "partnership short of alliance" is defined by profound asymmetry and mutual mistrust, creating a significant strategic vulnerability for Moscow. The rise of a pragmatically non-aligned Global South actively undermines the efficacy of Western economic statecraft, signaling a durable shift toward a multi-polar global order.

The period from mid-2024 to mid-2025 represents a critical juncture. Russia continues to press its offensive despite obvious signs of troop exhaustion and degradation, while Ukraine's ability to maintain its strategic defense is contingent on resolving its manpower shortages and securing sustained Western support. The internal economic and social crises within Russia are deepening, creating stress points that challenge the Kremlin's narrative of stability. With the geopolitical landscape solidifying around the Sino-Russian nexus and the transactional approach of the Global South, decisions made by all actors in the near term will be decisive in shaping the conflict's trajectory and Russia's long-term future.

- **Military-** Russia's initial strategic miscalculations have led to catastrophic losses, with total casualties projected to approach one million by summer 2025. Attritional campaigns, such as the battle for Avdiivka, cost over 47,000 Russian casualties for minimal gain. Russia has adapted by scaling up drone production (aiming for 2 million tactical drones annually) with heavy reliance on Chinese components. However, its forces remain in a reactive posture against effective Ukrainian deep strikes, such as "Operation Spiderweb," which damaged or destroyed 41 strategic aircraft.
- **Economic -** The war economy has fueled rampant inflation, reaching 9.9% in 2025, forcing the Central Bank to hike interest rates to a staggering 21%. This is suffocating non-military sectors, with GDP growth projected to plummet to between 0.5% and 1.5% in 2025. A severe housing crisis is looming, threatening the financial stability of millions of households.
- **Political & Internal-** The war has solidified Russia's international isolation and deepened its internal authoritarianism. The healthcare system is fracturing, with at least 160 public hospitals closing in 2024 due to the strain of military casualties. A

critical labor shortage of an estimated 1.6 million workers is crippling civilian industries. The combination of a cost-of-living crisis and a collapsing social safety net is fueling growing social unrest, particularly in Russia's ethnic republics.

The conflict will likely remain a grinding war of attrition, with Russia's ability to sustain its offensive increasingly constrained by mounting internal pressures. The technological arms race in unmanned systems will continue to be a decisive factor on the battlefield. The conflict's future depends on the stability of the Russian regime and the war's outcome, with several possible scenarios emerging.

1. China's Propped-up Proxy- A weakened Russia becomes a de facto economic and political proxy of China, maintaining a confrontational stance toward the West.
2. Reluctant Reconciliation- A decisive military defeat in Ukraine triggers an elite fracture or "palace coup," leading a new, pragmatic leadership to seek an end to the conflict to prevent state collapse.
3. Neo-Stalinist Fortress Russia- The regime doubles down on repression, fully militarizes the economy, and embraces a permanent state of ideological conflict with the West.
4. The Wild East- A regime collapse under the weight of military and economic failure leads to internal fragmentation, civil conflict, and an acute risk of WMD proliferation.

High-impact contingencies that could trigger these scenarios include the sudden removal of President Putin from power or a decisive technological breakthrough by Ukraine on the battlefield that leads to a rapid collapse of the Russian front line.

Analysis

The Russian Federation's full-scale war against Ukraine has evolved into a protracted, grinding conflict of attrition, fundamentally reshaping the strategic landscape of Eastern Europe and beyond. A notable paradox characterises the ongoing conflict through 2025: Russia's adjustments in operations and tactics have allowed it to maintain offensive actions and achieve gradual progress. However, these very efforts are imposing unsustainable costs on its military, economy, and society, creating profound internal vulnerabilities. The assessment analyzes the current state of the conflict, the corrosive domestic impacts within Russia, the critical role of third-party geopolitical actors, and plausible future scenarios to inform strategic decision-making.

Key Judgments

- **Strategic Stalemate and Attritional Reality-** We assess with high confidence that the battlefield has settled into a strategic stalemate characterized by a brutal war of attrition. Russia maintains the offensive initiative, but its gains are slow, localized, and achieved at an exceptionally high cost in personnel and materiel. Russian forces have adapted tactically, employing unconventional methods and scaling up drone production, but remain vulnerable to Ukrainian asymmetric deep strikes that impose strategic costs and force reactive defensive measures.
- **Russia's Internal Front Under Severe Strain-** We assess with high confidence that Russia's war economy is structurally unsound, characterized by military-fueled overheating that masks long-term decay. Rampant inflation, punishing interest rates, and a looming housing crisis are creating significant economic pressure. Concurrently, the war is fracturing Russian society. A collapsing healthcare system, critical labor shortages, and growing, albeit localized, social discontent are direct consequences of the state prioritizing military expenditure over domestic welfare. While the Kremlin's control appears firm, these accumulating pressures represent the most significant long-term threat to regime stability.
- **The Decisive Role of the China-Russia Nexus-** We assess with high confidence that the People's Republic of China (PRC) is the single most critical enabler of Russia's war effort. Beijing provides an indispensable economic lifeline through energy purchases and sustains Russia's military-industrial base with a massive influx of dual-use technology, including microelectronics, machine tools, and drone components. However, this is a "partnership short of alliance," defined by profound asymmetry and mutual mistrust. Russia's increasing dependence on a partner its security services reportedly view as a long-term threat creates a strategic vulnerability.
- **The Rise of Pragmatic Non-Alignment- The War Has Accelerated the Rise of a Multipolar World Order.** Key actors in the Global South, notably India, are pursuing a policy of "strategic autonomy" or "non-alignment 2.0." They are using the conflict to secure economic benefits (e.g., discounted Russian oil) and advance their geopolitical interests, creating a parallel economic ecosystem that actively undermines the efficacy of Western sanctions. The pragmatic, transactional approach presents a significant challenge to Western economic statecraft.
- **Strategic Outlook and Scenarios -** The conflict's trajectory is contingent upon the interplay between Russian regime stability and the war's outcome. Plausible futures

range from a "Reluctant Reconciliation" (triggered by Russian military defeat and elite fracture) to a "Neo-Stalinist Fortress Russia" (characterized by permanent conflict and deep internal repression). The most dangerous scenarios involve a propped-up Russian proxy state beholden to China or a chaotic regime collapse ("The Wild East") with acute risks of WMD proliferation. Western policy must therefore navigate the dual risks of both Russian stability, which guarantees continued aggression, and Russian instability, which threatens regional chaos.

The Strategic Stalemate- An Attritional Reality (Mid-2024 to Mid-2025)

After more than three years of full-scale conflict, the war in Ukraine has transitioned from its initial phases of rapid maneuver and large-scale offensives into a grinding, attritional struggle. The immense consumption of human lives and materiel, slow territorial changes, and a continuous cycle of tactical adaptation by both sides define the phase. While the Russian Federation currently holds the strategic initiative along most of the front, its ability to translate this into operationally significant breakthroughs remains severely limited. The battlefield reality of mid-2024 to mid-2025 is one of a costly stalemate, where tactical gains are measured in meters and paid for with staggering losses, and where technological innovation runs parallel to the brutal, almost primitive, nature of trench warfare.

Battlefield Dynamics- Assessing Mass, Attrition, and Tactical Adaptation

The core characteristic of the current battlefield is the stark disconnect between Russia's maximalist strategic objectives and its degraded operational capacity. This has forced the Kremlin into a brutal attritional model that generates severe second- and third-order consequences for its forces. The Russian military command appears to have improved its ability to plan and conduct multi-year operational-level efforts, developing a doctrinal method of conducting slow envelopments of frontline settlements at a scale that is reasonable for its forces to conclude before culminating. Despite this, the overall rate of advance has not increased beyond a foot pace. Recent data indicates that Russian forces have advanced at a rate of roughly 14 to 15 square kilometers per day over the past six months. While an uptick in June 2025 saw gains of 500 square kilometers, marking the fastest pace in many months, this acceleration remains within the broader context of a slow, grinding offensive rather than a strategic breakthrough.

We assess with high confidence that Russia's military strategy is now fundamentally reliant on its willingness to absorb immense and unsustainable casualty rates to achieve marginal territorial gains. The approach, often described as trading "mass for maneuver," is starkly illustrated by the battle for Avdiivka, where Russian forces suffered over 47,000 casualties for the capture of a single devastated city. Projections based on current attrition rates

indicate that total Russian casualties (killed and wounded) could approach one million by the summer of 2025, a figure that includes over 250,000 fatalities. The profound disregard for personnel is evident in the continued reliance on dismounted infantry and "human wave" style assaults designed to exhaust Ukrainian defenses through sheer numbers. The strategy, while tactically effective in localized sectors, is hollowing out Russia's demographic and military potential for future generations. Three and a half years of war have severely degraded Russia's ability to conduct large-scale armored assaults, due to catastrophic armored vehicle losses in 2023 and early 2024 and the depletion of its pre-war professional military cadre. This perpetuates a vicious cycle where high casualty rates incentivize further reliance on poorly trained and equipped infantry to make advances, which in turn leads to even higher losses.

The degradation of conventional combined arms capability has necessitated significant tactical adjustments. One of the most telling indicators is the increased and standardized use of unarmored civilian vehicles, particularly motorcycles and All-Terrain Vehicles (ATVs), for assault operations. The tactic, observed most prominently in the Pokrovsk direction, is a direct, reactive adaptation to the pervasive threat of Ukrainian First-Person View (FPV) drones, which have made traditional armored advances exceptionally costly. While these vehicles offer speed and a smaller target profile, they provide minimal protection to personnel, exposing assault troops to basic shrapnel and small arms fire. The shift is not a sign of tactical genius, but a clear symptom of necessity born from the failure to protect conventional armored assets. It signals a critical loss of ability to conduct protected assaults and places immense strain on the logistics and training for these unconventional units, creating a new set of vulnerabilities that Ukrainian forces can exploit.

In response to Russia's attritional pressure, Ukraine has shifted mainly to a strategic defensive posture, focusing on preserving labor and bleeding Russian forces. This has involved the construction of extensive, multi-layered defensive fortifications across the front. As detailed in Table 1, these defenses differ significantly in character from the massive, static "Surovikin Line" that Russia built in 2023. Ukrainian fortifications are more adaptive and designed with the modern, drone-dominated battlefield in mind. They typically consist of smaller, dispersed strongpoints and trench networks (often 60-70 meters in length) designed to house platoon-sized units (20-50 soldiers). A key feature is the mandatory inclusion of anti-drone covers, such as nets and reinforced shelters, as well as the careful camouflaging of positions within natural terrain, including forest belts. The approach aims to maximize personnel protection and mitigate the effectiveness of Russian reconnaissance and strike drones. However, as stated by Commander-in-Chief Oleksandr Syrskiy, the effectiveness of these engineering works is entirely contingent on them being staffed by a sufficient number of troops. We assess with moderate confidence that Ukraine's chronic

shortage of combat personnel remains its most critical vulnerability, one that could undermine the utility of even the most well-constructed defensive lines.

This dynamic of high attrition and force degradation is not uniform across the Russian military. We assess with moderate confidence that specific formations, such as the Russian Central Grouping of Forces operating in the Pokrovsk direction, are facing particularly high levels of exhaustion and degradation after more than a year of continuous, intensified offensive operations. The localized exhaustion likely constrains their ability to conduct complex, sustained operations and may present opportunities for Ukrainian counterattacks if windows of Russian weakness can be identified and exploited. The reality stands in stark contrast to the maximalist territorial objectives publicly espoused by the Kremlin, as illustrated in Table 2, which highlights the vast gap between Russia's stated ambitions and its limited progress on the ground.

Table 1 Key Fortification Characteristics by Region (Russian and Ukrainian)

Region/Force	Type of Fortification	Extent/Scale	Specific Features	Strategic Purpose
Russian Surovikin Line	Trenches, bunkers, anti-tank barriers, mines, razor wire, earthen berms, dragon's teeth	2,000 km total, 1,000 km inside Ukraine; multi-layered	Extensive minefields, urban fortresses, layered defenses	Slow advances, channel forces into favorable areas, and protect key towns (e.g., Tokmak)
Zaporizhzhia (Russian)	Three subsystems of defenses	150 km frontline	Multiple barriers, artillery support, and fortifications around key towns	Reflects strategic importance, mobile and positional defenses
Kherson (Russian)	Less layered fortifications	Along the Dnipro Delta and the River	Exploits favorable terrain, complicates amphibious assaults	Logistical challenges for deep penetration, flooding impact
Donetsk (Russian)	Old and new fortifications	Complex urban terrain	Prevents bypassing cities, quick Russian reserve deployment	Challenging urban combat, pre-2022 positions are less effective
Luhansk (Russian)	Divided southern and northern systems	Centers around Severodonetsk (south), extends to the Russian border (north)	Positions in the Kreminna forests, secondary line on Krasna River, towns as first-line defense	Contain breakthroughs, risks near the Russian border for the northern gaps.

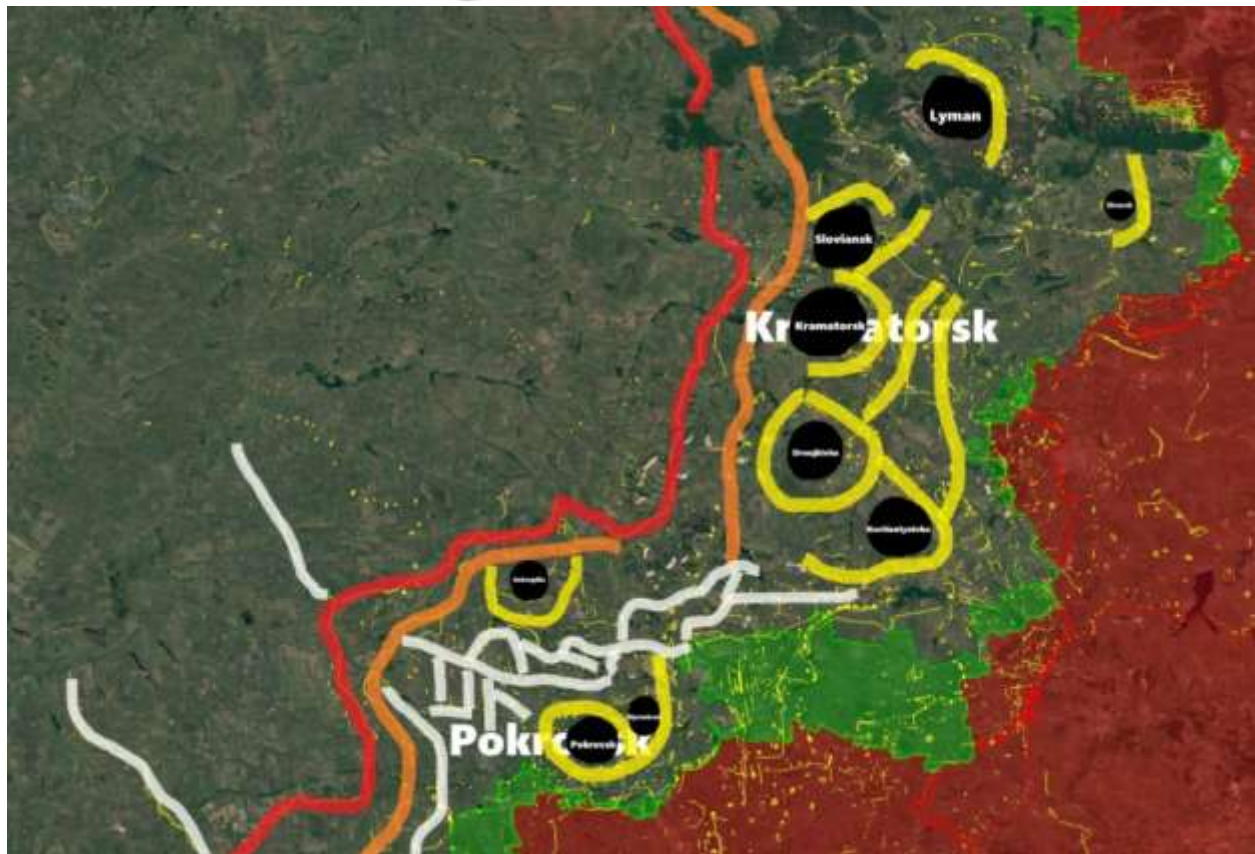
Region/Force	Type of Fortification	Extent/Scale	Specific Features	Strategic Purpose
Ukrainian Adaptive Fortifications	Smaller strongpoints, foxholes, wooden/concrete trenches, anti-drone covers/nets, dragon's teeth, minefields	Shorter defense lines (60-70m trench networks), multiple lines behind the frontline	Designed for platoons (20-50 soldiers), mandatory anti-drone cover, camouflaged in forest belts	Counter Russian drone tactics, protect personnel, adaptive engineering system.

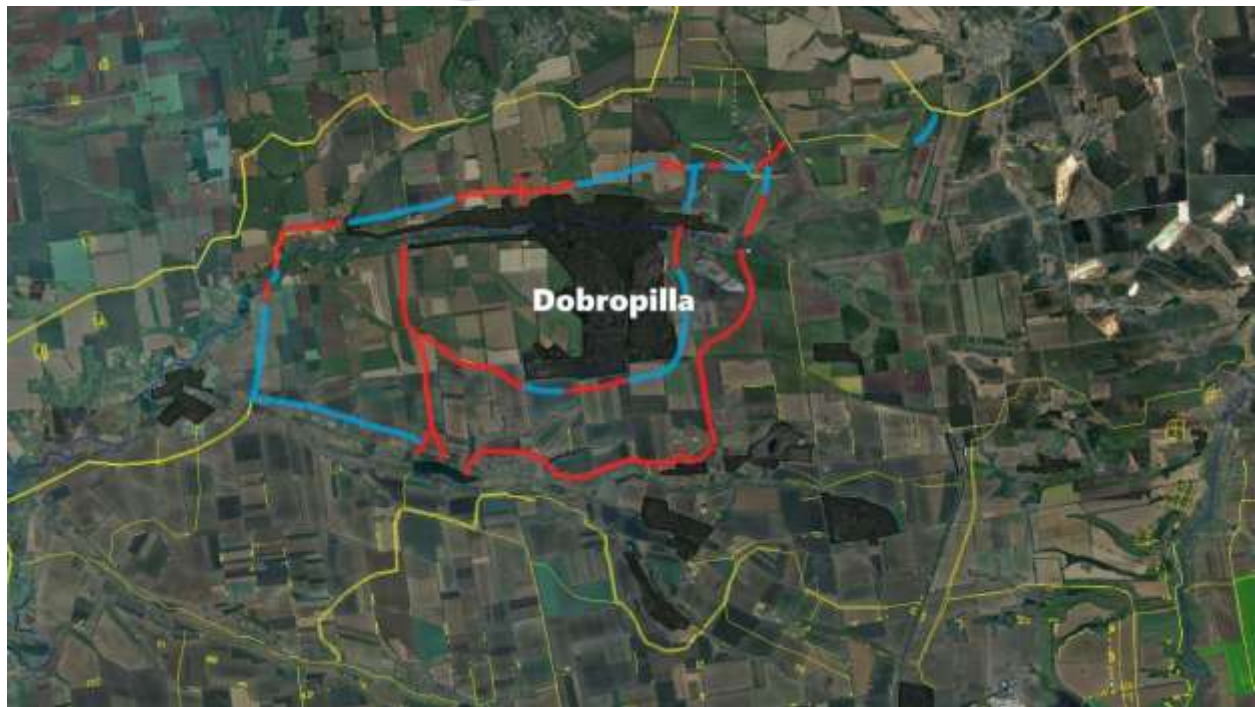
Table 2 Russian Territorial Objectives and Assessed Progress (2024-2025)

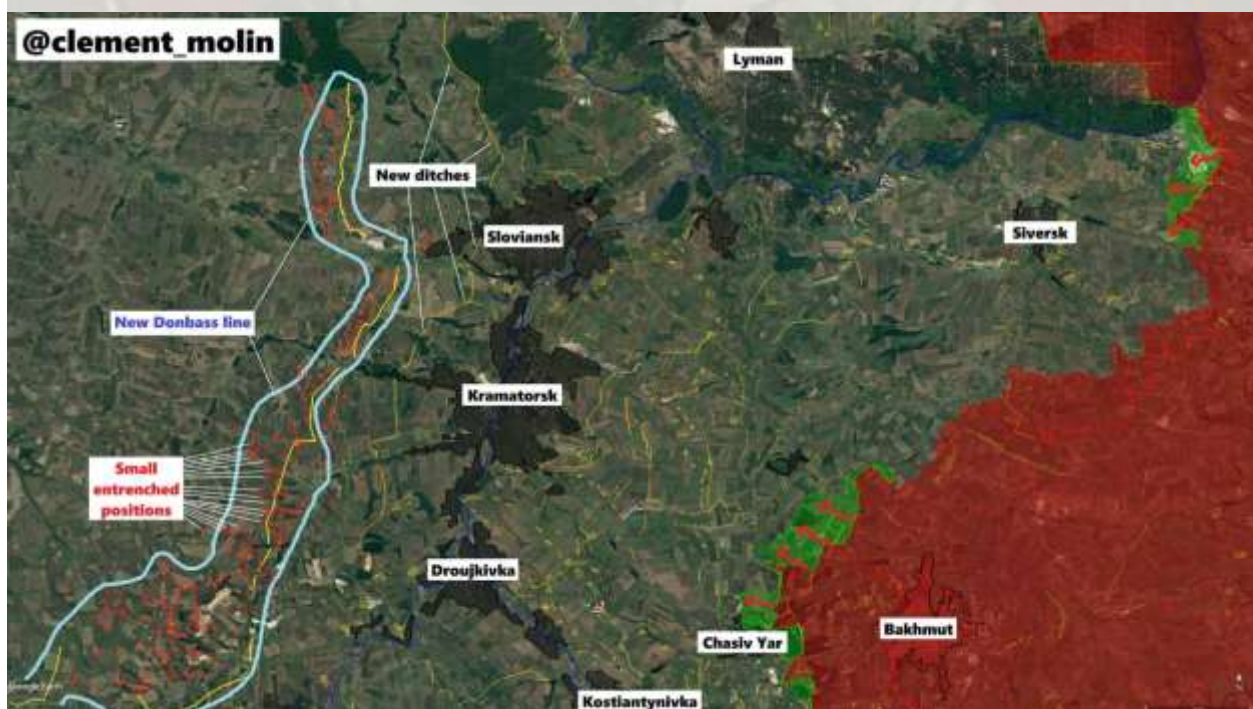
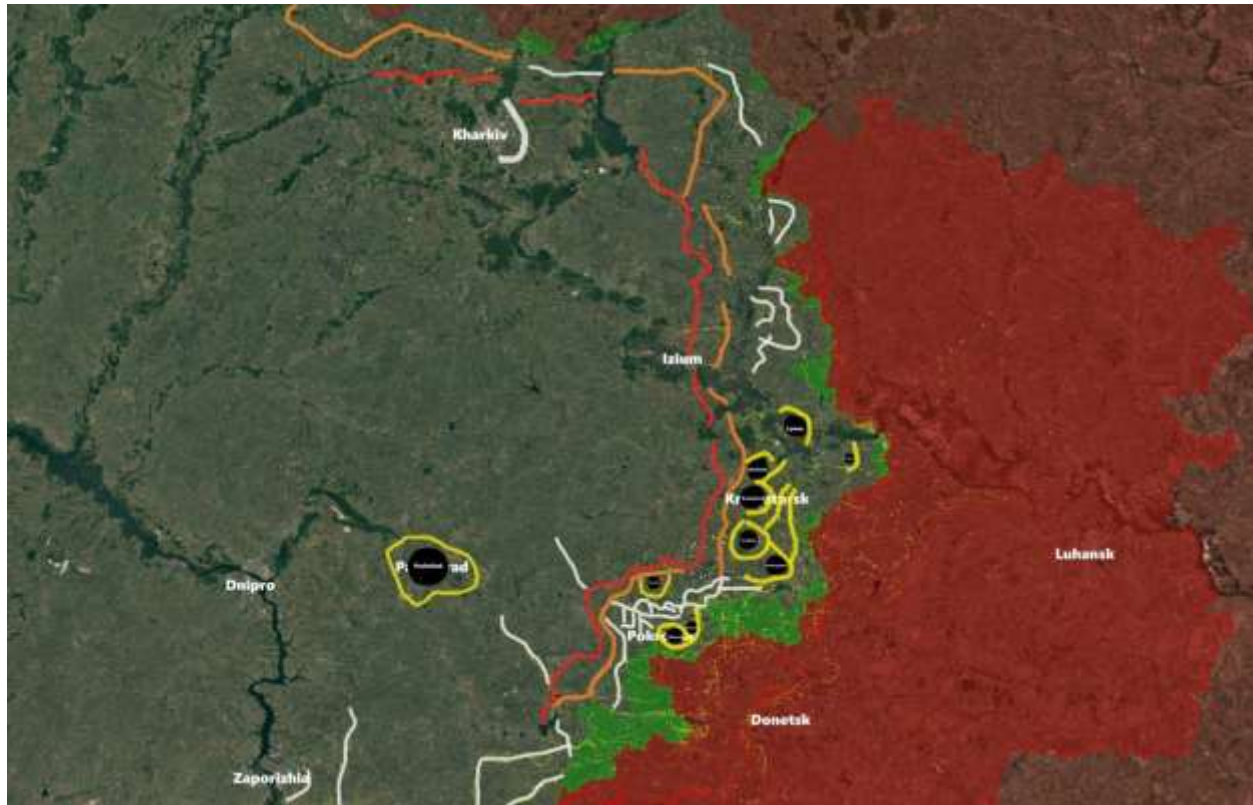
Objective (Russian Stated Goal)	Assessed Progress (2024-2025)	Rate of Advance (Meters Per Day)	Key Challenges/Notes	Source of Objective
Seize entirety of Donetsk Oblast	Limited, slow advances, particularly around Pokrovsk	Avdiivka- 135 m/day; Kupiansk- 50 m/day	Ukrainian fortress belt, drone effectiveness, Russian forces exhaustion	Palisa , Kartapolov
Seize entirety of Luhansk Oblast	Russian forces seized roughly 99% of Luhansk Oblast by late November 2024	Not specified for 2024-2025, but largely achieved	Remaining pockets of resistance	Palisa , Kartapolov
Create buffer zone along northern Ukrainian-Russian border	Limited incursions into Sumy/Kharkiv, but no established buffer zone	Kursk offensive (Ukraine)- 1,250 m/day	Ukrainian counter-incursions, Russian defensive deficiencies	Palisa
Occupy all of Ukraine on east (left) bank of Dnipro River	Minimal progress beyond current frontlines	Not specified	Significant Ukrainian defenses, Dnipro River crossing challenges	Palisa
Seize Odesa and Mykolaiv oblasts	No significant progress	Not specified	Requires crossing Dnipro, seizing multiple oblast capitals	Palisa
Seize Zaporizhzhia City	No significant progress, not expected by Sept 1, 2025	Not specified	Strong Ukrainian defenses, Russian forces exhausted	Palisa , Kartapolov

Fortification Maps









The Technological Arms Race- The Unmanned Systems Imperative

The conflict in Ukraine is unequivocally the crucible in which 21st-century warfare is being forged, and at its heart is the technological arms race in unmanned systems. The pervasive

use of drones by both sides has fundamentally altered battlefield dynamics, extending operational reach, reducing risks to personnel, and effectively democratizing air power. The conflict has been called the world's first full-scale drone war, 3D printing war, and AI war, marking a new era of autonomous weaponry.

The drone war is not just a contest of technology but a clash of two distinct innovation ecosystems. Russia, using its larger economy and state-controlled industrial base, is focused on scaling production and implementing brute-force adaptations. It aims to produce two million tactical drones and over 30,000 long-range one-way attack drones annually, a massive industrial undertaking that remains heavily reliant on a steady flow of Chinese components. Russian tactical innovations include the deployment of FPV drones with fiber-optic tethers, a direct countermeasure designed to overcome Ukrainian electronic warfare (EW) jamming by providing a physical data link. It has also adapted its long-range Shahed-136/131 (Geran-2/3) drones, modifying warheads to maximize damage against civilian infrastructure and employing massed strike packages to overwhelm Ukrainian air defenses.

Ukraine takes a decentralized, agile, and fast-paced approach to innovation. A sprawling ecosystem of over 500 manufacturers, often referred to as a "Mil-Tech Valley," fosters a direct feedback loop between frontline soldiers and engineers, enabling a significantly faster development and deployment cycle. This has led to the production of millions of drones, including an estimated 200,000 FPV drones per month, as well as a wide array of novel systems. Ukrainian innovations include the development of dedicated drone interceptors, such as the Drone Hunter F700, which have reportedly downed over 160 Shahed drones over Kyiv Oblast, and the concept of all-robot combined-arms operations. The decentralized model currently appears to provide Ukraine with a significant adaptive edge. While Russia can scale production of existing designs, Ukraine's agile ecosystem allows it to develop more rapidly and field novel countermeasures and creative solutions to new Russian tactics. The structural difference forces Russia into a perpetually reactive posture in the technological domain. The long-term victor in the drone war may ultimately be determined not by sheer production numbers but by the speed and flexibility of their respective innovation-industrial bases. Table 3 provides a comparative analysis of these competing approaches.

Table 3 Comparative Analysis of Drone Capabilities and Impact (Ukraine vs. Russia)

Feature/Side	Ukraine	Russia
Production Scale	Rapid growth, 500+ manufacturers, millions of drones; 200,000 FPV drones/month	Increasing capacity, cooperation with Chinese companies, aiming for 2M tactical & 30k long-range drones annually.

Feature/Side	Ukraine	Russia
Types of Drones	FPV drones, fiber-optic drones (Kinaz Vandal), drone interceptors, Babayaga drones, Drone Hunter F700	Shahed-136/131 (Geran 2/3), FPV drones with fiber optic cables
Tactical Adaptations	Repurposing civilian drones, deep strikes on logistics, all-robot combined-arms operations, drone swarms (3-10 drones), replacing artillery	Increased use of FPV/Geran for frontline strikes, massed strike packages (1000+ drones by Fall 2025), adapting launch altitudes/directions
Countermeasures	Testing drone interceptors (downed 160+ Shaheds over Kyiv)	Fortifying airbases with bunkers/hangars
Impact on Battlefield	Cost-effective engagement, reduced personnel risk, extended operational reach, contested aerial environment, influencing global military strategy	Imposing new dilemmas for Ukrainian forces (fiber optics), maximizing damage on civilian areas (modified warheads), overwhelming air defenses (massed strikes)
Innovation Model	Decentralized, rapid iteration, direct connection between startups and soldiers, "Mil-Tech Valley"	Centralized, brute-forcing Ukrainian developments, larger economy strategy, reliant on Chinese components.

Asymmetric Contest- Ukrainian Deep Strikes and Russian Strategic Vulnerabilities

While engaged in a grueling defensive battle on the front lines, Ukraine has simultaneously executed a practical and increasingly sophisticated asymmetric deep strike campaign targeting high-value Russian military, logistical, and industrial assets far behind the lines. The campaign serves multiple strategic purposes- it imposes direct costs on Russia's war-making capacity, forces a reallocation of precious Russian resources away from the front, and undermines the Kremlin's domestic narrative of military competence and invincibility.

Key successes in this campaign underscore its strategic impact. In June 2025, a coordinated attack dubbed "Operation Spiderweb" simultaneously targeted four Russian military airfields, reportedly destroying or damaging 41 strategic aircraft, including A-50 early warning planes and Tu-95, Tu-160, and Tu-22M3 bombers. The single operation is estimated to have destroyed 34 percent of Russia's strategic cruise missile carriers, with losses valued at over \$7 billion. Other successful strikes have targeted Russia's defense industrial base (DIB), including the destruction of a thermobaric weapons facility at the Krasnozavodsk

Chemical Plant, a core supplier for Shahed drone explosives, and a strike on the VNIIR-Progress Plant, which produces components for air defense systems.

We assess with high confidence that Russia's defense of its strategic rear areas is fundamentally reactive rather than proactive. Satellite imagery provides unambiguous evidence of this systemic failure. The construction of new protective structures, such as reinforced concrete aircraft shelters and hangars, at key airbases like Khalino in Kursk Oblast and Saky in occupied Crimea began only *after* Ukrainian drones successfully struck these locations. The belated fortification effort, undertaken nearly three years into a full-scale war, reveals a critical flaw in Russian military planning and risk assessment. It demonstrates an inability or unwillingness to defend high-value assets until they have been proven vulnerable proactively.

This dynamic creates a significant strategic dilemma for the Russian command, forcing it to choose between protecting the front and protecting the rear. Each successful Ukrainian deep strike compels Russia to divert valuable and limited resources—particularly advanced air defense systems like the S-400—away from the battlefield in Ukraine to defend infrastructure deep within its territory. This, in turn, can create vulnerabilities in air cover for its forward-deployed forces, which Ukrainian forces can then exploit.

Furthermore, these strikes have a potent effect in the information space. The Kremlin's propaganda apparatus consistently attempts to downplay or deny Ukrainian successes, for instance by dismissing the August 2024 Ukrainian cross-border incursion into Kursk Oblast as an "unsuccessful media stunt". However, the visible evidence of destruction at airbases and industrial sites is difficult to hide, and criticism from influential Russian military bloggers regarding the leadership's failure to protect strategic infrastructure highlights the growing cracks in the official narrative. The internal criticism, amplified across social media, erodes the Kremlin's carefully curated image of competence and control, forcing the regime to expend political capital on damage control and information suppression. Ukraine's deep strike campaign is thus achieving effects far beyond the physical damage inflicted; it is imposing strategic costs, forcing the reallocation of resources, and generating political pressure within Russia itself.

Russia's Internal Front- The War's Corrosive Impact

The Kremlin's decision to wage a protracted, high-intensity war has set in motion a series of deeply corrosive processes within the Russian Federation itself. While the regime has successfully consolidated its authoritarian control and mobilized the economy for war, these actions have come at a tremendous long-term cost. The war is actively undermining the pillars of the social contract that have sustained Vladimir Putin's rule for over two

decades—namely, rising living standards and domestic stability. The prioritization of military objectives over civilian welfare is leading to severe economic distortions, a fracturing of the social fabric, and the creation of new stress points that challenge the regime's long-term stability.

The War Economy- Structural Overheating and Long-Term Risks

The Russian economy has been entirely reoriented to a war footing, creating a veneer of macroeconomic stability that masks profound structural weaknesses. On the surface, the indicators appear robust- after a 1.2% contraction in 2022, Russia's GDP reportedly grew by 3.6% in 2023 and 4.1% in 2024, with unemployment falling to a historic low of 2.7%. However, we assess with

high confidence that this growth is artificial and unsustainable, driven almost entirely by massive state spending on the military-industrial complex. As President Putin himself has noted, this defense spending has created over half a million jobs, but it is non-productive in a consumer sense and is generating dangerous imbalances.

The most immediate consequence of this firehose of state spending has been rampant inflation, which reached an annual rate of 9.9% in 2025, severely eroding the purchasing power of ordinary Russians. To address the rising prices, the Central Bank of Russia (CBR) raised its key interest rate to 21% in October 2024. They have created a public and visible rift within the government's economic bloc. While the CBR and the Ministry of Finance argue they are "cooling" and "overheating" the economy, the Minister of Economic Development has warned that the country is "on the verge of recession," as the high cost of credit suffocates investment and activity in all non-military sectors of the economy. Projections for 2025 indicate a significant decline in growth, ranging from 0.5% to 1.5%, signaling a sharp slowdown in economic activity.

This has created a dangerous "Potemkin economy"—one that appears strong from a distance but is internally brittle. The growth is concentrated in a few military-industrial regions, while civilian-focused industries and regions stagnate, widening economic disparities and sowing the seeds of future discontent. The entire economic model is now predicated on continued high levels of military expenditure, creating a structural trap for the Kremlin. Any significant de-escalation of the war or a move towards peace would necessitate a cut in defense spending, which would, in turn, trigger a severe recession as the primary engine of the economy shuts down. As a result, the regime faces economic incentives to extend the conflict, since a transition to peace would likely trigger a swift economic downturn, significantly constraining policy options and available exit strategies.

This economic pressure is manifesting directly in the lives of citizens, most acutely in the form of a looming housing crisis. A now-ended, large-scale subsidized mortgage program, designed to stimulate the economy, has created a severe real estate bubble. As of May 2025, an estimated 68% of all housing units under construction remained unsold. With the end of subsidies and mortgage rates now reaching as high as 30% from some banks, the market is effectively frozen. Prices stay stubbornly high due to developers' financing structures. However, demand has collapsed, creating the conditions for a full-scale mortgage crisis, where the value of mortgaged properties may no longer cover the outstanding debt, threatening the financial stability of millions of Russian households and posing a systemic risk to the banking sector.

Societal Fracture- Healthcare Collapse, Labor Shortages, and Discontent

The Kremlin's prioritization of the war effort is breaking its core social contract with the Russian people. The assurances of stability and enhanced living standards that underpinned Putin's popular support are being progressively eroded by the war's ongoing demands for human and financial resources.

We assess with high confidence that the Russian healthcare system is fracturing under the immense weight of military casualties. The British Ministry of Defence reports that the country's medical system has been "shocked" by the sheer volume of wounded soldiers, leading to a severe drain of resources from the civilian sector. In 2024, at least 160 public hospitals closed, particularly in rural regions, resulting in limited access to medical care for residents. The diversion of doctors, nurses, and medical supplies to the military has created critical shortages, leading to increased mortality rates for wounded soldiers and sparking riots among injured personnel demanding adequate treatment.

Simultaneously, the war has created a critical labor shortage across the civilian economy. The combination of military mobilization, which has pulled hundreds of thousands of working-age men out of the workforce, and the mass emigration of skilled professionals has resulted in an estimated deficit of 1.6 million workers. The shortage is crippling civilian industries, contributing to wage stagnation, and hindering the country's long-term economic development potential.

The cumulative effect of the cost-of-living crisis, a crumbling social safety net, and the ever-present threat of further mobilization is fueling a palpable rise in social unrest. Though coordinated anti-war protests are suppressed, discontent is emerging in other ways. "Quiet" protests, such as laying flowers at memorials, and more violent acts, like attacks on military recruitment centers, are ongoing. More significantly, large-scale, violent riots have erupted in Russia's ethnic republics, most notably in Dagestan in November 2023 and Bashkortostan

in January 2024. These events are not merely anti-war protests; they are social explosions where the generalized pressures of the war—economic hardship, mobilization, and a sense of disenfranchisement—are acting as a powerful accelerant on pre-existing local and ethnic grievances, suggesting that the regime's stability is most vulnerable at its peripheries, where a crisis in one region could potentially inspire unrest in others, challenging the Kremlin's highly centralized model of control.

Regime Stability- Assessing the Kremlin's Control and Potential Stress Points

In the face of these mounting internal pressures, the Kremlin has responded by intensifying its authoritarian control to an unprecedented degree. The war has served as a pretext for the complete dismantling of any remaining vestiges of political pluralism. Independent media outlets and civil society organizations have been systematically liquidated, and new, draconian laws have been implemented to punish any dissent, with dissenting perspectives officially branded as "betrayals of national interests". The regime's legitimacy is no longer based on delivering prosperity but on its ability to project strength and wage a permanent, existential conflict against a hostile West, solidifying President Putin's highly personalized system of rule, where all strategic decisions are made by him and his inner circle of *siloviki* (security officials) with no accountability.

This system has entered a state of what can be termed "aggressive stability." Its short-term survival is now contingent on the perpetuation of the very conflict that is generating its long-term vulnerabilities, creating a dangerous strategic paradox- the war is both the foundation of the regime's stability and the primary source of the military, economic, and social pressures that could ultimately cause its collapse. Any attempt by the leadership to de-escalate, compromise, or end the war on terms short of total victory could be perceived internally as a sign of weakness. A leader who loses the "emperor status" becomes vulnerable to pressure and challenges from hardline factions within the economic and security elites. The brief, ill-fated mutiny by Yevgeny Prigozhin in June 2023 serves as a stark historical precedent, underscoring the existential risks the Moscow center faces if it is perceived as weak.

Therefore, we assess that the most significant threat to the Putin regime's long-term stability is not a mass popular uprising, but rather an elite fracture or a "palace coup." Such an event would most likely be triggered by a confluence of factors- a series of humiliating and undeniable military defeats in Ukraine, a sharp and undeniable economic downturn that directly impacts elite wealth, and a rise in domestic discontent that the security services can no longer easily contain. The regime, built on the pillars of hyper-control and the transactional loyalty of its elites, is uniquely vulnerable to shocks that shatter Putin's carefully cultivated image as a strong and invincible leader. While the regime appears

monolithic and stable on the surface, its dependence on perpetual conflict makes it inherently brittle and dangerously unpredictable.

The Geopolitical Chessboard- Third-Party Influence and Strategic Enablers

The trajectory of the war in Ukraine is not being determined solely by the actions of Moscow and Kyiv. A complex geopolitical chessboard has emerged where the influence and actions of third-party states play a decisive role. The People's Republic of China has become a critical strategic enabler of Russia's war effort, providing a vital economic and military-industrial lifeline. Concurrently, a cohort of influential nations in the Global South, led by India, has pursued a path of pragmatic non-alignment, creating a parallel economic ecosystem that actively undermines Western sanctions and reshapes global trade flows. Understanding these dynamics is crucial for accurately assessing the conflict's sustainability and future trajectory.

The Dragon-Bear Nexus- China's Calculated Support for Russia

The relationship between China and Russia has solidified into the single most important external factor sustaining Moscow's war against Ukraine. It is a partnership born of shared strategic opposition to the United States and the Western-led international order, but it is also one defined by profound asymmetry, underlying mistrust, and carefully calculated limits.

Assessment of the "Partnership Short of Alliance"

The Sino-Russian relationship is a flexible, strategic network spanning military, technology, economic, and political ties, rather than a strict alliance. Publicly declared a "no-limits partnership" just before the 2022 invasion, its core logic is geopolitical in nature. From Beijing's standpoint, a Russian defeat would be strategically disadvantageous, as it could enhance Western influence and enable the United States to concentrate its strategic efforts on limiting China's regional and global ambitions. The war in Ukraine serves China's strategic interests, making Beijing an unlikely proponent of a swift, negotiated peace, as it keeps the West bogged down in Europe.

However, we assess with high confidence that this partnership is deeply asymmetric and increasingly resembles a patron-client relationship. Russia, isolated by Western sanctions, has become existentially dependent on China as a junior partner. It relies on China as a market for its energy resources, a source of vital technology, and a diplomatic shield in international forums. China, in contrast, meticulously calculates the costs and benefits of its support, striving to preserve its strategic autonomy and avoid the full weight of Western

secondary sanctions. The power imbalance allows Beijing to extract concessions, such as securing Russian energy at discounted prices; Gazprom, for instance, was selling natural gas to China in 2021 at the lowest rate offered to any of its suppliers.

This pragmatic convergence is shadowed by deep, institutional mistrust. A secret Federal Security Service (FSB) report, reportedly obtained by hackers and authenticated by multiple Western intelligence agencies, provides a stunning counter-narrative to the public declarations of friendship. The document, authored by the FSB's counterintelligence unit, explicitly labels China an "enemy" and a "dangerous adversary". It accuses Chinese intelligence of systematically recruiting Russian scientists and engineers, analyzing NATO weaponry on the Ukrainian battlefield for its benefit, and using commercial fronts like mining companies and academic institutions to collect data for potential future territorial claims in Siberia and the Russian Far East revealing a profound paradox of dependent antagonism- Russia is reliant for its very survival in the current conflict on a partner that its security services view as a primary long-term threat. The inherent instability makes the partnership transactional and vulnerable to fracture under certain conditions, particularly in a post-Putin political landscape. It is not a solid bloc, but a fragile nexus of convenience.

Analysis of Economic and Military-Industrial Lifelines

China's support for Russia is tangible, extensive, and decisive. EU Chief Ursula von der Leyen has stated that China is "de facto enabling Russia's war economy," a judgment strongly supported by available evidence. The support manifests in two critical domains-

Economic Lifeline- China has provided Russia with an indispensable economic backstop, shielding it from the full impact of Western sanctions. Bilateral trade surged to a record \$240 billion in 2023. China is the top importer of Russian fossil fuels, with Russian crude accounting for over one-fifth of China's consumption in 2024; this energy revenue forms the backbone of the Kremlin's budget. The war has also accelerated the de-dollarization of their trade, with the yuan's share of stock market trading in Russia increasing tenfold from 3% to 33%. However, this financial integration has faced headwinds. As the threat of U.S. secondary sanctions has grown more acute, Chinese banks have become increasingly cautious. By August 2024, reports showed that as many as 98% of Chinese banks were rejecting direct yuan payments from Russian entities, complicating transactions and signaling the limits of Beijing's willingness to expose its financial system to Western penalties.

Military-Industrial Support- We assess with high confidence that China is the primary sustainer of Russia's defense industrial base. While Beijing has largely refrained from shipping finished major weapon systems, such as tanks or artillery, it provides a massive and

steady flow of dual-use components and materials that are essential for Russian weapons production. The support includes-

- **Microelectronics** - In 2023, an estimated 88-89% of all microchips imported by Russia originated from China, circumventing Western embargoes and enabling the production of a wide range of products, including cruise missiles and drones.
- **Munitions Production**- Chinese exports of nitrocellulose, a key precursor for gunpowder and solid rocket propellant, surged from virtually zero before the war to over 1,300 tons in 2023, directly enabling Russia to expand its production of artillery shells.
- **Machine Tools** - The supply of high-precision Computer Numerical Control (CNC) machine tools from China has been crucial for Russian industry, facilitating a documented increase in the production of ballistic missiles.
- **Unmanned Systems and Vehicles** - China supplies commercial drones, such as the DJI Mavic series, and components for Russia's domestic drone production. According to EU intelligence, China has also manufactured finished armed drones in the Xinjiang region. China supplies dual-use vehicles such as the DesertCross 1000-3 (referred to as "golf carts") and Shaanxi Baoji Tiger armored vehicles, both of which have been observed in use by Russian forces in Ukraine.

Furthermore, the cooperation is evolving beyond a simple supply relationship. The two countries are reportedly engaged in joint development projects, including an upgraded version of Russia's Garpiya-1A long-range attack drone. In a significant development, Russia is now training Chinese military personnel on how to counter NATO weapon systems, using its direct battlefield experience from Ukraine as a curriculum. The transfer of tactical knowledge represents a new and deeper level of military integration.

China's Red Lines, Limitations, and Internal Tensions

Despite the depth of its support, China's actions are governed by a clear set of red lines and limitations designed to protect its core interests. We assess with moderate confidence that Beijing's two fundamental red lines in the conflict are the use of nuclear weapons by Russia and the expansion of the war beyond Ukraine's borders. Either event would cause massive regional instability, threaten global supply chains, and undermine China's carefully crafted image as a responsible global power, potentially compelling it to intervene against Moscow's interests.

China's support is therefore limited. Beijing has consistently proven its unwillingness to risk open conflict with the West or the imposition of devastating secondary sanctions on its

financial institutions. This is the primary reason it has refrained from supplying Russia with large quantities of finished offensive weaponry like tanks, howitzers, and artillery ammunition, which would be an unambiguous and undeniable violation of Western red lines. China has also pointedly refused to officially recognize any of Russia's illegal territorial annexations in Ukraine, maintaining a public posture that respects the principle of territorial integrity, even as its material support enables the violation of that principle. The dual-track policy—publicly calling for peace while privately fueling the war—allows Beijing to play a sophisticated role, positioning itself as a potential peace broker to the West while acting as Russia's indispensable quartermaster.

India and the Global South- The Rise of Pragmatic Non-Alignment

The war in Ukraine has highlighted shifts in the positions and priorities of countries in the Global South, a group whose responses are often influenced by economic factors and a historical aversion to Western-led perspectives, rather than ideological alignment. This trend has accelerated the emergence of a multipolar world order, where transactional, issue-based coalitions are supplanting rigid Cold War-style blocs. India, in particular, has emerged as a key exemplar of this new "non-alignment 2.0," skillfully navigating the geopolitical landscape to advance its national interests.

India's "Strategic Autonomy" and Economic Role

India has meticulously cultivated a position of "strategic autonomy," refusing to join Western condemnations of Russia while simultaneously deepening its strategic partnership with the United States and Europe. The balancing act is rooted in its historical ties to Moscow, its heavy reliance on Russian military hardware, and its ambition to position itself as a leader of the Global South and a potential peacemaker in the conflict. Prime Minister Narendra Modi has engaged in high-level diplomacy with both Moscow and Kyiv, including a historic visit to Ukraine, which signals India's intention to play a role as an independent diplomatic actor.

A dramatic expansion of economic ties with Russia underpins this diplomatic posture. India has become a crucial economic lifeline for the Kremlin, with bilateral trade skyrocketing from approximately \$13 billion in the year before the war to a record \$68.7 billion in the 2024-2025 fiscal year. Two key factors drive the surge-

- Discounted Oil Imports - Indian refiners have become the world's largest buyers of Russian seaborne crude, purchasing barrels that the West has shunned at significant discounts. In August 2024, India officially surpassed China as the top importer of Russian oil, which now accounts for over a third of India's total oil imports, up from less than 1% prior to the war.

- Dual-Use Technology Transshipment - More critically, India has emerged as a key node in circumventing Western sanctions. It has become Russia's second-largest supplier of restricted, dual-use technologies, surpassed only by China. Customs records indicate that Indian firms are facilitating the transfer of critical components, including integrated circuits, machine tools, and, most notably, powerful AI-enabling servers such as the Dell PowerEdge XE9680 equipped with Nvidia processors. Indian and Malaysian firms often channel these high-tech goods to Russia, boosting its military technology.

This active economic and technological support coexists alongside continued military cooperation. The two nations continue to plan joint military exercises under the "Indra" project and are collaborating on a plan to modernize India's large fleet of Russian-made T-72 tanks.

Broader Global South Perspectives and Economic Drivers

The concept of a monolithic "Global South" siding with Russia is a mischaracterization. The positions of these nations are highly nuanced, diverse, and overwhelmingly driven by pragmatism rather than pro-Russian sentiment. While UN votes show that a majority of Global South countries have condemned Russia's invasion, they have pointedly declined to join in imposing sanctions. Their stances are shaped by a combination of economic self-interest, a deep-rooted skepticism of Western "hypocrisy" stemming from past interventions in countries like Iraq and Afghanistan, and a fervent desire to avoid being drawn into what they perceive as a European or great power conflict. The freezing of Russia's central bank assets by the West sent a "chilling message" across the Global South, highlighting the risks of dependency on the U.S. dollar and Western financial institutions and incentivizing the search for alternatives.

Key actors within this diverse group include-

- Brazil- Under President Lula da Silva, Brazil has positioned itself as strictly neutral, refusing to provide military aid to Ukraine or join sanctions against Russia. It has partnered with China to propose a "peace plan" that calls for a ceasefire and negotiations, but was criticized by Ukraine as "destructive" for failing to demand a full Russian withdrawal.
- South Africa- The government in Pretoria officially claims neutrality, but its actions—including hosting joint naval exercises with Russia and China on the anniversary of the invasion and facing allegations of covertly supplying arms to Russia—suggest a distinct pro-Russian tilt. The position is rooted in the historical support the African

National Congress (ANC) received from the Soviet Union during the anti-apartheid struggle, as well as its contemporary alignment within the BRICS bloc.

- ASEAN - The Association of Southeast Asian Nations has been unable to form a unified position. Its collective statements have expressed concern and called for a ceasefire, but have studiously avoided blaming or condemning Russia directly. Within the bloc, positions diverge sharply- Singapore has strongly condemned Russia and imposed its sanctions, while Vietnam and Laos, with their historical security ties to Moscow, have abstained in key UN votes.
- The African Union (AU), comprising 55 member states, has been unable to forge a unified position due to the continent's diverse views and complex historical ties. The war has hit African nations hard, raising food and fertilizer prices, which has led the AU to initiate peace efforts aimed at easing tensions and reopening supply chains.

The war has thus served as a catalyst, accelerating the formation of a parallel, sanctions-resistant economic ecosystem. Led by China and actively abetted by key players like India, this system is creating alternative supply chains and payment mechanisms (e.g., increased use of the yuan) that deliberately circumvent and undermine the effectiveness of Western economic statecraft.

Outlook on Western Counter-Pressure and Secondary Sanctions

In response to this widespread sanctions evasion, the United States and its NATO allies have begun to explicitly threaten the use of secondary sanctions or punitive tariffs against countries that enable Russia's war effort. NATO Secretary General Jens Stoltenberg and U.S. political figures have specifically named India, China, and Brazil as potential targets, urging them to use their influence to press Putin towards serious peace negotiations.

This threat poses a significant strategic dilemma for these countries, particularly India. A proposed 100% secondary tariff on all merchandise exports to the United States—India's largest export market—would inflict economic damage far outweighing any benefit derived from discounted Russian oil. Such a move, if implemented, would likely force a dramatic pivot by Indian refiners away from Russian energy and could severely strain the burgeoning U.S.-India strategic partnership. The credibility and application of this threat of secondary sanctions will be a key variable shaping the geopolitical and economic landscape in the coming year, testing the resolve of both the West and the pragmatically non-aligned nations of the Global South.

Strategic Foresight and Contingency Analysis

The future trajectory of the war in Ukraine and the stability of the Russian Federation are subject to a range of complex and interacting variables. A single-point forecast is insufficient for strategic planning in such a volatile environment. The section provides a structured foresight analysis, identifying key strategic drivers, outlining four plausible future scenarios based on their interplay, and examining the logic of high-impact contingencies.

Key Strategic Drivers and Wildcard Indicators

Several key strategic drivers will shape the evolution of the conflict. Monitoring specific indicators associated with each driver can provide early warning of shifts in the strategic environment.

- Driver 1- Sustainability of Western Support for Ukraine.
 - *Indicators-* U.S. and EU aid package approvals and disbursement rates; political statements from key Western leaders; changes in public opinion in major donor countries; Ukrainian ammunition and equipment stockpile levels.
- Driver 2- Resilience of the Russian War Economy.
 - *Indicators include Russian Central Bank interest rates and foreign reserve levels, official inflation and GDP figures, data on labor shortages and regional economic disparities, evidence of elite capital flight, and the effectiveness of Western secondary sanctions on third-party trade.*
- Driver 3- Stability of the Putin Regime.
 - *Indicators-* Public disputes among elite factions (e.g., *siloviki* vs. economic bloc); frequency and scale of regional protests (especially in ethnic republics); purges or sudden dismissals of high-level officials; polling data on public trust in institutions; credible reports of coup plotting or elite dissent.
- Driver 4- Evolution of the China-Russia Nexus.
 - *Indicators-* Volume and composition of Sino-Russian trade (especially in dual-use goods); public statements from Chinese financial institutions regarding compliance with sanctions; frequency and complexity of joint military exercises; intelligence on covert military-technical cooperation or friction.
- Driver 5- Battlefield Technological Adaptation.

- *Indicators*- Documented deployment of new, game-changing unmanned or autonomous systems by either side; evidence of effective countermeasures to existing technologies (e.g., EW that grounds FPV drones); significant shifts in casualty or equipment loss ratios attributable to a new technology.

Scenario Matrix- Four Plausible Futures for the Russian Regime and the War

To structure our thinking about the future, we can model four plausible scenarios based on the intersection of two critical uncertainties- the degree of Russian Regime Stability (ranging from Consolidated Autocracy to Regime Collapse/Fracture) and the War Outcome (ranging from Russian Strategic Defeat to a Frozen Conflict/Stalemate).

Table 4 Scenario Matrix Summary

Scenario	Key Assumptions	Core Characteristics	Key Indicators to Watch	Implications for Western Policy
1. China's Propped-up Proxy	Regime survives Putin's eventual departure; the war becomes a low-intensity stalemate; Western support for Ukraine wanes.	A hardline successor maintains the regime, which becomes a de facto proxy of China. Russia is economically dependent, supplying raw materials to fuel China's global competition with the West. It remains confrontational but conventionally weak, relying heavily on its nuclear deterrent.	Deepening Russia-China economic integration; joint military bases, Chinese financing of Russian state budget; continued low-level conflict in Ukraine.	High. Requires managing a long-term, two-front confrontation with a coordinated Sino-Russian axis. Focus on decoupling, strengthening alliances in the Indo-Pacific, and sustaining a credible European deterrent.
2. Reluctant Reconciliation	Decisive Russian military defeat in Ukraine triggers an elite fracture; economic crisis deepens.	A 'palace coup' installs a new, pragmatic leadership. Their primary goal is internal stabilization, leading them to seek a triage of the conflict, withdraw forces from Ukraine, and negotiate a partial lifting of sanctions to prevent economic collapse.	Verifiable Russian withdrawal; public ousting of hardline figures; formal requests for dialogue with the West; release of political prisoners.	High. Presents an opportunity for a more stable European security order but fraught with risk. Policy must balance offering sanctions relief as an incentive against the risk of a "business as usual" approach that allows a future

Scenario	Key Assumptions	Core Characteristics	Key Indicators to Watch	Implications for Western Policy
				revanchist regime to re-arm.
3. Neo-Stalinist Fortress Russia	Putin or a like-minded successor remains in power; the war is "normalized" into a permanent state of being.	The regime successfully transforms the war into a permanent ideological confrontation with the West. The economy is fully militarized, society is subjected to neo-totalitarian repression, and the state becomes a "besieged fortress."	Mass nationalization of industry; closure of remaining independent digital spaces; constitutional changes enshrining ideological conformity; increased nuclear saber-rattling.	High. Requires a long-term containment strategy. Focus on robustly enforcing sanctions, bolstering NATO's eastern flank, and supporting Russian civil society and opposition in exile to maintain pressure and offer an alternative vision.
4. The Wild East	The regime collapses under the weight of military defeat and economic failure, with no clear successor emerging.	A power vacuum leads to internal fragmentation, with regional leaders, warlords, and security factions vying for control. The risk of civil conflict, and most critically, the loss of control over Russia's vast nuclear arsenal, becomes acute.	Breakdown of central command and control; declarations of sovereignty by regional governors; open conflict between security services; reports of unsecured WMD sites.	Extreme. The primary policy objective shifts from containing Russia to managing the catastrophic consequences of its collapse. Requires contingency planning for WMD security, massive refugee flows, and potential limited intervention to secure nuclear materials.

Logic Tree Analysis for High-Impact Contingencies

Beyond broad scenarios, specific events could act as powerful triggers, rapidly shifting the strategic landscape. Analyzing these contingencies through logic trees helps map potential cascading effects.

Contingency 1- Sudden Removal of President Putin (e.g., through death, incapacitation, or a successful coup)

- IF President Putin is suddenly removed from power,

- THEN it is highly likely that a chaotic power struggle will immediately erupt among competing elite factions, as the entire system is personalized around him. The leading contenders would be the hardline *siloviki* (security services), the pragmatic economic technocrats, and powerful oligarchic clans.

- PATH A- Hardliner Consolidation-

- IF a hardline figure from the security services (e.g., a successor to Nikolai Patrushev) consolidates power,
- THEN they will likely seek to demonstrate strength and secure their position by escalating the war in Ukraine and intensifying domestic repression.
- LEADING TO a high probability of entering Scenario 3- Neo-Stalinist Fortress Russia.

- PATH B- Pragmatist Victory-

- IF a coalition of economic technocrats and oligarchs, fearing economic ruin, manages to sideline the hardliners,
- THEN their primary objective will be to stabilize the economy and preserve their wealth, necessitating a deal with the West.
- LEADING TO a high probability of entering Scenario 2- Reluctant Reconciliation.

- PATH C- Indecisive Struggle-

- IF no single faction can achieve dominance, leading to a prolonged and violent power struggle,
- THEN central authority will collapse, and regional leaders may begin to assert autonomy to protect their domains.
- LEADING TO a high probability of entering Scenario 4- The Wild East.

Contingency 2- Decisive Ukrainian Technological Breakthrough on the Battlefield

- IF Ukraine develops and successfully deploys a decisive new military technology at scale (e.g., an AI-enabled drone swarm capability that effectively neutralizes Russian artillery, Russia's primary battlefield advantage),

- THEN it is moderately likely that this could trigger a rapid collapse of the Russian front line in a key sector, leading to a significant and humiliating military defeat.
 - PATH A- Elite-Led Transition-

If Russia's elite see this military loss as a catastrophe that endangers the state and their roles,

- THEN it could serve as the primary catalyst for a "palace coup," as factions conclude that the current leadership is incompetent and must be removed to salvage the situation.
- LEADING TO a high probability of entering Scenario 2- Reluctant Reconciliation, as the new leadership's primary mandate would be to end the losing war.

- PATH B- Uncontrolled Collapse-

- IF the battlefield collapse is too rapid and chaotic for the elite to manage a controlled transition,
- THEN the military's disintegration could cascade into a collapse of political authority in Moscow.
- LEADING TO a moderate probability of entering Scenario 4- The Wild East, as the regime implodes without a managed succession.

Strategic Outlook and Implications

The Russian Federation is stuck in a war it cannot win or end under its current leadership. The conflict has reached a protracted deadlock, characterized by Russia's tactical adjustments and capacity to sustain significant losses, countered by Ukraine's robust defensive strategies and asymmetric approaches. The military reality is generating profound and unsustainable pressures within Russia itself. The war economy is a hollow construct, propped up by spending that fuels inflation and strangles civilian industry, while the social fabric is fraying under the weight of casualties, labor shortages, and collapsing public services.

The Kremlin's ability to sustain this effort is now almost entirely dependent on the strategic nexus with the People's Republic of China. Beijing's provision of economic lifelines and military-industrial components is the decisive factor preventing a Russian collapse. However, the partnership is a transactional and asymmetric one, fraught with deep-seated mistrust that makes it a fragile pillar for Russia's long-term strategy. Simultaneously, the

pragmatic non-alignment of key Global South powers, such as India, has created a parallel economic ecosystem that blunts the impact of Western sanctions, fundamentally challenging the efficacy of economic statecraft as a tool of coercion.

The strategic outlook is one of continued high-stakes volatility. The Putin regime's stability is a paradox—it is maintained by the very war that is generating the long-term pressures that threaten to destroy it. This makes the regime dangerously resistant to de-escalation and prone to aggression as a means of survival.

Implications for Western Policy

1. **Sustain and Accelerate Support for Ukraine** - The primary lever to influence the conflict's outcome remains military and financial support for Ukraine. The analysis suggests that a Russian military defeat could be a key potential catalyst for positive political change within Russia. Therefore, providing Ukraine with the means to impose unacceptable costs on Russia, including through advanced technological capabilities and long-range strike assets, should remain the highest priority.
2. **Target the Sino-Russian Nexus** - Given China's role as the indispensable enabler, policy must focus on increasing the costs to Beijing for its support of Russia's war machine. This requires a robust and credible threat of secondary sanctions targeting Chinese financial institutions and technology companies directly involved in sanctions evasion. Diplomatic efforts should focus on exploiting the inherent tensions and mistrust within the partnership, highlighting Russia's status as a dependent junior partner.
3. **Engage the Global South Pragmatically** - Recognizing that the Global South will not align with the West solely on ideological grounds is crucial. Policy should shift from seeking condemnation to offering pragmatic alternatives. These could include providing competitive energy, food security, and investment packages to reduce these nations' reliance on Russia and to demonstrate the tangible benefits of partnering with the West. The threat of secondary sanctions must be balanced with these positive incentives.
4. **Prepare for Multiple Russian Futures**- Western strategy must be adaptable enough to manage the dual risks of both Russian stability and instability. A long-term containment strategy is required to manage a "Neo-Stalinist Fortress Russia," while contingency plans must be in place to address the catastrophic risks of a "Wild East" collapse, particularly concerning WMD security. Diplomatic channels must be prepared to engage with potential post-Putin leadership in a "Reluctant

Reconciliation" scenario, carefully balancing sanctions relief with verifiable security guarantees.

The war has entered a phase where the contest on the battlefield is inextricably linked to the resilience of Russia's internal front and the shifting dynamics of the global order. A successful Western strategy must operate across all three domains, applying military pressure through Ukraine, economic pressure on Russia's enablers, and preparing with foresight for the profound political changes that this protracted conflict may ultimately unleash within Russia itself.

Annex A- Analysis of Russian Leadership and Strategic Decision-Making

An objective assessment of the Russian Federation's actions since February 2022 requires an analysis of the strategic calculus and worldview that informs the Kremlin's decision-making. The process operates through a personalized system of rules, with strategic decisions primarily made by President Vladimir Putin and a select group of security advisors. The structure shapes the regime's risk tolerance, its definition of national interests, and its ultimate strategic objectives.

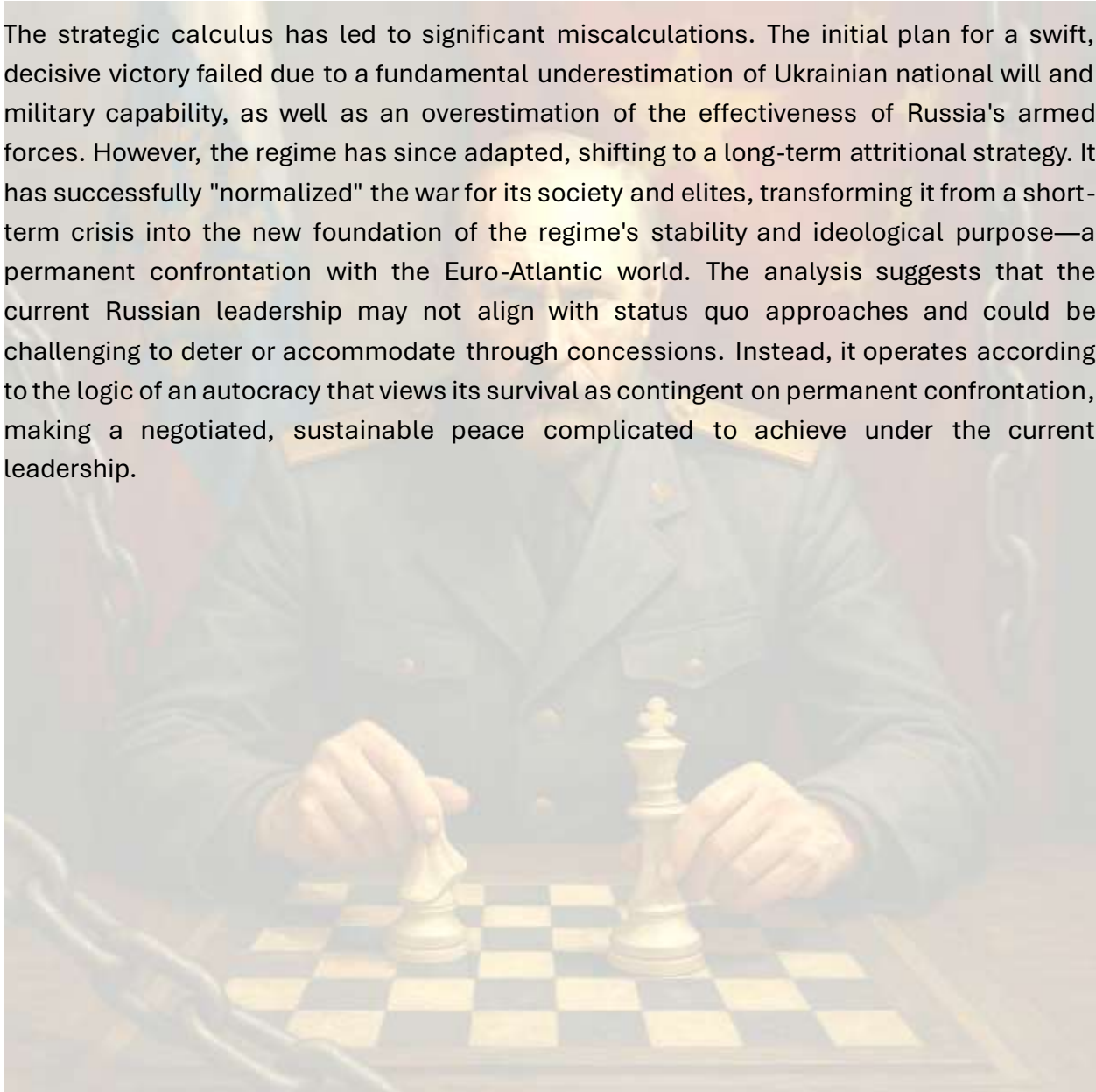
The decision to launch and sustain the full-scale invasion of Ukraine is rooted in a profoundly revisionist worldview that rejects the post-Cold War European security order. From the Kremlin's perspective, the expansion of NATO and the West's growing influence in post-Soviet states represent an existential threat to Russia's security and its perceived status as a great power. This viewpoint maintains that Russia considers Ukraine to fall within its sphere of influence, regarding it as part of a broader "Russian world." The conflict is framed both within Russia and abroad as a defensive response to perceived Western threats, as well as an initiative to reestablish Russia's position in a multipolar international order.

The regime's strategic goals, therefore, extend beyond the immediate territorial conquest in Ukraine. They encompass a broader effort to redraw Europe's security architecture by force, disrupt Western political cohesion, and show that Russia, alongside China, can successfully challenge U.S. global leadership. The ambition helps explain the regime's high tolerance for risk and its willingness to absorb staggering military, economic, and social costs in pursuit of its goals.

The personalistic nature of the regime means that its legitimacy has become inextricably linked to the outcome of the war and the projection of strength. The political system, constructed over two decades, is built on repression, the management of elite loyalty

through kleptocratic networks, and the cultivation of an imperial nostalgia that requires an external enemy (the West) and a tangible conquest (Ukraine) to sustain itself building a dynamic where compromise or de-escalation can be perceived internally not as prudent statecraft but as a sign of leadership weakness, making the leader vulnerable to challenges from hardline factions.

The strategic calculus has led to significant miscalculations. The initial plan for a swift, decisive victory failed due to a fundamental underestimation of Ukrainian national will and military capability, as well as an overestimation of the effectiveness of Russia's armed forces. However, the regime has since adapted, shifting to a long-term attritional strategy. It has successfully "normalized" the war for its society and elites, transforming it from a short-term crisis into the new foundation of the regime's stability and ideological purpose—a permanent confrontation with the Euro-Atlantic world. The analysis suggests that the current Russian leadership may not align with status quo approaches and could be challenging to deter or accommodate through concessions. Instead, it operates according to the logic of an autocracy that views its survival as contingent on permanent confrontation, making a negotiated, sustainable peace complicated to achieve under the current leadership.



Annex B- Data Tables and Visualizations

Table 1- Key Fortification Characteristics by Region (Russian and Ukrainian)

Region/Force	Type of Fortification	Extent/Scale	Specific Features	Strategic Purpose
Russian Surovikin Line	Trenches, bunkers, anti-tank barriers, mines, razor wire, earthen berms, dragon's teeth	2,000 km total, 1,000 km inside Ukraine; multi-layered	Extensive minefields, urban fortresses, layered defenses	Slow advances, channel forces into favorable areas, and protect key towns (e.g., Tokmak)
Zaporizhzhia (Russian)	Three subsystems of defenses	150 km frontline	Multiple barriers, artillery support, and fortifications around key towns	Reflects strategic importance, mobile and positional defenses
Kherson (Russian)	Less layered fortifications	Along the Dnipro Delta and the River	Exploits favorable terrain, complicates amphibious assaults	Logistical challenges for deep penetration, flooding impact
Donetsk (Russian)	Old and new fortifications	Complex urban terrain	Prevents bypassing cities, quick Russian reserve deployment	Challenging urban combat, pre-2022 positions less effective
Luhansk (Russian)	Divided southern and northern systems	Centers around Severodonetsk (south), extends to Russian border (north)	Positions in Kreminna forests, secondary line on Krasna River, towns as first-line defense	Contain breakthroughs, risks near Russian border for northern gaps
Ukrainian Adaptive Fortifications	Smaller strongpoints, foxholes, wooden/concrete trenches, anti-drone covers/nets, dragon's teeth, minefields	Shorter defense lines (60-70m trench networks), multiple lines behind frontline	Designed for platoons (20-50 soldiers), mandatory anti-drone cover, camouflaged in forest belts	Counter Russian drone tactics, protect personnel, adaptive engineering system

Table 2- Russian Territorial Objectives and Assessed Progress (2024-2025)

Objective (Russian Stated Goal)	Assessed Progress (2024-2025)	Rate of Advance (Meters Per Day)	Key Challenges/Notes	Source of Objective
Seize entirety of Donetsk Oblast	Limited, slow advances, particularly around Pokrovsk	Avdiivka-Pokrovsk- 135 m/day; Kupiansk- 50 m/day	Ukrainian fortress belt, drone effectiveness, Russian forces exhaustion	Palisa , Kartapolov
Seize entirety of Luhansk Oblast	Russian forces seized roughly 99% of Luhansk Oblast by late November 2024	Not specified for 2024-2025, but largely achieved	Remaining pockets of resistance	Palisa , Kartapolov
Create buffer zone along northern Ukrainian-Russian border	Limited incursions into Sumy/Kharkiv, but no established buffer zone	Kursk offensive (Ukraine)- 1,250 m/day	Ukrainian counter-incursions, Russian defensive deficiencies	Palisa
Occupy all of Ukraine on east (left) bank of Dnipro River	Minimal progress beyond current frontlines	Not specified	Significant Ukrainian defenses, Dnipro River crossing challenges	Palisa
Seize Odesa and Mykolaiv oblasts	No significant progress	Not specified	Requires crossing Dnipro, seizing multiple oblast capitals	Palisa
Seize Zaporizhzhia City	No significant progress, not expected by Sept 1, 2025	Not specified	Strong Ukrainian defenses, Russian forces exhausted	Palisa , Kartapolov

Table 3- Comparative Analysis of Drone Capabilities and Impact (Ukraine vs. Russia)

Feature/Side	Ukraine	Russia
Production Scale	Rapid growth, 500+ manufacturers, millions of drones; 200,000 FPV drones/month	Increasing capacity, cooperation with Chinese companies, aiming for 2M tactical & 30k long-range drones annually
Types of Drones	FPV drones, fiber-optic drones (Kinaz Vandal), drone interceptors, Babayaga drones, Drone Hunter F700	Shahed-136/131 (Geran 2/3), FPV drones with fiber optic cables

Feature/Side	Ukraine	Russia
Tactical Adaptations	Repurposing civilian drones, deep strikes on logistics, all-robot combined-arms operations, drone swarms (3-10 drones), replacing artillery	Increased use of FPV/Geran for frontline strikes, massed strike packages (1000+ drones by Fall 2025), adapting launch altitudes/directions
Countermeasures	Testing drone interceptors (downed 160+ Shaheds over Kyiv)	Fortifying airbases with bunkers/hangars
Impact on Battlefield	Cost-effective engagement, reduced personnel risk, extended operational reach, contested aerial environment, influencing global military strategy	Imposing new dilemmas for Ukrainian forces (fiber optics), maximizing damage on civilian areas (modified warheads), overwhelming air defenses (massed strikes)
Innovation Model	Decentralized, rapid iteration, direct connection between startups and soldiers, "Mil-Tech Valley"	Centralized, brute-forcing Ukrainian developments, larger economy strategy, reliant on Chinese components

Table 4- Scenario Matrix Summary

Scenario	Key Assumptions	Core Characteristics	Key Indicators to Watch	Implications for Western Policy
1. China's Propped-up Proxy	Regime survives Putin's eventual departure; the war becomes a low-intensity stalemate; Western support for Ukraine wanes.	A hardline successor maintains the regime, which becomes a de facto proxy of China. Russia is economically dependent, supplying raw materials to fuel China's global competition with the West. It remains confrontational but conventionally weak, relying heavily on its nuclear deterrent.	Deepening Russia-China economic integration; joint military bases; Chinese financing of Russian state budget; continued low-level conflict in Ukraine.	High. Requires managing a long-term, two-front confrontation with a coordinated Sino-Russian axis. Focus on decoupling, strengthening alliances in the Indo-Pacific, and sustaining a credible European deterrent.
2. Reluctant Reconciliation	Decisive Russian military defeat in Ukraine triggers an elite fracture;	A 'palace coup' installs a new, pragmatic leadership. Their primary goal is internal stabilization, leading them to seek a triage of the conflict, withdraw forces from Ukraine,	Verifiable Russian withdrawal; public ousting of hardline figures; formal requests for	High. Presents an opportunity for a more stable European security order but fraught with risk. Policy must balance offering sanctions relief as an incentive against the risk of a "business as usual" approach that

Scenario	Key Assumptions	Core Characteristics	Key Indicators to Watch	Implications for Western Policy
	economic crisis deepens.	and negotiate a partial lifting of sanctions to prevent economic collapse.	dialogue with the West; release of political prisoners.	allows a future revanchist regime to re-arm.
3. Neo-Stalinist Fortress Russia	Putin or a like-minded successor remains in power; the war is "normalized" into a permanent state of being.	The regime successfully transforms the war into a permanent ideological confrontation with the West. The economy is fully militarized, society is subjected to neo-totalitarian repression, and the state becomes a "besieged fortress."	Mass nationalization of industry, closure of remaining independent digital spaces, constitutional changes enshrining ideological conformity, and increased nuclear saber-rattling.	High. Requires a long-term containment strategy. Focus on robustly enforcing sanctions, bolstering NATO's eastern flank, and supporting Russian civil society and opposition in exile to maintain pressure and offer an alternative vision.
4. The Wild East	The regime collapses under the weight of military defeat and economic failure, with no clear successor emerging.	A power vacuum leads to internal fragmentation, with regional leaders, warlords, and security factions vying for control. The risk of civil conflict, and most critically, the loss of control over Russia's vast nuclear arsenal, becomes acute.	Breakdown of central command and control; declarations of sovereignty by regional governors; open conflict between security services; reports of unsecured WMD sites.	Extreme. The primary policy objective shifts from containing Russia to managing the catastrophic consequences of its collapse. Requires contingency planning for WMD security, massive refugee flows, and potential limited intervention to secure nuclear materials.

Wrap Up

Vladimir Putin's ego-driven war against Ukraine has fundamentally reshaped Russia's military doctrine into a costly attrition campaign, failing to achieve a decisive victory while simultaneously plunging the nation into severe economic instability, fracturing its social fabric, deepening its international isolation, and compromising its long-term internal security.

The central figure remains Vladimir Putin, whose personal ambition and autocratic control dictate Russia's aggressive posture. Russian military forces, including their adapting defense industrial base, execute the war. Ukraine, with its resilient military and adaptive defensive strategies, stands as the direct adversary. International actors, including Western allies that impose sanctions and provide aid, and non-Western partners such as China, influence the conflict's dynamics. The Russian populace, increasingly burdened by the war's domestic consequences, forms a critical internal dimension.

Russia's military strategy has undergone a forced evolution since its initial full-scale invasion in February 2022. The early attempt at a swift, decisive victory through rapid mechanized advances failed, exposing critical logistical and command deficiencies, which prompted a strategic pivot to attritional warfare. This shift focused on the Donbas region, characterized by grinding, high-cost offensives, such as the brutal capture of Avdiivka. Russia has since adapted its tactics, embracing unmanned systems, including FPV and fiber-optic drones, as well as unconventional mobility, such as motorcycle assault units, often in response to Ukrainian defensive innovations. A concerning trend involves the increased and standardized use of illicit chemical agents. Concurrently, Russia has intensified its long-range strike campaigns against Ukrainian cities and belatedly fortified its strategic airbases following successful Ukrainian deep strikes. This military effort is underpinned by a pervasive information warfare campaign, characterized by disinformation and inflated objectives, aimed at influencing both domestic and international perceptions.

The conflict has become a crucible for modern military doctrine, demonstrating the limitations of mass without maneuver and the transformative impact of unmanned systems on battlefield dynamics. Russia's willingness to absorb staggering casualties for marginal gains highlights a profound disregard for human life, a strategy unsustainable in the long term. The war has exposed Russia's economic vulnerabilities, particularly its reliance on external components for its defense industry and the severe domestic consequences of prioritizing military spending over civilian welfare. Politically, Russia has deepened its international isolation, consolidating an authoritarian regime internally through intensified propaganda and censorship. The conflict has inadvertently strengthened NATO and

accelerated a global shift toward a multipolar order, where non-Western powers are increasingly asserting their independence.

The current period, from mid-2024 to mid-2025, represents a critical juncture where Russia continues its attritional offensives, particularly around Pokrovsk, despite signs of troop exhaustion. Ukraine, while facing troop shortages, has significantly strengthened its adaptive defensive lines and continues to conduct effective deep strikes and cross-border incursions, forcing Russia into reactive measures. The escalating technological arms race in drone warfare and the deepening internal economic and social crises within Russia underscore the immediate relevance of analyzing these dynamics. Putin's continued pursuit of maximalist objectives, despite their demonstrable costs and limited success, demands urgent assessment.

Russia's initial strategic miscalculation in 2022 led to significant territorial losses and exposed critical deficiencies in its military planning. Subsequent attritional campaigns, such as Avdiivka, resulted in over 47,000 Russian casualties for minimal gains, pushing total casualties towards one million by summer 2025. Russia has adapted tactically, increasing its drone production to two million tactical drones and over 30,000 long-range drones annually, with a heavy reliance on Chinese components. It has also adopted unconventional methods like motorcycle assaults to counter Ukrainian drone effectiveness and mitigate armored vehicle losses. Despite these adaptations, Russian forces continue to suffer high attrition rates and show signs of exhaustion, particularly the Central Grouping of Forces in the Pokrovsk direction. Ukraine's successful deep strikes, including "Operation Spiderweb," which damaged 41 strategic aircraft, forced Russia into belated fortification efforts at airbases, revealing a reactive rather than proactive defense posture. The conflict has fundamentally reshaped military doctrine, emphasizing asymmetric warfare and the integration of drones, and has influenced global military strategy.

Western sanctions initially shocked the Russian economy, but Russia demonstrated resilience by reorienting its trade towards non-Western partners, such as China and India. However, the sustained war effort has led to severe economic strains within the country. Massive state spending on the military-industrial complex has fueled rampant inflation, reaching 9.9% annually in 2025, severely eroding purchasing power. The Central Bank's desperate response involved hiking interest rates to a staggering 21%, stifling business investment and slowing manufacturing growth to a projected 0.5% to 1.5% in 2025. This growth remains heavily concentrated in military sectors, causing stagnation in civilian industries and widening economic disparities between regions. A looming housing crisis, characterized by a real estate bubble and exorbitant mortgage rates, poses a significant threat to the financial stability of numerous Russian households.

The invasion solidified Russia's international isolation, despite efforts to forge partnerships with China and some Global South nations. Putin's regime has become increasingly authoritarian, intensifying propaganda and censorship to control the domestic narrative. His "reflexive control" campaign seeks to deter Western aid and influence international decision-making. The Kremlin promotes an informal state ideology rooted in aggressive Russian nationalism, portraying the West as an existential threat and justifying the war as a defensive struggle. This ideology aims to unify society and ensure loyalty, perpetuating a state of eternal conflict. The illegal annexation of Ukrainian territories further deepened Russia's status as a revisionist power, complicating any future diplomatic resolutions.

The war has severely strained Russia's internal security and social cohesion. The healthcare system has fractured under the weight of military casualties, with at least 160 public hospitals closing in 2024, particularly in rural areas, leaving civilians with reduced or unavailable medical care. The diversion of medical personnel to the military has led to shortages and increased mortality rates for wounded soldiers, sparking military riots. A significant labor shortage, estimated at 1.6 million skilled workers due to mobilization and emigration, cripples civilian industries and contributes to stagnant wages. The combined effects of inflation, cost-of-living issues, and a deteriorating social safety net are fueling growing social unrest and dissatisfaction, with demonstrations emerging in major cities. The militarization of Russian society and youth continues, alongside intensified recruitment efforts that often involve deceptive practices. Documented severe human rights violations, including the execution of Ukrainian prisoners of war, further underscore the regime's brutality and disregard for international law.

The conflict will likely remain a grinding war of attrition, characterized by incremental Russian advances at immense human cost. Russia's strategic patience and willingness to absorb casualties suggest a long-term commitment to its maximalist objectives, but the sustainability of this approach faces increasing internal and external pressures. The technological arms race, particularly in unmanned systems, will continue to define battlefield dynamics, with both sides innovating rapidly. Ukraine's ability to maintain defensive depth, secure consistent Western military aid, and continue its decentralized technological innovation will prove decisive in shaping the conflict's future trajectory. Russia's economic strains, particularly inflation and the housing crisis, coupled with mounting social unrest and a collapsing healthcare system, pose significant long-term threats to its internal stability. Putin's ego-driven policies have mortgaged Russia's future, creating a precarious internal environment that could eventually constrain his ability to sustain the war. The international community must remain vigilant against Russia's sophisticated disinformation campaigns and continue to support Ukraine's defense industrial capacity and troop generation efforts to counter Russia's enduring aggression. The

war's lessons will indelibly mark global military doctrine, emphasizing adaptability, resilience, and the profound human cost of conflict in a technologically evolving landscape.

