

Russia's attack on Ukraine: day 168

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Russian troops, attempting to take control of the rest of the Donetsk Oblast, are continuing their assaults towards Sloviansk, Bakhmut and Avdiivka. The aggressor has unsuccessfully tried to break Ukrainian defence lines near the village of Bohorodychne north of Sloviansk, and fighting is also continuing east of Siversk (about 40km east of Sloviansk). The invaders were also expected to occupy Vershina and storm villages to the north and south-east of Bakhmut. Fierce battles are being fought in the direction of Avdiivka-Mineralne-Spartak-Pisky- Krasnohorivka and in the Marinka - Pavlivka -Shevchenko area north and south-west of Donetsk.

At the same time, Russian forces are conducting unsuccessful assaults in the border areas in the Kharkiv Oblast (Veterynarne and Udy). Attempts to break the defenders' line in the Bairak-Husarivka area have also failed. Regularly repeated assaults in the Kharkiv Oblast are aimed at tying down the Ukrainian army in the north-eastern theatre of operations. The Ukrainian army was to neutralise the enemy's intelligence and sabotage groups operating in the vicinity of Velyka Novosilka and Vremivka near the border of the Dnipropetrovsk, Zaporizhzhia and Donetsk oblasts. The aggressor is carrying out continuous intensive artillery, rocket and aerial shelling of Kharkiv, the border areas of the Sumy and Chernihiv oblasts and the Kyiv-controlled part of the Donetsk Oblast. On the southern section of the front, it did not carry out offensive actions – it was limited to intensive shelling of civilian and military facilities along the entire line of contact, including large agglomerations (Nikopol', Mykolaiv, Dnipro, Zaporizhzhia, Odesa).

Ukrainian troops launched successful attacks on enemy military depots and facilities in Melitopol, Beryslav and Kyrylivka, as well as on road infrastructure (including the bridge over the Dnieper River at the Nova Kakhovka hydroelectric power station and the bridge in Chonhar connecting Crimea with the rest of Ukraine). At least nine aircraft were destroyed at the Fedorivka air base in Crimea as a result of ammunition depot explosions. Explosions also occurred at a military base in Dolgoprudny near Moscow, an airfield in Zyabrawka in Belarus used by invading forces, and a fuel base in Yeysk on the Sea of Azov.

Ukraine's Main Intelligence Directorate has confirmed the arrival in the country of troops of the so-called Wagner Group, composed of people from Russian prisons. The recruitment in penitentiaries was to be handled personally by the head of this private military company, Yevgeny Prigozhin. He promised the recruits amnesty in exchange for at least six months' participation in the war. According to Russian media, more than a thousand volunteers signed up.

The United States has announced a further tranche of military aid worth \$1bn to Ukraine. According to Undersecretary of Defence Colin Kahl, in the eighteenth – the largest support package to date – Kyiv will receive missiles for HIMARS rocket artillery systems, 75,000 artillery munitions of 155mm calibre, 20 mortars of 120mm calibre along with 20,000 shells, AMRAAM missiles, 1,000 Javelin anti-tank kits and hundreds of AT4 anti-tank grenade launchers, 50 armoured ambulances, Claymore anti-personnel mines, explosives and medical equipment. In addition, the US State Department has approved the allocation of \$89 million to support demining in the country. The funds will be used to equip 100 teams to work “in areas of greatest threat” over the next year.

Denmark, Sweden and Finland will send 130, 120 and 20 military instructors respectively to take part in the training of Ukrainian soldiers at training grounds in the UK. The exercises will take place as part of a programme initiated by Prime Minister Boris Johnson for 10,000 Ukrainian servicemen on a rotational basis lasting 120 days. Canada had previously joined the programme, sending 225 instructors.

Advisor to the head of the Office of the President of Ukraine Mykhailo Podolak stated that all public comments regarding a possible counter-offensive in the southern direction are part of an information and psychological operation aimed at demoralising the Russian army, while Defence Minister Oleksii Reznikov stated that the authorities had not announced a counter-offensive in Kherson. General Dmytro Marchenko, one of the commanders of the Ukrainian forces in Mykolaiv, meanwhile, announced that he hoped the army would be able to liberate Kherson by the end of the year, although he made this dependent on the scale of Western military aid. According to him, the support is coming in small batches, making it very difficult to organise a counter-offensive.

Ukraine’s ambassador to Turkey Vasyl Bodnar announced that, in accordance with an agreement signed in February, unmanned aircraft manufacturer Bayraktar has registered a business in Ukraine and acquired a plot of land for the construction of a production facility. The Ukrainian side is confident that domestic components, such as engines and landing gear, will be used to manufacture the drones. According to preliminary assumptions, the production of assault drones in Ukraine will start in the second half of 2023. The announcement of the start of construction of the plants was met with a sharp reaction from Moscow. Kremlin spokesman Dmitry Peskov threatened that if the factory was built, it would be immediately ‘demilitarised’.

In the occupied territories of the Kherson and Zaporizhzhia oblasts, the Russian authorities continue to repress and intimidate the population. They are threatening representatives of local business with the nationalisation of enterprises if they refuse to accept a Russian passport and re-register their company in accordance with Russian legislation. The introduction of a monthly tax of 5,000 roubles (around 370 zlotys) on each car used by businessmen has been announced to accelerate the introduction of Russian currency into circulation. The structures of the State Traffic Inspectorate of the Russian Interior Ministry have begun operations, which will deal with the decreed exchange of driving licences and number plates to those in force in the country. Those who do not hold a Russian passport will receive only temporary documents and plates.

Preparations for so-called referendums in the occupied territories indicate a great deal of organisational chaos. On 8 August, the head of the Russian administration of the

Zaporizhzhia Oblast, Yevhen Balytskyi, at a meeting of the 'We are with Russia' organisation set up by the occupiers, announced that he had signed a decree to hold a so-called referendum on the region's annexation to the Russian Federation. He added that the decision of the inhabitants should concern the entire Oblast. At the same time, the document did not specify a date for the plebiscite. The Russians also admitted that due to the existing 'terrorist threat' they are unable to open a sufficient number of 'polling stations'. For this reason, compulsory on-site voting using mobile ballot boxes is planned and electronic voting is being considered. In Melitopol, Ukrainian saboteurs destroyed the headquarters of the United Russia party, where preparations were underway for the Zaporizhzhia pseudo-referendum. Approximately 70% of the territory of the Zaporizhzhia Oblast is currently under occupation, but defenders control the city of Zaporizhzhia, home to almost half the region's population.

Prosecutor General of Ukraine Andriy Kostin held a meeting with the heads of regional prosecutors' offices and divisions of the General Prosecutor's Office. According to him, the primary task of these institutions is to prosecute perpetrators of war crimes, traitors to the state, collaborators and all those who show assistance to the aggressor. Kostin also pointed out that the relevant bodies should investigate cases of embezzlement of budget funds intended for the reconstruction of destroyed infrastructure or the seizure of humanitarian aid.

The Security Service of Ukraine (SBU) has announced that associates of Russian special services planning the assassinations of Defence Minister Oleksiy Reznikov and military intelligence chief Kyrylo Budanov have been detained in Kyiv. Between \$100,000 and \$150,000 was promised for the assassination of each of them. Investigation materials indicate that a resident of the Luhansk Oblast, who had been involved in hostilities on the side of the aggressor since 2014, was captured. The SBU stresses that the enemy's special services planned to order further assassinations of senior officers of the Ukrainian forces and government officials. The service, as part of a counter-intelligence operation, also detained an officer of the SBU's Kharkiv regional department who used instant messaging to provide the enemy with intelligence on the Ukrainian Armed Forces and special services and plans for the deployment of military equipment. Acting head of the SBU Vasyl Malyuk stated that cleansing the service of those cooperating with the enemy is a priority task.

In July, Ukrainian agricultural exports (cereals, oils and oilseeds) totalled 2.7 million tonnes, up 22.7% on the previous month. The largest volumes sold were maize (1.1 million tonnes), wheat (412,000 tonnes, more than threefold higher than in June), barley (183,000 tonnes), sunflower (362,000 tonnes) and sunflower oil (309,000 tonnes). According to the Ministry of Agriculture, Ukraine expects to earn \$20bn by the end of the year from the sale of agricultural produce abroad, but this is conditional on the operation of the green corridor from the three Black Sea ports, through which 370,000 tonnes of produce was exported between 1 and 9 August. The Ministry estimates that, as a result of Russian aggression, the value of the sector's exports from March to June was 40% lower than in the same period last year (\$4.4 billion and \$7.4 billion respectively).

The State Statistics Service of Ukraine announced that inflation in July was 22.2%. The highest increases were in fuel (77.7%), road transport (37.2%) and food and beverages (28.9%). The smallest increase in the price of utilities (3.6%) was due to a moratorium on

tariff increases for the population for the duration of martial law. The National Bank of Ukraine forecasts that inflation in 2022 will be 30%.

The head of Enerhoatom (a nuclear power plant operator), Petro Kotin, announced the aggressor's plans to connect power plants and electricity grids in the occupied areas of southern Ukraine to the Russian Federation's grid. To this end, the occupiers were to renovate the high-voltage line between the Kherson Oblast and Crimea. According to Kotin, they intend to shut down all power plants (including the Zaporizhzhya Nuclear Power Plant in Enerhodar) and then gradually connect them to the grid in Crimea.

According to the Ministry of Finance, the budget deficit in July was 4 billion hryvnias (about \$110 million), compared to 144 billion hryvnias (\$3.9 billion) in June. Compared to the previous month, budget revenues increased by 58% and expenditures fell by 27%. Nearly half of the revenue came from foreign financial aid in the form of grants.

Commentary

- The fire at the Saky airbase in Novofedorivka in Crimea, located 225 km from the front line, has once again sparked speculation regarding Kyiv's long-announced counter-offensive. Although the direct causes of the explosion are still unknown, the actions of Ukrainian saboteurs cannot be ruled out. There is also a lack of confirmed information as to whether Kyiv has missiles at its disposal that can effectively rocket targets located at such a distance. Carrying out a large-scale counter-offensive in the south of the country will only be possible once units are sufficiently saturated with artillery weaponry, which is contingent on increased supplies of Western armaments. This does not mean, however, that the Ukrainians will abandon maintaining increased military activity in the region, as its aim is to force the enemy to regroup troops and engage more units occupying defensive positions. Spreading reports of an impending offensive is part of psychological warfare. It is intended to lower the morale of the Russian forces and disorganise the activities of the occupation authorities intending to hold so-called referenda, which are a pretext for the annexation of occupied territories.
- The SBU and the Prosecutor General's Office are intensifying their efforts to uncover collaborators of Russian services and those involved in the misappropriation of funds and material goods from humanitarian aid. The increased activity of these institutions follows the recent resignations of their heads. The new heads appointed by the president want to demonstrate their effectiveness and uncompromisingness in improving the state of state security, including through the vetting of subordinate employees and officers. The moves by the prosecutor's office to deal with irregularities in the sphere of redistribution of goods and funds are evidence of the increasing scale of economic crime, undermining the authorities' effectiveness in managing a country at war.
- The Zaporizhzhia Nuclear Power Plant (comprising six power units with a total capacity of 6 GW) is the largest of its kind in Europe. Although it has been under the control of the aggressor's military since 1 March, it is still staffed by Ukrainian personnel and the power plant is connected to the EU ENTSO-E system, which Ukraine joined in March. The possible connection of the power plant to the Russian grid, or just the shutdown of the plant itself (the facility supplies three major industrial centres – Dnipro, Zaporizhzhia and Kryvyi Rih), may create an electricity deficit in the country during the heating season and,

consequently, the need to import electricity from the EU.

- The surprisingly good performance of the Ukrainian budget in July is primarily due to record international financial assistance in the form of grants. This amounted to 80.4 billion hryvnias (\$2.2 billion) – more than Kyiv received from 24 February to June (79.6 billion hryvnias, or \$2.17 billion). The second major reason for this was the reinstatement of taxation on imported goods, particularly cars. The reduction in budget expenditure, in turn, is the aftermath of the reduction in VAT refunds to exporters.