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Russia is Going to be the Big Loser from this War No Matter What!

In energy terms, the lack of leverage that it has and the weakness that has been forced upon it, is evident. It is a vital energy exporter and component of the energy system. But from its gas relations with Europe, and its difficulties in its crude oil having to offer big discounts, this is a Russia that is certainly not looking as strong as it was six months ago. Last week's meeting in Uzbekistan has placed Putin in a rather uncomfortable position. It has made it clearer that this conflict could be more but is also an indication of how much Russia has been cut down in size. Some of the strategic implications of the war is now showing up six months in. And when it comes to China, Russia starts to look like the younger sibling and the smaller and weaker party. Another key takeaway from that meeting is that despite that pressure from Putin, we still see the determination to continue this war which is going to be the biggest problem in the context of some of the battleground events in Ukraine. Ukrainian forces are making progress. What I am seeing is a longer-term conflict on the ground. Russia is certainly not going to be given any face-saving off ramp. On the one hand, it is not one that is willing to give up just yet.

Has the Uzbekistan meeting changed the dynamic from India and China's perspective?

I am not sure it is one that moves the dial, but it is important because it publicly recognized the discomfort that India and China feel. The war puts them in an awkward position as also don't want to align with Western sanctions. Russia has exposed that geopolitical division, and those EU schisms in a way that puts pressure on India and China. India has certainly faced some pressure from Washington and the EU over its purchases of Russian oil. In China's case, it plays into the overall geopolitical competition with the United States. But it is hard to see them stepping away from the inputs of that meeting. It is just not in their economic interests. With oil sitting at present inflationary levels and the benefit of the \$30 discounts, they are going to be taken up and moving forward. ■

**Paraphrased Comments*

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