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Reshaped by War

Examining the conflict in Ukraine and business implications for our interconnected world

June 2022



The war in Ukraine has already catalyzed enormous disruption for businesses around the globe. Its economic impact has reverberated through energy, commodity, and financial markets, as well as trade and supply chains already disrupted by the COVID-19 pandemic.

While the geopolitical and humanitarian crisis dominates the headlines, **a broad range of forces already at play are likely to shape business implications not only in 2022, but potentially for years to come.**

Understanding the possible near-term future scenarios and their implications will be critical to help business leaders make informed decisions and navigate the evolving environment ahead.

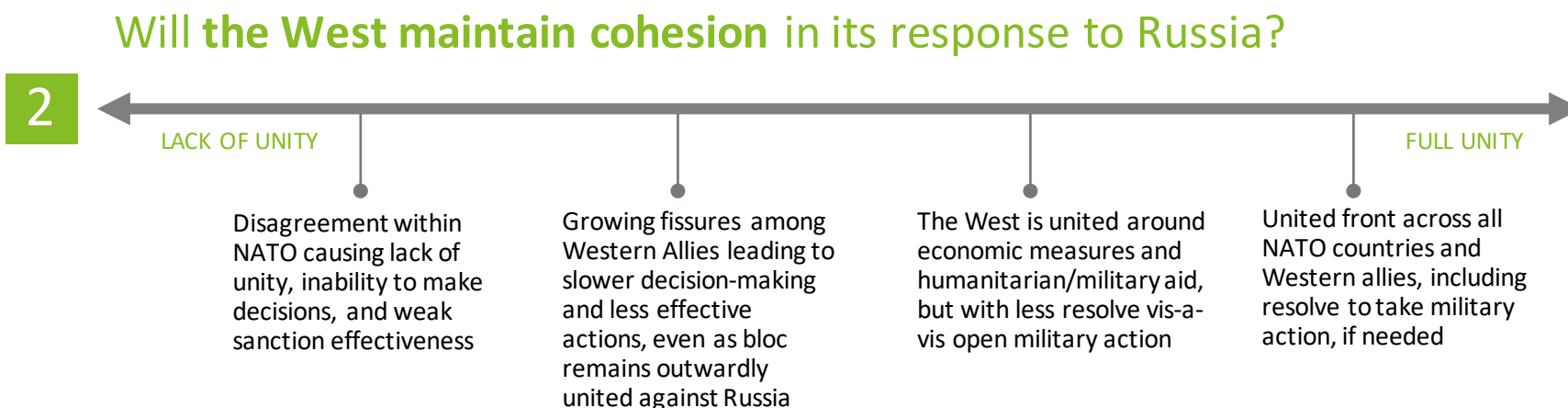
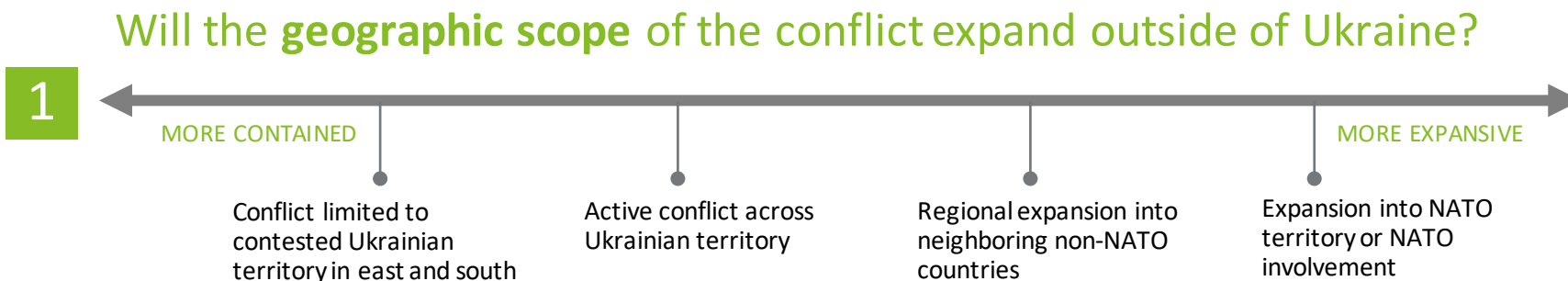
In order to help executives prepare for a future no one can predict, Deloitte has developed a set of scenarios to explore:

How might the war in Ukraine evolve over the next 6 – 8 months, and what could the near-term impacts of the conflict be for business leaders around the world?

In close collaboration with an international team of subject matter specialists, we have identified four scenarios—stories about the future designed to spark insight and spot opportunity and risk—that describe different ways the war in Ukraine could evolve over the course of this year. For each scenario, we have examined implications and developed recommendations that span industries and business functions.

The four scenarios are not exhaustive of all possibilities of the future, nor are they intended to be used as forecasts or predictions. Furthermore, the future could likely include elements of multiple scenarios. Our hope is that these scenarios inspire thinking about how the future could bring unexpected outcomes and what we may want to prepare for or monitor.

Two critical uncertainties are likely to define the course of the conflict and its global impact



Additional uncertainties explored

SANCTIONS / EMBARGOS

- Will sanctions be effective enough to achieve intended outcomes?
- How much further will the West (and Russia) go in economic warfare, and how quickly?

ROLE OF NEUTRAL COUNTRIES

- Will “neutral” countries maintain or shift positioning as the conflict evolves?
- Is there risk of adversarial actions by other countries that could compound the geopolitical crisis?

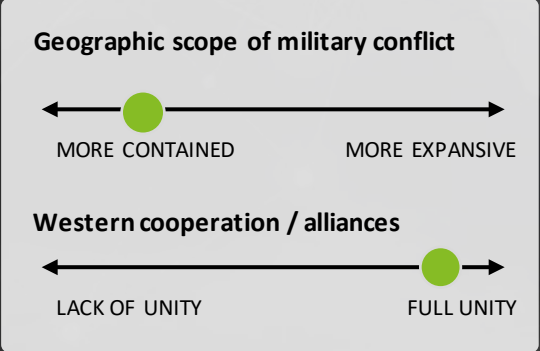
US ROLE

- Will domestic attitudes towards sanctions and support of continued military aid to Ukraine shift as the conflict continues?
- Will the midterm elections impact US foreign policy towards the conflict?

Given the most critical uncertainties, we identified four distinct scenarios to consider in 2022

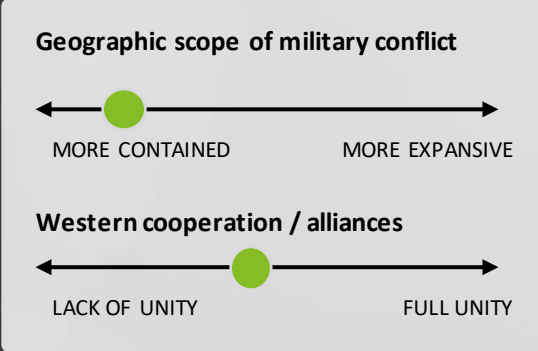
Ceasefire

Stalled in eastern Ukraine, Russia is willing to negotiate, and the West convinces Ukraine to come to the table to end further destruction. A ceasefire is reached, and active military conflict ends by late 2022 with binding, long-term security guarantees from both Russia and NATO. Russia retains part of Donbas, but retreats from other territory and returns Black Sea port access in return for easing of some sanctions. NATO commits to ceasing further expansion. The West prioritizes reconstructing Ukraine and reducing Russian energy reliance. Business and political wariness towards Russia remains.



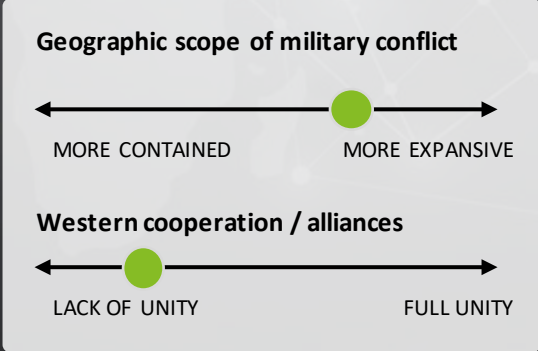
War of Attrition

The conflict persists and casualties mount on both sides, with little change in territory or prospect for negotiation. Kinetic warfare persists in eastern and southern Ukraine, while the EU feels the economic impact of the war and the US struggles to control the domestic narrative for its level of support for Ukraine. Although sanctions remain, enforcement is weak, and many countries continue to trade with both Russia and the West.



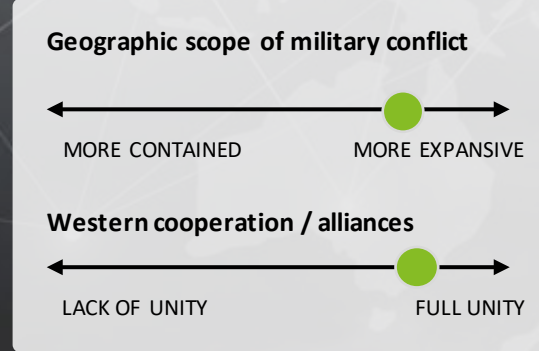
Russia Renewed

Despite early military setbacks, an unrelenting Russia secures new key territories. Growing bolder, it extends military actions to neighboring non-NATO countries. Russia-China cooperation grows. Despite the growing Russian threat, Western unity weakens as the war persists, economic conditions worsen, and domestic political discontent in the US and EU increases. NATO hesitates to expand military aid or sanctions. As the first anniversary of the war approaches, Russia has expanded its territory and reshaped geopolitics in Europe and beyond.



Western Resolve

Feeling its power increasingly threatened, Russia unleashes attacks on supply routes in NATO countries on its western borders. NATO deploys its military to counter aggression, igniting a broad war. The West exercises all possible sanctions, including cutting off Russia from Western trade and a full EU energy embargo. China scales back trade with Russia. The fighting intensifies, but the West prevails, putting an end to active military conflict by the end of 2022.



Note: These scenarios, informed by the research and analysis available in spring 2022, suggest a range of possible short-term futures as the Ukraine war plays out. Our analysis focuses on scenarios most aligned with critical uncertainties. Other “black swan” scenarios, such as the use of nuclear weapons or unexpected change in Russian leadership, were deprioritized for the purposes of this assessment.

Each scenario brings varying levels of disruption to key business domains

Relative Severity of Potential Impact in 2022:



	Ceasefire	War of Attrition	Russia Renewed	Western Resolve
ENERGY	<p>Energy prices trend towards pre-war levels as sanctions ease; Europe continues planning for increased energy independence</p>	<p>Energy prices remain high as Europe reorients away from Russian energy; China/India continue to benefit from access to lower-cost supply</p>	<p>Energy prices are high and volatile as Russia exerts supply power and China's evolving trade position adds uncertainty</p>	<p>Energy prices soar to highest levels as Russian energy is cut off from Europe, global shipping is disrupted, and financial markets fall in turmoil</p>
SUPPLY CHAIN	<p>Supply chains begin to recover as sanctions are eased and trade between Russia and the West increases</p>	<p>Commodity supply chains further degrade as sanctions/countersanctions limit access to Russian outputs and stockpiles are depleted</p>	<p>Global supply chains are most disrupted as trade between the West and Russia decreases and new trade risks with China arise</p>	<p>Regional supply chains are shocked with maximized sanctions, cut off trade between the West and Russia, and inaccessible supply routes</p>
FOOD	<p>Global food prices stabilize at high levels as some crops return to markets; Ukraine's crop output is greatly reduced due to destroyed infrastructure and theft</p>	<p>Shortages and high prices intensify as ongoing conflict devastates Ukrainian land and infrastructure and disrupts all 2022 agricultural cycles; fertilizer prices remain high</p>	<p>Shortages and high prices intensify as 2022 agricultural cycles are disrupted and Russia gains control over Ukrainian agricultural assets. The global food system trends towards polarization</p>	<p>Most severe food price increases and food shortages likely to last several years as sanctions are maximized and 2022 agricultural cycles are disrupted globally</p>
CYBERSECURITY	<p>Cyber activity returns to pre-war levels; immediate risk is lower but persistent</p>	<p>Cyber activity is focused on Ukraine with sporadic attacks on Western companies; "Infowars" intensify</p>	<p>Attacks grow in scale and reach, now targeting civilian infrastructure and spilling into the West, which leads to societal disruption. Threat increases with growing signs of attacks from outside Russia</p>	<p>Russian attacks are aggressive and highly disruptive even as the West mounts a strong, coordinated defense/offense</p>
TALENT	<p>Ukrainian and Russian workforces return, and conflict-related costs for Russian/Ukrainian talent stabilize</p>	<p>Ukrainian and Russian workforces remain disrupted, with relocation needs growing and costs increasing</p>	<p>Talent disruptions grow as Eastern European talent becomes inaccessible and relocation is not feasible</p>	<p>Most severe disruption to talent in conflict regions; military leave becomes more common (in the US and Europe) and alternative short-term talent sources may be needed</p>
MACROECONOMY	<p>Easing global inflationary pressure positions the US for economic growth and Europe for greater stability</p>	<p>Inflation slows globally, but prices remain at historically high levels; US economy grows but slowly as supply disruptions resolve; Europe enters a recession as output declines due to high energy prices</p>	<p>Inflation increases in the West, driven by energy prices and other commodities; US economy grows slowly while recession hits in Europe with eroded production and output</p>	<p>Inflation spikes in the US, yet the US economy grows with increasing military spend and demand to fill in for severely disrupted European output. Europe faces stagflation and greater economic hardship</p>

Each scenario will introduce unique business challenges

Click each title for additional details about the scenario

Ceasefire

A negotiated settlement reactivates some of the trade between Russia and the West, but improved trade opportunities come with new risks

War of Attrition

The drawn-out conflict exacerbates uncertainties about global trade and East/West relations, triggering near-term economic shocks

Russia Renewed

Russia has weaponized its control of essential resources that Western businesses depend on, and signals indicate an increasing risk of East/West trade friction

Western Resolve

Russia's exclusion from all trade with the West, coupled with active NATO military deployment, disrupts the global economy, but ultimately, stability in the region will create new opportunities

BUSINESS CHALLENGES

- Businesses will weigh opportunities to participate in Ukraine's reconstruction
- In a higher risk, lower trust trade environment, businesses may face difficult decisions around their willingness to take on exposure to Russia; greater risk may require broader, more comprehensive risk management capabilities

- Ongoing conflict with no decisive outcome increases risk for the European business environment and prolongs global uncertainty
- Global businesses face increased risk of recession in Europe and other parts of the world

- Sanction compliance is exceedingly complex; regulation and enforcement is inconsistent
- Western businesses face greater urgency to reconfigure value chains to protect against supply volatility
- Businesses in Russia-friendly countries are advantaged by privileged access to essential Russian commodities

- Businesses cope with likely global recession and major supply shocks
- European businesses will have to brace for major short-term disruption, while businesses elsewhere may have an opportunity to fill production gaps
- Peak cybersecurity risk for commercial and critical civilian infrastructure, with likely disruptions to normal society

Businesses should be aware of trends that will likely persist across all scenarios and cause greater disruption if the conflict escalates

CONTINUED INFLATIONARY PRESSURE ON GLOBAL ECONOMIC GROWTH

Persistent inflationary pressure will likely strain markets and drive increased risk of instability in lower income countries

INCREASED FOCUS ON ENERGY INDEPENDENCE, BUT SLOWER PROGRESS TOWARDS RENEWABLES

The US will likely renew its focus on achieving energy independence, with Europe likely pursuing permanent diversification away from Russian energy, but supply shocks hindering access to critical commodities will slow progress towards renewables

GROWING RISK TO GLOBAL FOOD SECURITY

Fertilizer shortages, disrupted agricultural cycles, and destruction of infrastructure in Ukraine are likely to destabilize food systems at least through 2023. Risk of political and societal instability grows in food-insecure regions and calls for a coordinated international solution intensify

PROLONGED GLOBAL SUPPLY CHAIN SHOCKS

Commodity restrictions, economic volatility, high shipping costs, and shifting trade relations will likely further degrade already fragile supply chains through 2022 and beyond

INCREASED RISK OF DOING BUSINESS IN AND WITH RUSSIA

Absent significant political changes, many Western companies are likely to reduce exposure to Russia; those that stay in Russia (e.g., to serve their purpose or due to economic constraints) may require broader, more comprehensive risk management capabilities, including strategic, reputational, physical, financial, and regulatory

HEIGHTENED CYBER RISKS FACING BUSINESSES AND GOVERNMENTS

Critical public and private infrastructure will remain vulnerable to cyber threats from governments and foreign actors

The conflict will likely **accelerate** some existing trends...

- Transition to energy independence
- Investment in and use of cyber capabilities
- Inflation in major markets

...and **decelerate** others

- Transition to renewable energy
- Growth of globalized food and commodity network
- Post-COVID-19 supply chain recovery

The US will likely be relied upon to support the global economy in each scenario: Insulation from energy shocks, strength of economic momentum, and ability to fill key supply gaps offer relative economic protection compared to Europe and other regions

There are steps that business leaders can consider in any scenario to manage risk of disruption

Major themes and recommended actions to consider

Continued inflationary pressure

- ⊕ Assess the potential impact of commodity inflation on supplier and customer contracts
- ⊕ Rebalance portfolios and secure today's cost of capital in anticipation of rising interest rates
- ⊕ Invest in capabilities that enable smooth operations in periods of high labor turnover

Prolonged global supply chain shocks

- ⊕ Identify at-risk inputs and evaluate the costs and benefits of stockpiling
- ⊕ Identify opportunities to diversify suppliers; consider onshoring and friendshoring
- ⊕ Re-evaluate overall supply chain resilience and consider tradeoffs between cost and agility
- ⊕ Build capabilities to monitor logistical constraints, supplier risks, and costs

Increased risk of business in and with Russia

- ⊕ Evaluate options to reduce reliance on Russian inputs and business assets in the near and long term
- ⊕ Conduct scenario planning to understand possible impact of new sanctions on business with Russia
- ⊕ Evaluate potential conditions and implications of (re)entering/resuming business with Russia and optimal ways to do so

Increased focus on energy independence

- ⊕ Activate an organization-wide energy strategy focused on reducing consumption, improving efficiency and exploring more reliable alternative sources of energy
- ⊕ Increase efforts to adopt new energy technologies and renewables

Global food security risks

- ⊕ Analyze supply risks due to global agricultural commodity shortages and develop contingency plans
- ⊕ Identify operational and supplier risks associated with potential political instability in food-insecure regions
- ⊕ Build capabilities to monitor future risks of political, societal, and economic instability in locations critical to business operations

Heightened cyber threats

- ⊕ Actively monitor the situation; resource security functions appropriately and share information with government and industry
- ⊕ Tune technical defenses and increase communication and stakeholder engagement. Utilize employees as resources in early detection and prevention
- ⊕ Evolve learning and development for cyber teams to keep pace with threats

While the course of the war itself is uncertain, the importance of taking action quickly is not

How to use these scenarios

Scenarios help envision a broad range of potential outcomes. By stress-testing organizational strategies against different possible futures and the conditions they create, leaders can build resilience and gain greater clarity about key challenges and opportunities that might lie ahead.

As you reflect on the scenarios, consider:

- Which of your **organization's previous strategic choices** need to be reconsidered given the potential outcomes of each scenario?
- What are the **biggest threats** to your organization? In what domain(s) — inflation, supply chain, energy, food, cybersecurity, talent — will potential impact be most severe?
- What is your **organizational readiness** for the impact and consequences of these scenarios? What do you need to prepare?
- Which scenario do you assume is **most likely**? What evidence would convince you that you may be wrong? How ready are you to **pivot**?

The scenarios in this report are limited to the critical risks directly stemming from the conflict over the next 6-8 months. Leaders should maintain awareness of other factors that may alter or intensify these risks for any given organization.

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Appendix
Scenario Deep Dives



Ceasefire

Active military conflict ends in H2 2022 with a negotiated settlement, allocating part of eastern Ukraine to Russia, returning other land to Ukraine, enabling port access for Ukraine, and reopening trade between Russia and the West.

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Detailed Implications

ENERGY: Global energy prices trend back towards historically high pre-war levels. Eased sanctions reactivate use of Russian energy, and political coverage helps control prices. Many Western countries commit to reducing energy reliance on Russia, but enduring supply challenges slow progress towards renewables.

SUPPLY CHAIN: Supply chains begin to recover as sanctions are partially eased and trade between Russia and the West resumes. Availability of key commodities increases but does not return to pre-war levels due to damaged infrastructure, slow transition time, and Western countries' push to reduce business exposure to Russia.

FOOD: Global food commodity prices stabilize at high levels as some Russian and Ukrainian agriculture gradually returns to markets. Theft and destroyed land/infrastructure greatly reduces Ukrainian crop exports and prolongs supply shocks as the farming industry rebuilds. The West invests in Ukrainian agriculture reconstruction.

CYBER: Russian cyber activity declines to pre-war levels but remains an ongoing risk. The success of Russian disinformation campaigns increases the probability that these campaigns, along with cyberattacks, will continue to expand in the future (e.g., Solarwinds).

TALENT: Ukrainian and Russian talent shortages subside, causing costs to stabilize.

MACRO: As energy prices stabilize and supply chains recover, inflationary pressure eases, prompting the US and EU to forgo some of their planned interest rate hikes. Global GDP slowly grows with production/output recovery, rebalanced supply/demand, and increased consumer spending, leading to continued low unemployment.

What businesses should expect:

An easing of near-term supply shocks but not a complete recovery; increased shipping costs and lead times continue until full reconstruction is possible

Difficult decisions on whether/how to resume business in and with Russia

Growing business attention on diversifying supply chains away from Russia and close allies

Renewed Western focus on energy independence, but delayed renewables projects caused by conflict-related supply setbacks

Higher likelihood of interest rate stabilization, creating an improved environment to pursue business investment and expansion initiatives

Return of Ukrainian and Russian workforces, necessitating reintroduction programs, inclusion training, and organizational structure adjustments in Eastern Europe/Russia. Ongoing hesitancy associated with hiring Russian talent as many businesses reduce exposure to Russia and geopolitical uncertainty remains

Significant opportunities to rebuild Ukraine and high investment interest (especially in key industries like agriculture), but with continued risk of Russian interference

Continued cyber threats, with an ongoing risk of future escalation and ongoing disinformation campaigns

Signposts to watch for

Russian inability to sustain its military due to economic sanctions

Dwindling Russian income from energy exports

Growing pressure from Europe to identify opportunities for compromise

Resumption of peace talks between Russia and Ukraine with movement toward a possible agreement

Powerful Ukrainian resistance to Russian westward expansion

War of Attrition

Localized warfare persists in eastern and southern Ukraine and although Western sanctions remain, enforcement weakens. Neutral / Russia-friendly countries continue trade with Russia and the West, and Russia seeks to further erode Western cohesion.

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Detailed Implications

ENERGY: Faced with few attractive near-term alternatives, Europe is slow and inconsistent in diversifying away from Russian energy. Energy prices persist at historically high levels. Degraded supply chains and restricted commodity access hinder progress towards renewables.

SUPPLY CHAIN: Ongoing destruction, continued sanctions, and new Russian countersanctions on energy and commodities degrade supply chains. Worsening supply/demand imbalance creates shortages and increased prices.

FOOD: All planting seasons are disrupted in Ukraine and face continued disruption beyond 2022. The West supports Ukraine in rerouting some agricultural exports. Prices increase, driven by continued food and fertilizer shortages. Global reserves are depleted. Low-income countries face likely long-term food shortages.

CYBER: Russian attacks focus on strategic Ukrainian targets, with limited and low-threat attacks on Western systems. Aggressive Russian disinformation campaigns in Western countries aim to sow doubt and generate unrest.

TALENT: Regional talent disruptions/relocation continue with ongoing Ukrainian and Russian migration, but talent costs stabilize over time.

MACRO: Supply disruptions contribute to already-high inflation rates, moderated by stabilizing energy prices. US and China maintain GDP growth, but more Russia-reliant Europe and the developing world are tipped into recession.

What businesses should expect:

Increased shipping, air freight and logistics costs due to increased travel times, reduced shipping flights and high fuel prices

Uptick in stockpiling as companies pay a premium to secure supply; existential risk for companies and countries without the wherewithal for such investments

Greater need to **examine exposure to at-risk inputs across the supply chain** and identify opportunities to **diversify away from Russian suppliers across all tiers of the supply chain**

Historically high but stabilizing energy prices as the global energy supply chain has time to readjust; continued volatility and urgency to shift energy use away from Russia; reliance on Russian oil and gas varies by region

Increasing costs of borrowing and wages amid high inflation and low unemployment; **more pronounced in less insulated Europe**

Elevated risk of societal and political instability, and an uptick in migration from food-insecure regions of the developing world

Continued need for **proactive cyber defense** against possible Russian activity

Signposts to watch for

Lack of decisive victories/claimed territory on either side, Russia mired in the Donbas and along the coast at key shipping ports

Threats of new Russian sanctions against Europe

US political shift toward leaders opposed to NATO alignment

Eastern European resistance (e.g., Hungary) to Russian oil embargos persists; EU is unable to overcome resistance and find a common path forward

Russia Renewed

Waning Western cohesion allows Russia to gain control and push forward with destructive military gains, trade with neutral countries, and increased cyber attacks.

Detailed Implications

ENERGY: Prices persist at historically high levels with significant volatility; with few attractive near-term alternatives, Europe is slow and inconsistent in diversifying away from Russian energy. Russia gains leverage and continues energy trade with neutral countries. Renewables transition is increasingly threatened by new Asia supply risks.

SUPPLY CHAIN: Critical commodities/raw materials under Russian control are largely unavailable to the West and supply of near-term alternatives does not meet demand. Looming trade risks with China grow.

FOOD: Most agricultural assets and infrastructure in Ukraine are destroyed and/or fall under Russian control, resulting in prospects of long-term global food shortages and an increasingly polarized global food system. Russia leverages its supplier power in fertilizers. Global reserves are depleted. Low-income countries face likely long-term food shortages.

CYBER: Attacks grow in scale and reach as Russia works with independent domestic groups and non-Western allies to expand attack targets to civilian and commercial areas in Ukraine and the West.

TALENT: Workforces in Ukraine, Russia, and Eastern Europe are completely disrupted and relocation to neighboring countries is not feasible. Costs of talent rise in the region, with increasing shortages and disruption.

MACRO: As Russia exerts power over energy prices, inflation increases in the West. More insulated from Russia, the US maintains positive but slow economic growth, experiencing stable low unemployment and increasing wages, while Europe slumps into a recession.

What businesses should expect:

High input prices, accompanied by an urgency to diversify and reconfigure supply chains away from Russia and Russia-friendly countries, potentially substituting or forgoing Russian inputs

A competitive advantage to businesses in Russia-friendly countries that benefit from lower input costs

A growing need to initiate risk planning for China trade as uncertainty grows

Inconsistent sanction regulation and enforcement, making compliance for businesses exceedingly complex

Increased shipping costs and transit times as trade routes become inaccessible

An urgent need to bolster cyber resiliency and preparedness within the walls of each organization, and across value chains and ecosystem partners

An opportunity to fill in European output gaps considering more severe manufacturing and supply chain disruptions in Europe

An increasing cost of borrowing if the Fed hikes interest rates to curb inflation

Slowed transition towards renewable energy in Europe and the US caused by commodity shortages, poor economic conditions in the EU, and investment flowing toward more favorable conditions in the US for exporting oil and natural gas

Signposts to watch for

Russia signals perceived threat from non-NATO territory outside of its current military focus (Moldova, Finland, Sweden, the Caucasus)

Russian victory in the Donbas, central Ukraine, and along the Black Sea

Growing disagreements on sanctions against Russia and level of military and humanitarian support to Ukraine

US political narrative is focused on growing conflicts with China

Inconsistent enforcement of sanctions on Russian goods

Western Resolve

As Russia attacks supply routes in countries on its western borders, NATO deploys its military. The West exercises all possible sanctions, cutting off Russia from Western trade. The fighting intensifies, but the West prevails.

Detailed Implications

ENERGY: Energy prices rise to levels not seen since 2008 as Russian energy is cut off by Europe, sending inflation soaring. China, India and other countries reduce Russian energy trade; global reserves are depleted to offset the supply shortage.

SUPPLY CHAIN: Use of all possible sanctions and countersanctions disintegrates trade between the West and Russia. Ukrainian and Russian commodities and energy remain cut off, and trade routes are constrained and reconfigured to avoid Russia. Expanded military actions initially exacerbate supply uncertainty and volatility, but a relatively quick resolution allows for a path to recovery.

FOOD: Heavy combat in Ukraine and restricted energy dramatically disrupt 2022 agricultural cycles in Ukraine and Europe. Global food shortages cause prices to spike in 2022. Global reserves are depleted and severe food shortages in low-income countries are projected for years to come.

CYBER: Russian attacks/Western counterattacks grow in scale and effectiveness, targeting critical nodes of modern society. Russian attacks are highly disruptive, despite a strong and coordinated Western defense/offense. Western attacks hinder Russian military, and Russian disinformation campaigns spread rampantly.

TALENT: Displaced talent in Ukraine and Eastern Europe prolongs a labor supply shock. Costs of talent rise with increasing shortages and disruption.

MACRO: Global economies face rising inflation as Europe sinks into recession and Russian trade is cut off. NATO countries rely on the US to fill output gaps, leading to US growth despite high energy prices. US trade with China remains strong.

What businesses should expect:

High urgency to diversify and reconfigure supply chains away from Russia, substituting or forgoing Russian inputs to minimize supply volatility

Increased need for substitutes, especially in electronics, food, and automotive industries, as a result of commodities shortages

Increased shipping costs and transit times due to trade route inaccessibility

Upward pressure on production costs due to high energy prices and input costs

Imperative for greater supply chain visibility as geopolitical instability escalates

An urgent need to **bolster cyber resiliency and preparedness** within the walls of each organization and across value chains and ecosystem partners

Need for non-European businesses to fill global supply gaps intensified by the EU's manufacturing decline

Need for alternative talent sources (e.g., increased offshoring to regions of no direct conflict) to offset inaccessible workforce in Ukraine and Eastern Europe

Elevated risk of societal and political instability, and an uptick in migration from food-insecure regions of the developing world

Signposts to watch for

Increased presence of Russian military in areas bordering NATO territory

Intensified cyber attacks on Western targets with suspected Russian links

Russian attack on NATO representatives within Ukraine

Increased frequency of cross-border incidents or sabotages on NATO territory

The scenarios provide a glimpse into different ways the global dynamic could unfold as the crisis evolves

	Ceasefire	War of Attrition	Russia Renewed	Western Resolve
TERRITORIAL IMPACT <i>The conflict zone...</i>	...is reduced with a negotiated settlement; Russia retains a larger part of Donbas, but retreats from other territory and returns Black Sea port access	...stays limited to eastern and southern Ukraine. Russian counterattacks take a toll on western Ukraine as Russia attempts to undermine the Western alliance	...expands to cities along the Black Sea and neighboring non-NATO countries as Russia advances control of key territories	...enters NATO territory as Russia attacks supply routes in countries on its western borders and expands military presence in Ukraine and non-NATO countries
IMPACT OF SANCTIONS <i>Sanctions are...</i>	...eased on both sides, with some Western companies resuming business in/with Russia but many reducing exposure or not returning	...exercised on both sides with increasing burden on NATO, weakening enforcement; some countries maintain energy dependence on Russia	...exercised on both sides but less effective in destabilizing Russia as NATO enforcement weakens and non-NATO countries maintain economic dependence on Russia	...exercised to their fullest extent, with the West fully embargoing Russian energy
ROLE OF NEUTRAL / RUSSIA-FRIENDLY COUNTRIES <i>Neutral countries...</i>	...trade carefully with Russia and the West, benefitting from discounted Russian exports	...trade carefully with Russia and the West, benefitting from discounted Russian exports	...increase cooperation with Russia, benefitting from discounted Russian energy and inputs	...scale back cooperation / trade with Russia and continue to carefully navigate sanctions
NATO / WESTERN ALLIES ROLE AND DYNAMIC <i>Western cohesion...</i>	...remains strong in collectively reducing dependence on Russia, rebuilding Ukraine, and increasing defence capabilities	...begins to show signs of deterioration as Western countries feel increasing economic burden of sanctions	...weakens as the global macroeconomic environment sours and domestic issues are prioritized; continued defense of NATO territory	...strengthens as NATO deploys military support to defend impacted/threatened territory, both in and outside of Ukraine
ROLE OF US <i>The US...</i>	...remains unified with NATO allies and committed to reducing economic activity with Russia	...remains unified with NATO allies but faces increasing domestic opposition to its role in the conflict	...turns its attention to other global hot spots while continuing to support Ukraine	...leads military involvement in the conflict with strong public and private sector support



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