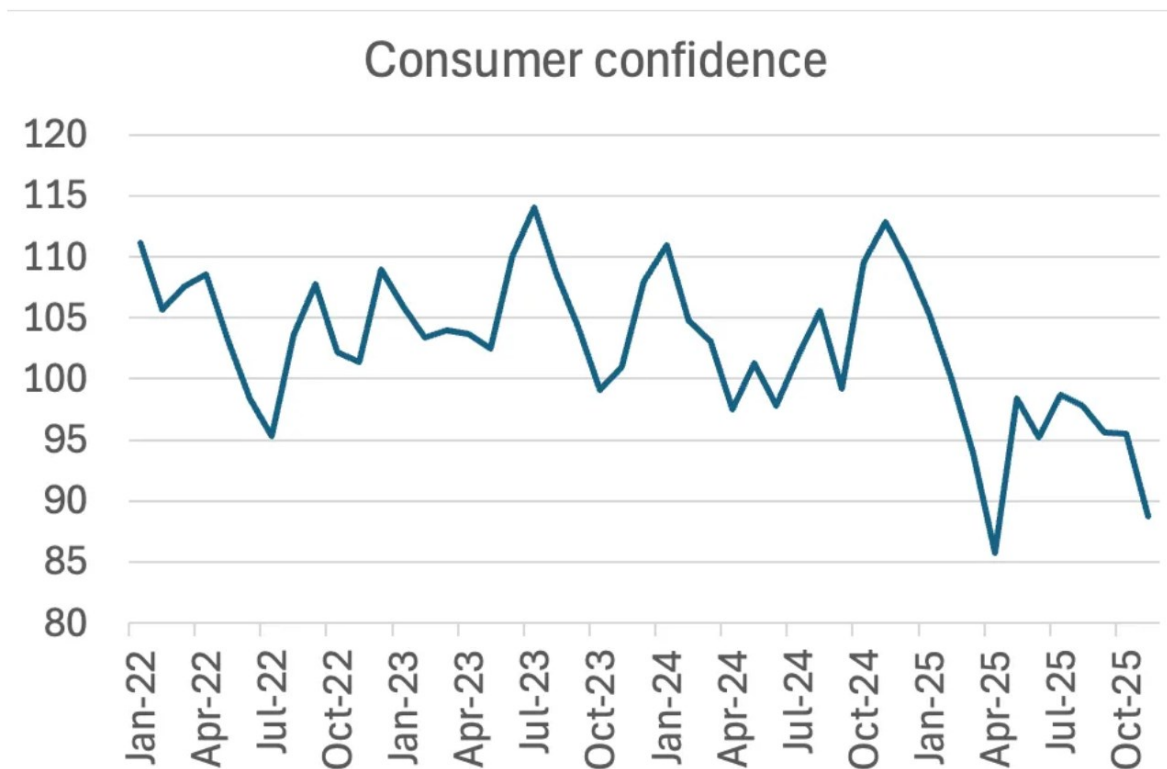


## Clearly Putin

*di Francesco Sisci*



Source: Conference Board via Haver Analytics

**The EU vote to seize Russian assets is a significant loss for the comrade [President](#) and has cast a ballot in the negotiations nobody can ignore.**

Some things are unclear about the prospects following the EU's decision to seize €210 billion in Russian assets. A few are very clear. Yet none, the clear and unclear, are good for Russia's President Vladimir Putin.

The European allies aimed to bolster their position during a crucial stage in US-led peace negotiations. Freezing assets enables a loan to be secured against them to support Ukraine's defense. The EU leaders still need to overcome strong objections from

Belgium, where most of the assets are held, at a summit next week. Italy has also sided with Belgium. The two have issued a joint statement with Malta and Bulgaria, emphasizing the risk of the move.

Moscow filed a lawsuit against Euroclear, the Brussels-based depository holding most of the assets. The US administration has increased pressure on Kyiv to sign a peace deal with Russia by Christmas on terms considered largely unfavorable. Most European leaders have closed ranks with Ukraine as it seeks to avoid being forced into a deal that many Ukrainians and Europeans oppose.

### **Prospects**

Will the EU and the US then become closer or more distant? Some in the US administration might have hoped to negotiate with Moscow without the complication of the seizure and without having to address another issue with the Europeans. Others in the US, more supportive of Ukraine, might welcome the seizure.

Beyond whatever the US administration might consider, the seizure draws Europe closer to the heart of Americans, whose large majority supports Ukraine against Russia. Europe would have much more resources to fund Ukraine's war efforts or to rebuild Ukraine after the conflict. It's a point of no return for Russia. Moscow will likely never recover this money.

Will Russia be more likely to give up, or more determined in its fight? The loss of assets could weaken or stiffen Russia's resolve, depending on how it unfolds internally. Yet while this mental juggling continues, it's clearly a blow to Putin. Whatever he may achieve in the deal he's trying to cut, it is undermined by the risk of loss of funds equivalent to 15% of Russian GDP.

Most importantly, this money belongs to people who benefited from the regime and are now losing their personal wealth because of Putin. Will they blame Putin or the "malicious" Europeans for it? If they blame Putin, will they keep quiet or take action? And what kind of action? It creates a rift between Putin and the elite; their interests are clearly no longer aligned.

It's a major shift in the war. The significance of this shift depends on what each of the many players involved will do. There are too many variables to calculate. However, Russia has lost another political and economic battle. North Korea and China are de

facto asked to commit even more to support Russia. They will have to pour new good money after the old bad cash has already been lost, or step back.

These elements could give pause to China, which has supported Russia but remains cautious. China has its hands full. Concerns about Taiwan, Japan, and the Philippines are growing. These could be reasons for China to step back. At the same time, there are reasons to stay committed. Keeping the war in Ukraine going could serve as a good distraction. China has one more quandary to sort out.

Then there's the North Korea angle in the war. Pyongyang has already gained a lot from the conflict. After Russia's seizure defeat, does it want to tally up its losses and negotiate with America? At this point, the US might be open to admitting North Korea into the nuclear club.

Then there's Russia. Putin might admit that he's running out of options and look for a way out. US President Donald Trump might be willing to oblige. The next US president might not be so inclined.

### **Winter Slumber**

Nothing in these choices is urgent or pressing. General Winter has slowed the fight; little will move until early spring, late February or possibly March—time to chew things through and keep negotiating, hoping for a miracle.

Still, one more thing is certain. The Europeans have stepped into the peace negotiations and made their voices heard. It's hard now to imagine a peace agreement between the US and Russia without the EU.

Here, there is a wholly European twist. It has been proven that Europe can act when push comes to shove, and it's a blow for those skeptical of the union. Being united might be better than going alone. A new dynamic has emerged in transatlantic dialogue and in the growing friction between European countries and Russia.

This sets a precedent that could shape future EU developments, draw the UK closer to rejoining the union, and deter the heirs of the Habsburg Empire (Austria, Hungary, Poland, Italy) from their anti-EU plans. No matter the result of next week's vote, Europe might then be split between countries that voted for or against the seizure.

For America, there could be another angle. The US has sent a large force near Venezuela, costing billions. Trump pushes for Venezuelan President Nicolas Maduro's resignation. If he fails to achieve this, he may be forced to intervene or admit that he wasted a fortune on military deployment with no results. Putin might have leverage over Maduro and his people, and thus may want something in return with Ukraine.

Again, there is a notable China angle here, as Beijing has strong economic interests in Venezuela. It's unclear whether Washington is engaging with Beijing on this, whether it affects preparations for Trump's April visit to Beijing, or whether Beijing is discussing it with Moscow. But Beijing might want to factor the Venezuela angle into its overall strategy.