

Geopolitics

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Senior Fellow and Director of the Transatlantic Security Program

Center for a New American Security



Global Institute Dialogue: Andrea Kendall-Taylor on the Russia-Ukraine War

Andrea Kendall-Taylor is a Senior Fellow and Director of the Transatlantic Security Program at the Center for a New American Security. A longtime senior U.S. intelligence official, Kendall-Taylor served as Deputy National Intelligence Officer for Russia and Eurasia at the National Intelligence Council and as a Senior Analyst at the Central Intelligence Agency during the Obama and Trump administrations.

In this edition of Global Institute Dialogues, Andrea Kendall-Taylor discusses the Russia-Ukraine war with Wilson Shirley, Vice President, Goldman Sachs Global Institute.

The views stated herein are those of the interviewee and do not reflect those of Goldman Sachs.

Wilson Shirley: What are the most important outcomes of recent negotiations over the Russia-Ukraine war? What are the most important obstacles to a negotiated settlement?

Andrea Kendall-Taylor: As a former lieutenant general reminded me: “Don’t mistake activity for progress.”

Despite the flurry of diplomacy, we are no closer to an end to the war in Ukraine. The most important development to come out of the recent meetings was President Trump’s commitment to be involved in providing a security guarantee for Ukraine, although the details of what that guarantee might entail are still unknown. However, Russia and Ukraine remain as far apart as they have been on their key demands for ending the war, and the following unresolved issues remain likely to prevent any quick resolution:

- **Territorial concessions:** Putin continues to demand that Ukraine hand over the parts of Donbas that Russia illegally annexed, but that Ukrainian forces control. Zelensky is likely to continue to reject this demand because the Ukrainian people do not support it. Handing over territory that Ukrainian forces have fought and died for would also negatively impact the morale of the Ukrainian military and could become a vulnerability for Ukraine because the territory in question is strategic and would better position Russia to take additional territory in the future. The only way Zelensky may be willing to cede this territory is if Ukraine were to receive robust security guarantees from the United States and Europe.
- **Security guarantees:** This is probably the most important outstanding issue, because for Putin, the war in Ukraine is about more than territory—it’s about ensuring a compliant, and preferably defenseless Ukraine. During Russia-Ukraine talks in Istanbul in 2022, Moscow agreed to a form of security guarantees for Ukraine that entailed a United Nations-like group of guarantors—of which Russia and China were included—that would have to agree to assist Ukraine if it were threatened, giving Russia a veto over Ukraine’s security. This is Russia’s view of an acceptable security guarantee for Ukraine. The Kremlin continues to reject any European forces on Ukrainian soil and demands limits on the size of Ukraine’s military. This is likely to be the key sticking point in negotiations going forward and is unlikely to be resolved soon.
- **A Putin-Zelensky meeting:** Despite President Trump’s optimism about a Putin-Zelensky bilateral meeting, there is no such bilateral meeting in the works. Russian officials state that such a meeting would only be possible if there were well-prepared grounds, which in practice means the Russian side will continue to stall. More likely is that Russian and Ukrainian delegations will eventually meet at a lower level.

Wilson Shirley: How would you characterize the current state of the fighting in the Russia-Ukraine war—are the two countries in a stalemate, or is it likely that there will be significant changes to the frontlines?

Andrea Kendall-Taylor: The war is not in a stalemate, as Russian forces continue to make incremental gains in Ukraine’s east. In the last few months alone, Russian forces have made some of their most significant gains of

the past year. Russian advances reflect key Ukrainian challenges—namely a lack of cohesiveness in their defensive lines, undermanned units holding terrain, and a shift in Russian tactics that is eroding Ukraine’s

advantages in drone warfare.

Ukraine continues to struggle with manpower and has thus far effectively used drones to offset this shortcoming. Russia is responding to Ukraine's use of drones by sending small groups of men—sometimes groups of two or three people—who can walk (or ride motorbikes) through Ukraine's porous lines, accumulate more mass, and in turn hold new territory.

Ukraine has slowed Russia's recent gains near Pokrovsk by sending more effective units to the area. However, there is a risk that the movement of units to shore up vulnerable areas along the front might itself create new gaps that Russia could exploit. Although Russia is making gains in some sectors, it is important to underscore their

incremental nature. The United Kingdom's Ministry of defense estimated that if Russian forces continued at their current rate of advance, it would take nearly four-and-a-half years to take the rest of the Donbas region that Moscow illegally annexed but doesn't control.

As we've seen in recent weeks, Russia's inability to make a major breakthrough has led the Kremlin, once again, to focus on terrorizing civilian centers in an effort to compel the Ukrainian people to capitulate. The number of drone and missile attacks on Ukraine has increased in the last few months. As winter approaches, Russia will also refocus its efforts on targeting energy infrastructure to knock out heating and further strain the Ukrainian population.

Wilson Shirley: Beyond Ukraine, where are the most acute risks of Russian kinetic or hybrid actions against Europe?

Andrea Kendall-Taylor: Russia views itself as being at war with the West and is prepared to sustain a long-term confrontation with the United States and Europe. Although Russia does not currently pose a conventional military threat to NATO, due to the degradation of Russia's military in Ukraine, Russia is waging a nonconventional (hybrid) war against Europe and countries on NATO's periphery like Moldova.

In the past few years, suspected Russian-backed actors have set fire to warehouses in Germany and the United Kingdom, tampered with water purification centers in Finland, pushed migrants across the borders of Poland and Finland, targeted railway infrastructure in the Czech Republic and Sweden, assassinated a Russian military defector in Spain, and even plotted to assassinate the German head of a major European arms manufacturer. The Kremlin's goal with these measures is to show European governments and citizens that Russia can retaliate for their support for Kyiv.

Yet, even if the war in Ukraine were to end, Russia's efforts likely wouldn't subside. Moscow's broader aim in pursuing these tactics is to degrade the West and its ability to counter Russia. It wants to weaken Western societies, drive wedges between the United States and Europe, reduce Europe's capacity for collective action, and convince Europeans that it's not worth the trouble to push back against Moscow. Were Russia able to reconstitute its military—an outcome European governments warn could take as

little as five to seven years—Moscow would once again pose a military threat.

First and foremost, depending on how the current war in Ukraine might end, the possibility of another Russia-Ukraine war looms. And while there are several factors dissuading Russia to confront NATO directly, the Kremlin would then be looking for opportunities to undermine the alliance.

Still, Moscow will have plenty of reasons for caution, not least because it considers the NATO Alliance to be a superior force. But it may be tempted to take additional aggressive actions if it becomes clear that the NATO allies—the United States the most important among them—lack the resolve to fight. The Kremlin would be most prone to make this calculation if the United States is engaged in a major conflict with China in the Indo-Pacific, which Washington has deemed its highest national security priority, but it could also make that determination if there were a political decision in Washington to rapidly reduce the U.S. presence in Europe.

Should the Kremlin calculate that Washington would not or could not come to Europe's defense and that Europe alone would not be capable of victory, then Moscow could target a country on NATO's eastern flank, daring NATO to respond.

Wilson Shirley: What is the current outlook for the Russian economy, and how resilient is it after three-and-a-half years of fighting and economic pressure?

Andrea Kendall-Taylor: Despite the unprecedented nature of Western sanctions imposed on Russia, its economy has defied expectation of imminent collapse. However, strains on the Russian economy are beginning to show.

In 2024, the Russian economy grew more than 4 percent as a result of wartime spending. That growth occurred despite underlying problems like rising inflation, the government's continued overreliance on oil revenue, the costs of integrating the territories it illegally annexed from Ukraine, and labor shortages resulting from the large number of Russians that left the country and the movement of workers out of civilian sectors and into defense industries paying higher wages. The International Monetary Fund recently cut its own 2025 projection for Russian GDP growth to 0.9% and 1% in 2026.

The biggest risk to Russia's economy comes from declining oil revenue, which has fallen 18% so far this year, primarily because of weaker global oil prices. Meanwhile, Ukraine's increasingly bold attacks on Russian oil refineries are also taking a toll on the Russian economy.

There are additional challenges to the Russian economy. Most civilian industries in Russia have stopped growing, high interest rates are stifling private investment, and large companies are starting to furlough workers.

However, for now, Russia is unlikely to change its foreign policy course as a result of economic pressures. However, U.S. and European policymakers could seek to accelerate Russian economic problems through sanctions and other measures designed to limit Russian oil revenue to increase pressure on Putin to engage in more genuine negotiations.

Wilson Shirley: What conditions—if any—might lead to partial or full sanctions relief for Russia, and what could that sanctions relief look like? Are there areas where additional economic pressure could realistically alter Russia's war calculus?

Andrea Kendall-Taylor: The rumors early in the Trump Administration that the United States may reduce sanctions on Russia have largely passed. President Trump also did not agree to remove any sanctions on Russia in the Alaska Summit—an ask that many people expected Putin to make. However, sanctions relief for Russia only seems likely as part of a broader process on ending the war in Ukraine, one in which Russia makes concrete steps towards ending the war and in turn has certain sanctions lifted. Even if sanctions were eased, many Russians do not want to see Western firms return and the arbitrary nature of the Russian legal system would still complicate the return of Western companies.

President Trump has also threatened to increase sanctions on Russia, including threatening to give a green light to the package of sanctions waiting in the U.S. Congress, although he has so far avoided taking any concrete steps to directly apply greater economic pressure on Russia. President Trump imposed secondary tariffs on India for their continued purchase of Russian

oil. But those measures have so far had a limited impact on the Russian economy. However, Moscow has made a diplomatic charm offensive to keep India onside, suggesting that any moves to reduce oil purchases would bite.

Many options remain to increase economic pressure on Russia. Those include seizing Russia's frozen sovereign assets and increasing sanctions pressure, placing sanctions on the 20% of Russian banks not sanctioned under the Biden Administration and Chinese financial institutions that have been banking exports to the Russian aerospace and defense sector, continuing to enforce the 25% secondary tariff on India for its oil purchases and announcing secondary sanctions on China, and catching up U.S. sanctions on Russia's "Shadow Fleet" of oil tankers to match the EU and UK. These and other measures would accelerate the economic challenges Russia is facing and could increase prospects that Putin will negotiate more genuinely.

Wilson Shirley: How meaningful is the cooperation among Russia, China, Iran, and North Korea, and will their alignment be sustained for the foreseeable future?

Andrea Kendall-Taylor: The relations between Russia, China, Iran and North Korea—or what I have termed the "axis of upheaval"—were on full display at Xi Jinping's

recent military parade in Beijing. Russia's full-scale invasion of Ukraine was a critical catalyst for this deepening cooperation, which spans the full spectrum of

their relations, including the military, economic, political, and informational domains of their partnerships. Their cooperation has proven to be exceptionally meaningful in that it increases the military capabilities of each country, while diluting the foreign policy tools the United States and its allies have to confront them.

China, Iran, and North Korea have provided the drones, ammunition, missiles and component parts that enable Russia to sustain its war in Ukraine. But just as important as what Moscow gets from its backers, is the military technology it gives away to sustain their support, making America's adversaries militarily more capable. Moreover, their cooperation allows them to dilute the efficacy of Western sanctions, reduce the centrality of the U.S. dollar, align their messaging to increase the legitimacy to their narratives, and to provide political cover in international organizations such as the United Nations to shield them from international pressure.

The cooperation among the axis of upheaval will persist, despite some claims that Russia's and China's limited support for Iran amid Israeli and U.S. strikes spell the end of their ties. China, Iran and North Korea deliberated for months on the sidelines of Russia's war before moving to more fully support Moscow after its full-scale invasion of Ukraine. China gave little more than its diplomatic support to the Kremlin in the first months after Russia's invasion and it was a nearly six months until public reports documented the arrival of Iran's drones in Russia. While these countries are reticent to incur

unnecessary costs on behalf of their partners, they will seek out opportunities to support one another especially in ways that help them withstand Western pressure. The incentives fueling their cooperation have not changed since Israel's actions against Iran and if anything, Russia, China, and North Korea are likely to see value in helping Tehran reconstitute its capacity to antagonize the United States and create policy dilemmas for Washington.

Likewise, their cooperation will not end with Russia's war against Ukraine. Russia's aims go beyond Ukraine, and Moscow will continue to view cooperation with China, Iran, and North Korea as essential to accomplishing these aims. Even if President Trump's administration would eventually seek to normalize relations with Moscow, the Kremlin would not fully shed its view of the United States as a threat and impediment to its objectives. Likewise, Russia is highly attuned to Europe's efforts to ramp up in military capabilities and will continue to view Europe as a threat. Russia, therefore, will continue to view cooperation with China, Iran, and North Korea as strengthening its efforts to sustain its confrontation with Europe and the United States.

Moreover, Russia may not be the only driver of cooperation. As U.S. competition with China intensifies, Beijing is likely to become ever more invested in cooperation with members of the axis as Beijing seeks closer partnerships to bolster its efforts to counter Washington.

Wilson Shirley: How has transatlantic security cooperation changed during the Russia-Ukraine war, and how has the war shifted priorities within the NATO Alliance? What additional defense capabilities should European leaders develop as they take on more responsibility for the continent's security?

Andrea Kendall-Taylor: The Trump Administration has made clear that Europe must take on greater responsibility for Ukraine's security and the security of Europe. While European leaders continue work to strengthen ties, some now harbor doubts about whether the United States remains a reliable partner. Allies' pledge to increase defense spending to 5% of GDP—although unrealistic in the short term—demonstrates a meaningful change in the Transatlantic relationship. America's European allies now provide more total support, including financial support, to Ukraine than the United States, and they will continue to purchase U.S. weapons to send to Ukraine.

However, Europe still remains heavily reliant on Washington for its security. It will take time for the allies to ramp up the capabilities they need to retain a credible deterrent against Russia, absent current levels of U.S.

involvement. There is therefore a window of vulnerability: The allies understand that the United States is conducting its National Security Strategy review and associated military posture review and that they must keep the United States involved in Europe long enough to allow them to increase their own capabilities.

As the allies take on greater responsibility, they will have to invest in capabilities that the United States currently provides. If Washington were to rapidly reduce its posture in Europe, the biggest gaps would emerge in space-based assets and intelligence, surveillance, and reconnaissance platforms, including support personnel; air-to-air refueling tankers, heavy lift aircraft, and other such "strategic enablers"; ground-based air and missile defenses; long-range precision missile systems such as High Mobility Artillery Rocket Systems (HIMARS), stockpiles of precision-guided munitions, and advanced drones. The United States also provides European

militaries with most of their sustainment units, including medical and logistics personnel and a large share of

specialists in cyber, space, and electronic warfare.

Wilson Shirley: What future scenarios should the business community be prepared for as negotiations and hostilities continue?

Andrea Kendall-Taylor: The most likely scenario is that the war continues at least through the end of this year, and likely well into 2026. Russia has not changed its core demands: no NATO membership for Ukraine, control of the rest of Ukraine's Donbas region, demilitarization (which means limits of Ukraine's military and therefore ability to defend itself), and denazification (which means regime change in Kyiv and the installment of a more pro-Russian government). For this reason, Russia and Ukraine are as far apart as ever in their core requirements to end the war.

So long as the war continues, there will remain a very small risk of escalation, including deeper Ukrainian strikes and a widening of the war (but that last risk remains very low). The recent Russian drone incursion into Poland's airspace underscores the risk of escalation. This scenario could include fits and starts of progress, such as partial ceasefires that benefit Russia, but ultimately Moscow would use such ploys to buy time to continue the war. It remains difficult to foresee progress

toward ending the war until more meaningful costs are put on Russia for continuing the war.

A related scenario would be one in which the war continues, but the United States has ended its support for Ukraine and to some degree Europe. In this scenario, President Trump would return to his approach of pressuring Ukraine to try and reach a deal to end the war. Europe would then have to step in to fill the gaps that Washington would leave. In this scenario, with heightened U.S.-Europe tension, the United States could also decide to reduce U.S. military presence in Europe, leaving key gaps in European defenses. Recognizing the vulnerabilities, Russia could increase its antagonism toward Europe, initially increasing its hybrid attacks with the goal of convincing Europeans that the costs of resisting Russia are too great, and they instead should pressure their governments to pursue a more accommodating approach to Moscow. This could prompt more political divisiveness and potentially instability in Europe.



Andrea Kendall-Taylor is a senior fellow and director of the Transatlantic Security Program at the Center for a New American Security (CNAS). She works on national security challenges facing the United States and Europe, focusing on Russia, authoritarianism and threats to democracy, and the state of the transatlantic alliance.

Prior to joining CNAS, Kendall-Taylor served for eight years as a senior intelligence officer. From 2015 to 2018, she was deputy national intelligence officer for Russia and Eurasia at the National Intelligence Council (NIC) in the Office of the Director of National Intelligence (DNI). In this role, Kendall-Taylor led the U.S. intelligence community's (IC) strategic analysis on Russia, represented the IC in interagency policy meetings, provided analysis to the National Security Council, and briefed the DNI and other senior staff for White House and international meetings. Prior to joining the NIC, Kendall-Taylor was a senior analyst at the Central Intelligence Agency where she worked on Russia and Eurasia, the political dynamics of autocracies, and democratic decline. Kendall-Taylor received her BA in politics from Princeton University and her PhD in political science from the University of California, Los Angeles. She was a Fulbright scholar in Azerbaijan and Kazakhstan, where she conducted dissertation research on oil and autocracy.

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