As the military endgame in Ukraine approaches, President Vladimir Putin must decide just how far he’s prepared to go to defend the pro-Russian insurgency.

His options range from an invasion under the guise of a peacekeeping mission to abandonment of the rebels to avoid further sanctions from the U.S. and the European Union, said politicians, advisers and analysts.

With Ukrainian forces closing in on the remaining separatist strongholds in the eastern part of the country, military analysts say the revolt sparked by Putin’s annexation of Crimea in March is destined to fail without a sharp increase in aid from Russia. That means Putin must now decide whether to escalate his support to rebels and risk further international isolation, which seems likely, according to Olga Kryshtanovskaya, a sociologist studying the country’s elite at the Russian Academy of Sciences.

“Putin has a very difficult choice in front of him,” Kryshtanovskaya said by phone from Moscow. “He has to protect his position in Russia. He has to show that he’s successfully pursuing his goals. He can’t afford to look like a loser in the eyes of the people.”

Putin has made restoring Russia’s influence in the world the hallmark of his presidency and his Ukrainian gambit has sent his domestic popularity to near-record levels. That has come at a cost.

**Companies Sanctioned**

Companies from OAO Rosneft, the world’s largest publicly traded oil company by output, to OAO Sberbank, the largest lender in eastern Europe, have been hit with sanctions, while the $2 trillion economy is on the brink of a recession. Government bonds have fallen for nine of the past 10 days, while the Micex stock index has declined 10 percent in a month.
Ukrainian forces say they've clawed back more than half of the area seized by the rebels since they ramped up attacks last month and intensified operations after the July 17 downing of a Malaysian passenger jet over insurgent territory. Russia has responded by amassing thousands of troops and war material on the frontier and shelling Ukrainian military positions from its side of the border, according to U.S. and NATO officials.

“Clearly, he’s preparing for the contingency of invading,” said Samuel Charap, senior fellow for Russia and Eurasia at the International Institute for Strategic Studies in Washington. “In the next week to month, we are entering an extremely dangerous period” when “even more Russian military intervention is very possible.”

Separatist Bastions

With the bulk of what Ukraine estimates to be 15,000 separatists now confined mainly to the cities of Luhansk and Donetsk, they’ll need Russian manpower, weaponry and ammunition to carry on, according to Anton Lavrov, an independent military analyst in Moscow.

“A victory for the rebels is only possible if Russia puts boots on the ground,” Lavrov said by phone.

Polish Prime Minister Donald Tusk warned of just that yesterday, saying the risk of direct intervention by Russia is growing. His foreign minister, Radoslaw Sikorski, said Aug. 5 that any Russian incursion would be presented as a peacekeeping operation. On the same day, Russia’s Foreign Ministry called for humanitarian assistance to avert a “catastrophe” in the mainly Russian-speaking eastern regions.

Even without sending troops, Russia can keep the rebellion alive for a few more few months through ammunition shipments now that the militants have moved into the cities, where it's harder to dislodge them, according to Lavrov.

Urban Warfare

“Ukrainian troops now have to learn how to fight in urban areas and that means lots of casualties,” said Lavrov, the independent military analyst. “The cities can be taken by infantry only -- artillery and tanks are almost useless there. That’s the weak point of Ukraine’s army, it lacks a trained infantry, while the rebels have lots of experienced fighters.”

Putin has so far been able to deny controlling the separatists by pursuing a “hybrid war” that his predecessors have practiced on the fringes of the czarist and Soviet empires for hundreds of years, according to James Sherr, an associate fellow at London’s Royal Institute of International Affairs.

This model relies on “informal networks” of operatives and fighters and aims to “erase the frontier between civil and interstate conflict,” Sherr said in a
research note. “Its constituent parts are not only serving officers of Spetsnaz units and the Federal Security Service, but retired servicemen and deserters, the private security forces of oligarchs, Cossacks, Chechen fighters, adventurers and criminals.”

**Covert Action**

Putin’s spokesman, Dmitry Peskov, declined to comment on Russia’s policy in Ukraine.

The Russian president probably will try to conduct any military operation covertly, under the guise of a humanitarian intervention, unless saving the rebels requires an outright invasion, said Angela Stent, director of the Center for Eurasian, Russian and East European Studies at Georgetown University in Washington.

“The problem for Putin is he set up all these expectations and he’s become the champion of all these people in eastern Ukraine,” Stent said. “He’s really set a trap for himself. This could be a protracted, drawn-out fight.”

President Barack Obama’s administration has threatened to broaden sanctions to include the entire financial and energy industries if Putin doesn’t alter that policy and help end a war that’s killed more than 1,300 people and displaced hundreds of thousands more.

**‘Decisive’ Weeks**

“The next couple of weeks are going to be very decisive,” said Chris Weafer, a founder of Macro Advisory in Moscow. “The Kremlin may overtly increase support for the separatists, which will then bring more sanctions and have an immediate and serious impact on the economy.”

Putin yesterday ordered restrictions on food imports in retaliation against countries that seek to punish Russia over Ukraine. The presidential decree bans or limits “agricultural products, raw material and food imports” from countries that have imposed or supported sanctions against Russia, according to a statement on the Kremlin website.

Another measure being considered is curbing or outright banning flights over Siberia by European carriers bound for Asia, the Moscow-based Vedomosti newspaper reported, citing people familiar with the matter it didn’t identify.

**Putin’s Reprisal**

Putin yesterday ordered the government to take steps to prevent an acceleration of price growth as a result of the limits on imported foodstuffs. He
instructed the government to identify countries and products that will be subject to Russia’s retaliation, according to the decree, which contains no such details.

“Political instruments of pressure on the economy are unacceptable, they contradict all norms and rules,” he said during a meeting this week with Alexey Gordeev, the governor of the Voronezh region near Ukraine. Any retaliation “must be done extremely carefully to support producers and avoid harming consumers.”

For all the economic hardship that sanctions may bring, they’ve done nothing to alter Putin’s behavior on Ukraine, said Ian Bremmer, president of the Eurasia Group, a New York-based global political risk research and consulting firm.

“In terms of getting the Russians to do what we want, the sanctions are wholly ineffective and a complete failed policy,” Bremmer said.

Putin is determined to maintain control of eastern Ukraine, funneling arms and men to the region as needed to help the rebels resist Kiev. “Putin has a Plan B,” Bremmer said, referring to the option of an invasion if the rebels risk being defeated. “He’s prepared to go to Plan B if he needs to. That’s why this is so dangerous.”

Helping Rebels

Including in Crimea, Russia has 45,000 soldiers, 160 tanks and as many as 1,360 armored vehicles on the border, according to Andriy Lysenko, a Ukrainian military spokesman. Russia also has 192 warplanes and 137 military helicopters, as well as artillery systems and multiple rocket launchers, Lysenko said.

Russia has supplied the rebels with battle tanks, armored personnel carriers, infantry fighting vehicles, rocket-propelled grenades and hand-held air defense systems, according to IHS Jane’s. Ukraine and the U.S. say the separatists also acquired Buk air-defense systems which they used to shoot down Malaysia Airlines Flight 17 from Amsterdam to Kuala Lumpur, killing all 298 people on board. The rebels deny downing the plane and blame the Ukrainian military.

“The rebels have a lot of weapons, but they need more because the numbers are no longer sufficient to face the Ukrainian military,” said Konrad Muzyka, a military analyst at IHS Jane’s in Gdansk, Poland.

‘Offensive Phase’
Ukrainian Defense Minister Valeriy Geletey said more than 65 towns and villages in the Donetsk and Luhansk regions have been retaken in the past month in a counteroffensive that won’t stop until the rebellion is stamped out.

“Our forces are in an offensive phase,” Geletey said. “I am sure, 100 percent, just like every person in the Ukrainian armed forces, there will be victory, and very soon.”

Still, Geletey said it won’t be easy to recapture Donetsk and Luhansk, especially when Russia is “doing everything it can to provoke us.”

About half of Luhansk’s 465,000 inhabitants have already fled, according to the city council, which said the remaining 250,000 people are unable or unwilling to leave. All told, about 3.9 million of Ukraine’s 46 million people live in areas directly affected by the fighting, including Donetsk, which had a population of 1 million before the war, according to the United Nations. Russia estimates 600,000 Ukrainians from the southeastern part of the country are now in Russia.

**Soaring Approval**

Putin, whose approval ratings have soared to 87 percent since the Crimea annexation, will face a public outcry if he doesn’t defend Donetsk and Luhansk, said Sergei Markov, a political analyst who consults the Kremlin staff. As a result, the president and his inner circle have decided to stand by the rebels regardless of the consequences, Markov said.

“Any sign of compromise or restraint on the part of Russia is pointless because they will condemn us in any case,” Markov said by phone from Moscow. “It’s clear the U.S. and the EU don’t want a peaceful solution in Ukraine and are counting on a military victory by Kiev.”

Kryshtanovskaya, the sociologist, said Putin could quietly abandon the rebels and pursue other ways of maintaining influence in Ukraine, such as by extending a cutoff of natural gas flows into the winter, but he seems “absolutely resolute” on staying the course.

“It’s in his character,” Kryshtanovskaya said. “The more pressure on him, the more confident he is that he’s doing the right thing.”

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