

War in Ukraine

Situational Awareness Briefing

7 February 2023



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Situational Awareness – Briefing as of 7 February 2023 (Summary)

Ukraine Crisis

The current geopolitical developments in Eastern Europe and the unprecedented attack on Ukraine are also an attack on our way of living and doing business together.

At the moment, no one can foresee all the consequences of this aggression. This is why urgent questions are now being asked in all areas of our social life. Also for companies this means far-reaching cuts and changes.

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The overview to the right represents a summary of points along the following five dimensions:

- Overall Geopolitical Assessment
- Industry/Topic/Country Special
- Forecast
- People
- Operations
- Finance



Overall Geopolitical Assessment

Russian forces continued with their breakthrough north and south of Bakhmut after months of attritional battles. After a debate over Germany's hesitation to allow for the transfer of Leopard 2s to bolster Ukrainian forces, Germany approved the formation of 2 battalions of Leopards for Ukraine in cooperation with European partners. Early preparations of Russian offensive operations continue at the Zaporizhzhia front.



Forecast

EU is to increase State aid for green tech and to establish a European Sovereignty Fund to invest in developing technologies. // While Ukrainian Prime Minister has stated that Ukraine wants to join the European Union within two years, it may take longer, according to forecast. // Russia increases import of microchips, despite US sanctions.



Operations (Focus: Cyber)

Ukraine hit with new wiper malware in latest Russian cyber attack. // Russia-linked hackers launch DDoS attacks on Germany and U.S. hospitals, threatening Canada. // Iranian and Russian hackers use phishing attacks against British politicians. // Ukraine proposes the creation of a "Cyber UN" - a global organization that will help exchange information about threats and prepare for future attacks by Russia.



Inside-out view on reconstruction efforts in Ukraine

DFC is to mobilize USD 250mn this year for Ukrainian banks. // Energy Company Ukraine signed a memorandum with the Turkish company "Karpowership". // State Energy Efficiency Agency presented the biomethane register. // The Energy Support Fund of Ukraine received more than EUR 144mn. // The International Monetary Fund is exploring a multiyear aid package for Ukraine worth USD 16bn. // Damages update.



People

Ukrainian Defence Minister resigns as a result of anti-corruption crackdown. // Ukrainian tycoon Kolomoisky is under investigation in regard to fraud around enterprises Ukratnafta and Ukrnafta. // EU is to announce new EUR 400mn aid package to support reforms. // "Ukraine is Home" platform for people, who lost housing due to warfare.



Finance (Focus: Sanctions)

Iran and Russia have merged their interbank transfer systems. // US levies further sanctions against Wagner Group. // US tightens sanctions against Russian military sector and officials. // US uncovered a so-called "Zimenkov network" that reportedly helps Russian defense industry circumvent sanctions.

For questions, comments or details, please contact Joint Crisis Center team: de_ukraine-crisis@pwc.com



Key takeaways

- Russian forces are gradually encircling Bakhmut from the north and the south.
- Russian forces have launched local attacks through the entire Zaporizhzhia frontline, preparing for the larger push towards the city of Zaporizhzhia.
- By advancing into Krasnopolivka, Russians forces spread out northwards significantly enlarging their bulge into Ukrainian defenses.
- Days after heated debates Germany agreed to allow for the delivery of 2 battalions of Leopard 2 tanks, agreeing with international partners.
- Czechia and Poland will provide refurbished and updated T-72 based tanks.

Current topics

Current situation in the Russo-Ukrainian War

While the Kherson front continues to remain static with sporadic exchanges of artillery, at the Zaporizhzhia front, Russian forces have launched local attacks along the entire frontline. Those attacks seem to prepare for a larger Russian push towards the city of Zaporizhzhia in the upcoming spring. They also serve to pin down Ukrainian reserves in the area. Russian attempts to attack and occupy Vulhedar were thwarted after multiple Russian attacks were canceled after high losses in material and personnel. The epicenter of operations for both sides remain the battles over and around Bakhmut. South of Bakhmut, Russian forces continued their advance and occupied areas north of Klischtschiivka. They now threaten to sever the H20 highway connecting Bakhmut with Konstantynivka. A renewed Russian push towards Ivanivske is likely. Russian army and Wagner forces also continued their push into Bakhmut from the West and entered the residential areas in multiple sectors. Heavy house-to-house fighting is currently underway as Russian forces attempt to pin the garrison in the city. The northern wing of the intended Russian encirclement force continued with its significant breakthrough. By advancing into Krasnopolivka, Russians forces spread out northwards significantly enlarging their bulge into Ukrainian defenses. Forces aiming towards Siversk occupied Mykolaiv and now control about 25km of the Bakhmut-Siversk highway. Krasna Hora, a suburb of Bakhmut is currently being double enveloped. A fall of Krasna Hora, would allow the northern encirclement ring around Bakhmut to swing southwards and render the Ukrainian positions untenable. Due to the high attrition rates for both sides, Western states pledged additional support to Ukraine. After heated debates, Germany agreed to allow its Nato partners to re-export Leopard 2 tanks. In addition, the US will provide 30+ M1A1 Abrams tanks to Ukraine in 2024. Training the crews for those MBTs has commenced and it is expected they will enter service in May of 2023. To compensate for the delay Czechia and Poland will provide refurbished and updated T-72 based tanks, including modernized PT-91 tanks. Provided timely delivery, Ukraine has a chance to thwart the anticipated Russian spring offensive and possibly initiate its own offensive should the conditions permit.

Scenarios for Ukraine 2023

Most Likely Case: Conflict continuation: Russia will continue to use its strategic initiative to expand its area of control in Ukraine. Accompanied by heavy losses for both sides, Russia will attempt to bleed the Ukrainian Army dry and at the same time buy time to increase potential EU and NATO dissonance over which course of action should be taken. Given Russian successes Western support is likely to reduce over time as pro-Russian populist sentiment in the West gradually increases despite Russia being perceived as the most pressing threat to Western security interests. Ukraine and its society will intensify its calls for more integration into western security and economic alliances like NATO and the EU to overcome the Russian advances. Western states will likely support a fragile armistice to end the conflict, despite Ukrainian objections. Successes on the battlefields, despite losses, more rounds of mobilisation as well as an increased patriotic perception of fighting the West as a whole, will strengthen Russian domestic support for the war effort.

Credible Alternative Case: Transformation into frozen conflict: Russia succeeds in expanding its territorial control in Ukraine. Pro-Russian sentiment in some Western states hamper unified responses to support Ukraine and calls for peace talks increase. Ukraine, as it has to bargain away some of its territory, is disappointed by the West and seeks neutrality after an armistice. The conflict transforms into a frozen conflict along the contact line and the Ukrainian government is undermined by pro-Russian forces. Russia claims victory and continues expansion of its influence in the Caucasus and Eastern Europe while also motivating China to adopt more aggressive policies.

Outlier Case: Russian withdrawal: Western arms and sanctions lead to Russian setbacks along the fronts. To avoid total military defeat, Russia abandons its gains and even Crimea and the Donbas. Victory, EU/NATO cohesion and Ukraine's Western aspirations allow it to join Western alliances. Due to the defeat, Russia is thrown into turmoil and experiences state instability.

Overall Geopolitical Assessment (2 of 2)



Key takeaways

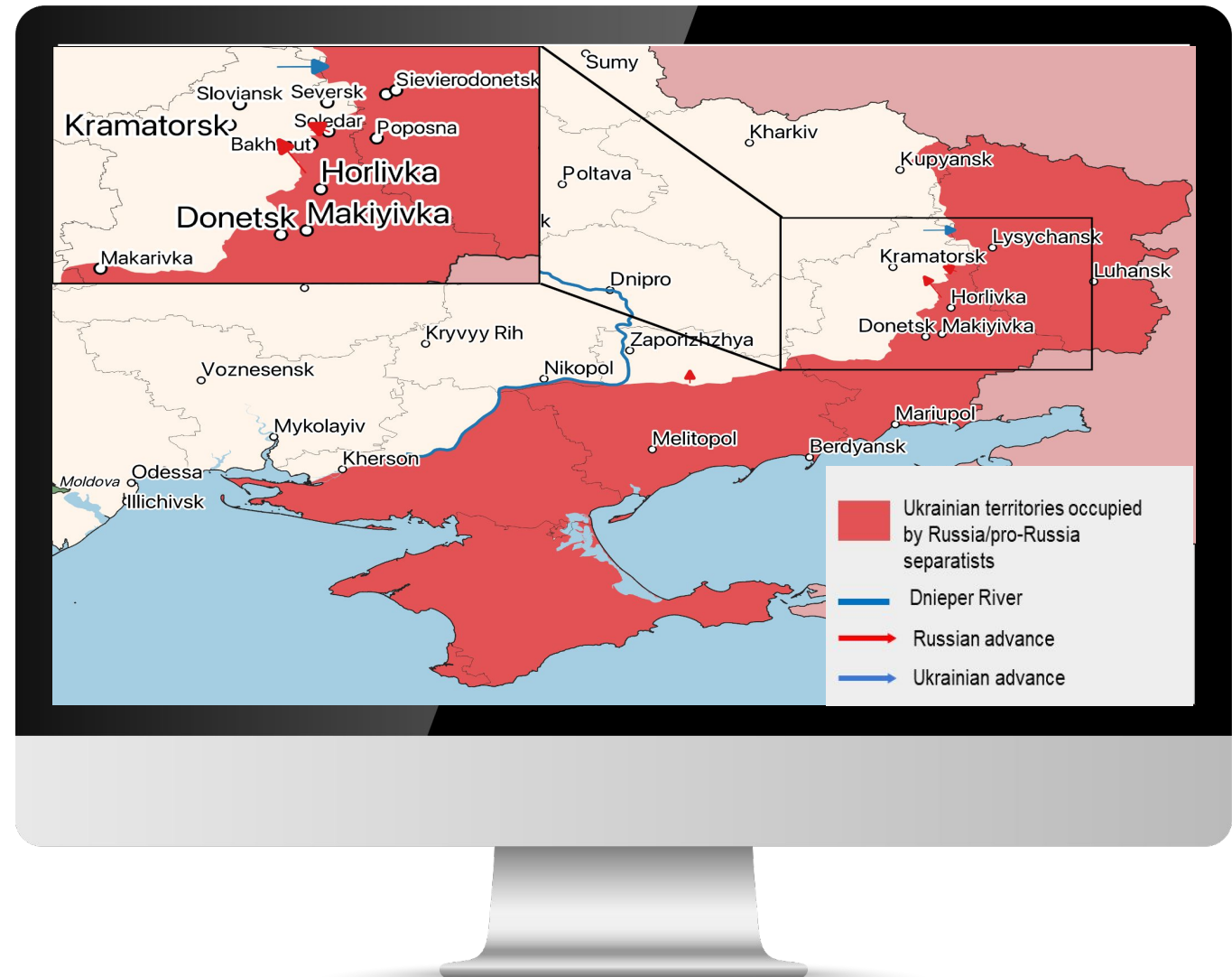
- Overall, the conflict remains characterized by attrition warfare, however, Russia recently achieved minor territorial gains at high cost.

Selected upcoming events

- On February 17-19 the annual Munich Security Conference (MSC) will take place. Last year's MSC took place shortly before Russia's invasion of Ukraine, and Russian officials chose not to attend the conference. This year, the Russian delegation is not invited.
- On February 17-27, south Africa, Russia, and China will hold naval exercises off the South African coast.

Current Military Situation in Ukraine

(arrows indicate potential future Russian operations in the coming weeks)



Inside-out view on Ukraine reconstruction efforts



Donor activity - update

As of February 1, the Energy Support Fund of Ukraine received more than EUR 144 mn. Donors included Germany, UK, Spain, Austria, Denmark, the European Commission, KfW, ERRA and REKK. From these funds, EUR 108mn have been allocated on the purchase of energy equipment, fuel, and services to meet the needs of Ukrainian energy companies.

The International Monetary Fund is exploring a multiyear aid package for Ukraine worth USD 16bn to help cover the country's needs and provide a catalyst for more international funding. Whether the program is implemented hinges on a range of conditions, including endorsement from the G7, and Ukraine's donors and creditors ensuring the sustainability of the country's debt. The plan would also require changes to IMF lending rules so the fund could lend to the war-torn country.

The Government of Japan allocated USD 170mn for the implementation of emergency recovery projects, in particular, the reconstruction of critical infrastructure of Ukraine. A grant agreement with the Japan International Cooperation Agency should be concluded in the near future. The assistance will involve the provision by Japanese partners of goods and services necessary for recovery.

On February 2, the Vice Prime Minister for the Reconstruction of Ukraine met with the ambassadors of the G7 countries. As part of the meeting, strategic areas of recovery for 2023 were presented: restoration and modernization of energy infrastructure, as well as water, heat, and gas supply systems in communities, housing repairs, establishment of a network of reconstruction hubs, creation of a compensation mechanism for destroyed housing, restoration of transport connection with liberated communities, expansion of capacity on the western borders and development of export logistics, restoration of schools, hospitals, social welfare institutions, etc.

Current topics

Support for small and medium businesses

U.S. International Development Finance Corporation (DFC) announced its intention to mobilize USD 250mn this year for Ukrainian banks to increase lending to small and medium-sized businesses. Thus, the private medical network of Ukraine "Dobrobut" became the first company to receive DFC support for the rehabilitation center construction. In general, DFC is ready to mobilize more than USD 1bn. The Ministry of Economy and DFC are focused on preparing a list of investment projects through Advantage Ukraine, an investment platform created with support from USAID.

Energy sector

The Ukrainian state energy trading company JSC "Energy Company Ukraine" signed a memorandum of understanding and cooperation with the Turkish company "Karpowership" in the field of electricity supply and the use of floating power plants to overcome the energy deficit in Ukraine. The companies, together with national and international organizations, plan to develop a project generating 500 MW of electric power from energy ships.

Furthermore, the State Energy Efficiency Agency presented the biomethane register as the main tool for registering biomethane producers and issuing a guarantee of origin for the volume of biomethane supplied to the gas transportation or gas distribution system. The register was developed as part of the plan for the biomethane market development in Ukraine and allows for practical negotiations with European partners to ensure the circulation of biomethane guarantees of origin in the EU countries. In 2021, Ukraine adopted laws for the biomethane market development, both for domestic use with the purpose of decarbonization, and for export.

Damages - update

According to the Ministry of Health of Ukraine assessment, during the 11 months of the war, 1,035 of medical facilities were damaged and another 171 facilities were completely destroyed, without the possibility of further restoration. During that time, 143 medical facilities were completely restored, and more than 250 medical facilities were partially restored. To rebuild the destroyed and damaged medical infrastructure to the state it was in before the war about USD 1bn is needed.

According to a preliminary assessment by the Government of Ukraine, as of autumn 2022, more than 2.4mn Ukrainians had more than 170,000 residential buildings damaged or destroyed.

Preliminary Assessment

- The first meeting of the Donor Coordination Platform between the Government of Ukraine, the White House National Security Adviser on International Economy and the Director General of the Budget Department of the European Commission took place. The meeting was also attended by representatives of the G7 countries, the European Commission and international financial organizations. The initiative was launched to coordinate existing and new mechanisms for supporting the budget of Ukraine, as well as rapid recovery and reconstruction. EU macro-financial assistance of EUR 18bn and USD 9.9bn in grant funding from the US are planned for 2023.
- As part of the Ukrainian-Luxembourg business forum "Rapid recovery of Ukraine", the European Investment Bank and the Ministry of Agrarian Policy of Ukraine held consultations regarding the launch of lending programs through Ukrainian banks to medium and small farmers and financing infrastructure projects in the field of agriculture.
- The Ministry of Energy held online conferences "Rebuilding Ukraine: The First Conference of US and Ukrainian Industrialists", which was attended by representatives of Microsoft, Boeing, Cargill, General Electric, Coca-Cola, US Steel and others. A memorandum of cooperation was signed between the largest US association National Association of Manufacturers, representing 14,000 companies, and the Ukrainian Union of Industrialists and Entrepreneurs.



General context

Considerations on implications for businesses along the PESTEL framework

P Political	It may take longer for Ukraine to join EU.
E Economic	The establishment of a European Sovereignty Fund to invest in developing technologies.
S Social	Social related implications: e.g. refugee streams, labour market developments
T Techno-logical	Russia increases import of microchips from China.
E Environ-mental	EU is to increase State aid for green tech.
L Legal	Legal implications: Compliance with changing regulations, contractual obligations, etc.

Current topics

The EU is to increase State aid for green tech

In order for Europe to compete with the US as a manufacturing base for electric automobiles and other green products and lessen its dependence on China, the European Commission recommended authorizing increasing amounts of state aid. This is in part a reaction to China's and the US' multibillion-dollar assistance programs, particularly the latter's Inflation Reduction Act. The head of the European Commission, Ursula von der Leyen revealed the strategy, which included repurposing already allocated EU funds, expedited green project approval, initiatives to improve skills, and trade agreements to guarantee supplies of essential raw materials. She advocated temporarily relaxing state assistance regulations for investments in renewable energy or decarbonizing industries until the end of 2025, while acknowledging that not all EU nations would be able to provide subsidies to the same level as France or Germany. In the long run, the Commission will propose the establishment of a European Sovereignty Fund to invest in developing technologies.

Ukraine may take longer to join EU

Ukraine petitioned to join the EU immediately after the Russian invasion in February 2022, and received formal candidate status from the EU in June. In order to fully join the EU, however, Ukraine has to adapt its legislation to a plethora of EU legal criteria ranging from climate to labor to health, among others. While the EU acknowledges efforts thus far, it emphasizes that Ukraine must do more to establish a credible track record of combating pervasive corruption. Aside from that, the EU emphasises the changes required to guarantee that courts are free of political interference and minority' rights are protected in Ukraine. Prime Minister Denys Shmyhal has stated that Ukraine wants to join the European Union within two years, while a liberal Belgian EU politician has hinted that it may at best happen within the next five years.

Russia increases import of microchips

Russia considerably expanded its microchips imports in 2022, surpassing pre-war levels, according to a media report referencing Elina Rybakova, an economist from the Institute of International Finance. It is stated that Russia increased its imports of microchips despite US sanctions. Imports from China rose to a record high in 2022 as a result of several long-time suppliers cutting back on shipments to Russia. Chinese semiconductor shipments to Russia increased significantly between 2021 and 2022, from USD 200mn to more than USD 500mn. According to Ukrainian agency Ukrinform, despite the current restrictions, Dutch businesses continue to export microchips to Russia since commerce is conducted through intermediaries.

Preliminary Assessment

- Reportedly EU politicians have a concern that the USD 369bn in green incentives in US legislation would entice firms to relocate, making the US a leader in green tech at the expense of Europe.
- Solar sector group SolarPower Europe stated it was concerned by a "lack of focus" on specific technologies in the EU plan.
- Although the EU's accession requirements do not clearly state that a country at war cannot become a member, the group does not wish to import territorial disputes.
- With some 44 million people, Ukraine would be the fifth-biggest EU country.
- On February 2, the first intergovernmental consultations in the history of Ukraine took place between Ukraine and the European Commission.
- On February 3, the Ukraine-EU summit was held, during which issues of sectoral integration of the Ukrainian economy into the European space and the Association Agreement of Ukraine with the EU were discussed. Approval of the Priority Action Plan for the enhanced implementation of the free trade zone for 2023-2024 is expected.



Key Considerations

Response measures may include the following:

- Scenario planning sessions to explore how the escalating situation could impact the organization and identify the risks and mitigating actions.
- “Table-top exercising” can be used to validate response structures if they are not already in operation.
- Ensuring that playbooks are in place for extreme but plausible scenarios such as loss of IT for an extended period and disruption to critical suppliers.
- Ensuring the ability to locate all personnel based in, or travelling to, regions of conflict and ensure appropriate steps are taken for their protection.

Current topics

Ukrainian Defence Minister resigns amid anti-corruption crackdown

In the latest anti-corruption crackdown, Ukrainian defence minister Oleksii Reznikov is likely to step down, a close ally of President Zelensky said on 5 February. It is reported that he will be succeeded by Kyrylo Budanov, who has previously served as the head of the GUR military intelligence agency. The report of Reznikov's dismissal comes a week after corruption allegations were levied against the defence ministry. In the wake of these events, deputy defence minister Vyacheslav Shapovalov already stepped down. Reznikov will reportedly retain a cabinet position, and is expected to become minister for strategic industries. It is not clear yet, when the reshuffle will take place, and Reznikov himself has denied the reports of his dismissal.

Ukrainian tycoon Kolomoisky and minister are under investigation

The Security Service of Ukraine and the Bureau of Economic Security conducted a search in properties of oligarch Ihor Kolomoisky's as well as former interior minister Arsen Avakov. The investigation into Kolomoisky concerns fraud around enterprises Ukratnafta and Ukrnafta. According to the source of Ukrainian media outlet Pravda, it is a case of embezzlement of oil products worth approximately USD 1.09bn and evasion of customs duties in huge amounts. Former interior minister of Ukraine, Arsen Avakov, is under investigation for irregularities around the purchase of Boeing helicopters. One of which crashed last month in the outskirts of Kyiv, killing the current interior minister along with his deputy and 12 other people.

EU to announce new EUR 400mn aid package to support reforms

The European Union announced an additional USD 400mn aid package to support Ukraine's reform process in 2 February. According to European Commissioner for Budget Johannes Hahn, the bloc will also soon propose to extend the suspension of all tariffs and trade remedies against Ukrainian imports. In addition, it will be proposed to suspend Ukraine's financial contributions to EU programs as long as the country has financial problems.

“Ukraine is Home” platform

The Ministry of Development of Communities, Territories and Infrastructure of Ukraine and the Office of the United Nations High Commissioner for Refugees signed a Memorandum of Cooperation and launched the “Ukraine is Home” platform, the purpose of which is to combine humanitarian programs for emergency repairs and housing reconstruction with current plans and programs restoration of the Government of Ukraine, implemented with the support of international financial institutions.

Preliminary Assessment

- In 2021 Zelensky conducted a large reshuffle of his cabinet. Many ministers were fired for either being inefficient or corrupt. This latest shakeup also stands in connection to corruption.
- The latest crackdown came shortly before the high-level visit of delegates from the European Union. With corruption being one of the main hurdles Ukraine to take ahead of joining the EU, the recent crackdown can be seen as a commitment by the Zelensky government to show its commitment.
- Ihor Kolomoisky is a Ukrainian oligarch, politician, co-owner of the Privat group, and financier of the Ukrainian political party For the Future.
- PJSC Ukrnafta is the largest oil producer in Ukraine, and PJSC Ukratnafta is a largest oil refiner. The Security Service of Ukraine uncovered large-scale schemes of misappropriation of UAH 40 billion by the former management of both companies.
- With the help of “Ukraine is Home” platform, residents could receive compensation for destroyed property, assistance in restoring their homes, construction materials for urgent repairs at special hubs.

Operations (Focus: Cyber Threats)



Cyber UN

Ukraine proposes the creation of a "Cyber UN" - a global organization that will help exchange information about threats and prepare for future attacks by the Russian Federation.

"We need the Cyber United Nations, nations united in cyberspace in order to protect ourselves, effectively protect our world for the future, the cyber world, and our real, conventional world," Yuriy Shchychol, the head of Ukraine's State Service of Special Communications and Information Protection, said in a recent interview. "What we really need in this situation is a hub or a venue where we can exchange information, support each other and interact."

Shchychol said that following a year of constant Russian cyberattacks, there is a need for "one cyberspace" shared by countries in the "civilized world." This would almost certainly mean the exclusion of Russia and its allies.

Whether Ukraine's allies would support the idea is unclear, though Shchychol said "our partners tend to agree with us, the United States first of all" on finding a space to safely coordinate work on new technologies. However, Christopher Painter, who served as the State Department's cyber coordinator under both the Obama and Trump administrations, noted that likening it to the United Nations while not including every country "doesn't really fit."

Current topics

Ukraine hit with new wiper malware in latest cyber attack

Ukraine has come under a fresh cyber onslaught from Russia that involved the deployment of a previously undocumented Golang-based data wiper dubbed SwiftSlicer. The attack was attributed to Sandworm, a nation-state group linked to Military Unit 74455 of the Main Intelligence Directorate of the General Staff of the Armed Forces of the Russian Federation (GRU). Once SwiftSlicer malware is executed, it corrupts users' files and makes the computer unbootable. The intrusion was discovered on January 25, 2023 by a Slovak cybersecurity company ESET. It is now the sixth strain of data wiping malware linked to Sandworm operating in Ukraine.

Russia-linked hackers launch DDoS attacks on Germany and U.S. hospitals, threaten Canada

Russian hackers kicked a number of German websites offline with distributed denial of service attacks in response to Berlin's decision to deploy tanks to Ukraine to support its war efforts. The targets were German government websites, banks and airports. The hacking group Killnet took credit for these attacks. Germany's cyber security agency BSI said the attacks were largely ineffective. Killnet has also threatened other countries that have supported Kyiv with ground weapons. Last week, Canadian cyber officials called for a "heightened state of vigilance" against the threat of retaliatory cyberattacks from Russia-aligned hackers on January 26 after Ottawa had sent battle tanks to Ukraine. Killnet is also suspected in a number of attacks against U.S. hospital websites on January 30.

Iranian and Russian hackers use phishing attacks against British politicians

The UK has issued a new security advisory warning of the activities of the Russian group SEABORGIUM (aka: Callisto Group, TA446, COLDRIVER, TAG-53) and Iranian TA453 (aka: APT42, Charming Kitten, Yellow Garuda, ITG18).

According to the UK's National Cybersecurity Center (NCSC), the aforementioned hacker groups are actively engaged in the digital stalking of UK individuals of interest for espionage purposes. During 2022, SEABORGIUM and TA453 were targeted at academia, defense, government and non-government organizations, think tanks as well as specific politicians, journalists and activists.

Preliminary Assessment

- Sandworm, also tracked under the monikers BlackEnergy, Electrum, Iridium, Iron Viking, TeleBots, and Voodoo Bear, has a history of staging disruptive and destructive cyber campaigns targeting organizations worldwide since at least 2007.
- In 2022 alone, coinciding with Russia's military invasion of Ukraine, Sandworm has unleashed WhisperGate, HermeticWiper, IsaacWiper, CaddyWiper, Industroyer2, Prestige, and RansomBoggs against critical infrastructure in Ukraine.
- Killnet touts itself as a "hacktivist" group that has actively targeted opponents of Russia's invasion of Ukraine.
- Hackers such as Killnet and an allied group called XakNet are said to be more concerned with protecting social and political causes than financial gain.
- Reportedly attackers easily gain the trust of their targets. First, they maintain long-term contact with victims via personal or business email. Then, once the trust relationship has been established, the cybercriminals send the victim a link to a phishing page disguised as a real website, a cloud storage document, or even a Zoom invitation. This is how the target shares its credentials with hackers.
- Gangs use compromised data to steal emails from the mailbox, set up mail forwarding rules to control correspondence, and gain access to the victim's mailing list data. It is sometimes very difficult to notice that all personal or work mails go to an outside address.



Key Considerations

Sanctions Screening Activities

- Screening solutions generate increasing number of alerts (especially banks must deal with the increased workload)
- Appropriateness and effectiveness of sanctions screening measures in identifying sanctioned parties and activities must be ensured. Complex ownership structures complicate the proper identification of involved parties (OFAC 50% rule)
- Trade transactions with Russia and Belarus must be reviewed

Sanctions Compliance Governance

- Sanctions Compliance Governance as a key requirement increasingly in the focus of regulatory authorities
- Robustness of Sanctions Compliance Management System and sanctions controls to counter the current and new sanctions regulations
- Adequateness of internal safeguards to prevent sanctions circumvention activities

Current topics

Russia and Iran link financial systems

Iran and Russia have merged their interbank transfer systems to facilitate increased trade and financial transactions as both suffer from Western sanctions. Although the Russian Central Bank declined to comment on the agreement signed on 29 January, Deputy Governor of the Central Bank of Iran Mohsen Karimi said that about 700 Russian banks and 106 non-Russian banks from 13 different countries will be connected to this merger system.

US levies further sanctions against Wagner Group

The US Treasury and State Department issued simultaneous announcements naming dozens of Wagner Group affiliates, including those in the Central African Republic and the United Arab Emirates, as well as the head of Russia's Kalashnikov Concern. The sanctions also target the Chinese business Changsha Tianyi Space Science and Technology Research Institute Co. LTD, better known as Spacety China, which has provided satellite footage of Ukraine to Wagner Group affiliates to help Wagner's military actions there. Spacety China's Luxembourg-based company was also designated.

US tightens sanctions against Russian military sector and officials

On 26 January the US strengthened sanctions against a number of companies in the Russian defense industry, as well as oligarchs and officials close to the Russian president. Among others, the sanctions list mentions Alan Lushnikov, the largest shareholder and president of Kalashnikov Concern, and the TKH-Invest LLC, Yan Novikov, CEO and major shareholder of Almaz-Antey, and Rustam Minnikhanov, President of Tatarstan. Among the Kremlin administration officials subject to US sanctions are Alexander Kharychev and Boris Rapoport. They are associated with the Deputy Chief of Staff of the Russian Presidential Administration, Sergei Kiriyyenko, who is involved in the illegal annexation of Ukrainian territories by Russia, including the organization of pseudo-referendums.

US uncovers network that reportedly helps Russian defense industry circumvent sanctions

According to the US Treasury Department a network allegedly headed by Russian-Cypriot arms dealer Igor Zimenkov participated in the supply of high-tech devices to Russia after the start of full-scale aggression against Ukraine. Some members of the so-called "Zimenkov network" also provided services to the sanctioned Russian state enterprises Rosoboronexport and Rostec. The network used shell companies to funnel money, including, the Singaporean company Asia Trading & Construction PTE Limited, which sold Russian helicopters to Latin America on behalf of Rostec, as well as Russian Texel F.C.G. Technology 2100 Limited and GBD Limited.

Preliminary Assessment

- After the United States re-imposed sanctions on Iran in 2018, Iran was excluded from the SWIFT international money transfer system. Similar restrictions were imposed on some Russian banks after the start of the war.
- The US State Department also placed 531 Russian military personnel on a travel blacklist for activities that endanger or undermine Ukraine's sovereignty, territorial integrity, or political independence.
- Some of the other sanctioned entities are Aviakon-Zitotrans JSC, Ural Civil Aviation Plant, National Aviation Service Company JSC, RPE Prima, RPE Gamma, Almaz-Antey Concern.

General remarks



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