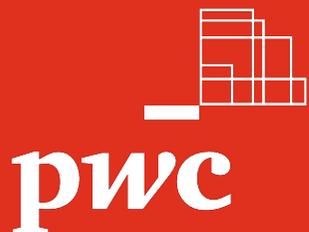


# War in Ukraine

## — Situational Awareness Briefing

21 March 2023



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# Situational Awareness – Briefing as of 21 March 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.

This Situation Awareness Briefing is provided for information purposes only by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and will be updated regularly.

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

The battle of Bakhmut continues to absorb the attention of both sides. Casualties are significant for both defenders and attackers. Russian forces seem to have run out of steam and currently opted for an operational pause. As rasputitsa is in full effect, it remains unclear when and if a larger Ukrainian counteroffensive will commence.



### Forecast

Vladimir Putin called on Russian elite to create a “new model” of the Russian economy. // Russia is planning to implement the North-South project. // Russia is reportedly losing military influence over post-Soviet countries. // Foxconn is to invest USD 700mn in a factory in India for AirPods production, signalling the shift of production from China as tensions between the US and China rise.



### Operations (Focus: Cyber)

The secret services of the EU and the US reportedly declassified the name of the head of a hacker unit Sandworm. According to the media he is considered one of the most notorious hacker units in the service of the Kremlin. // Russian hackers appear to be preparing new cyber assault against Ukraine according to a Microsoft report.



### Inside-out view on reconstruction efforts in Ukraine

Ukraine and the Energy Community concluded a Memorandum of Understanding on cooperation in the reconstruction of the energy sector. // Ukraine has already started the production of nuclear fuel components of the nuclear units by US company's “Westinghouse” technology. // A Memorandum was signed to aid the interaction between the Ukrainian and Polish gas markets. // USAID is looking to attract the USD 80mn from donors to overcome export logistics challenges in Ukraine.



### People

Skoda Auto, subsidiary of the Volkswagen Group, is in the final stages of leaving Russia. // Ukraine is to sign a customs visa-free regime with the UAE, and plans to join the Trans-Pacific Partnership Agreement. // Swiss bankers are on trial for “covering up” Vladimir Putin's money. // The International Criminal Court ICC has issued an arrest warrant for President Putin for his role in the abducting of Ukrainian children.



### Finance (Focus: Sanctions)

The 10 rounds of EU sanctions imposed on Russia have caused a drop in imports and exports, forcing the Kremlin to seek alternate markets to replace the affluent bloc. // EU plans to create a clearer legal framework for imposing sanctions on family members of Russian oligarchs. // The Swiss SECO identified 100 cases of potential Russian sanctions violations.

For questions, comments or details, please contact Joint Crisis Center team: [de\\_ukraine-crisis@pwc.com](mailto:de_ukraine-crisis@pwc.com)



## Key takeaways

- Russian forces are continuing their operational encirclement of Bakhmut from the north and the south. Probing attacks are conducted at Kupiansk and Kremina.
- Ukrainian forces started with probing attacks along the Zaporizhzhia front.

## Current topics

### Current situation in the Russo-Ukrainian War

The Kherson front continues to remain static, characterized by artillery duels. Russian efforts focus on the fortification of the entire front by building strong points and trenches. In several sections of the front, Russian defense works feature multiple lines of trenches, pillboxes, artillery positions and bunkers. Minor operations are underway by Ukraine along the Zaporizhzhia front mostly in the vicinity of Orikhiv, with no significant change in territory. Such armed reconnaissance missions, although costly for the attackers, helps revealing the strength and disposition of defensive positions and is a prerequisite to identify potential weak spots that can be exploited in future large scale offensive operations. At Vuhledar Russian attacks were drastically reduced after significant losses to the attackers in the last weeks. Ukrainian forces repulsed attacks in the area of Marinka and Avdiivka but had to yield to increasing pressure. At Avdiivka Russian forces advanced north and south of the city and threaten to cut it off by creating a semi-encirclement. At Bakhmut the situation for Ukrainian forces has reached a critical climax. Russian flanking attacks have almost surrounded the city and have either cut all roads leading into the town or exert fire control over them. Ukrainian forces have retreated to the city center and heavy fighting is currently occurring within the city. The escape route for Ukrainian forces has shrunk to less than 2km in width. Without completing the encirclement Russian forces continued to advance towards Kramatorsk and Sloviansk worsening the situation for Ukrainian forces on the northern Bakhmut front section. Russian efforts have slowed due to heavy losses and due to the fact that Ukraine is sacrificing forces in Bakhmut to buy time for their own upcoming offensive operations. Yet, Russian and Wagner troops continue to advance north and south of Bakhmut, thus enlarging the operation encirclement potential. These efforts are supported by minor offensive operations further north at Kremina and Kupiansk. The Russian intentions seem to be to gradually move for large scale operational advance towards Sloviansk and Kramatorsk from the north and south, while at the same time securing Kupiansk, Izium, Seversk, Bakhmut and Lyman. It is unclear if Russia can uphold the current offensive pressure for long as both sides suffer from ammunition shortages and have sustained heavy losses.

### Anti-government protests in Georgia

In the beginning of March Georgian police clashed with protestors over new laws that were introduced in the Georgian parliament. In the capital of Georgia, Tbilisi police used tear gas, water cannons and stun grenades to disperse crowds waving Georgian and EU flags while protesting against the pro-Russian politicians backing the bills. Backed by the ruling Georgian Dream party a law passed the first reading of Georgian parliament that would force organizations receiving more than 20% of their funding from overseas to register as "foreign agents" or face substantial fines. The law is said to mirror a 2012 law in Russia that has since been used to crack down on dissent and suppress western-funded NGOs and media. A related law expanded the scope of "agents of foreign influence" to include individuals and increases the penalties for failure to comply from fines to up to five years in prison. Due to heavy domestic protests and international backlash, Georgia's ruling party has withdrawn the controversial "foreign influence" bill. The reversal has sparked outrage in Moscow, which has been trying to return Georgia to the Kremlin's orbit. Pro-Russian oligarchs still plague Georgia, even though the country has officially applied for EU membership in 2022. Moscow bets on Georgia's deteriorating democratic structures and capital-centric civil society that can be easily undermined by well-executed disinformation campaigns, rogue oligarchs and strategic corruption. Despite the setback the Georgian government has shown no indication of leaving its current track and is likely to lean towards Russia. Sanction against pro-Russian oligarchs who act against reform measures, support Russian narratives or obstruct the fight against corruption could help to support pro-western parties in Georgia. Increased cooperation within NATO to improve interoperability through coordinated procurement and implementation of NATO standards and the standardization of training could be another factor in helping Georgia to further integrate with the West. In this context, the NATO-Georgia Package process could be accelerated. In addition, incentives for the pro-Russian republics to seek political rapprochement are essential for their reintegration into Georgia. The EU European Union Monitoring Mission in Georgia plays a vital role in this regard.

# Overall Geopolitical Assessment (2 of 2)



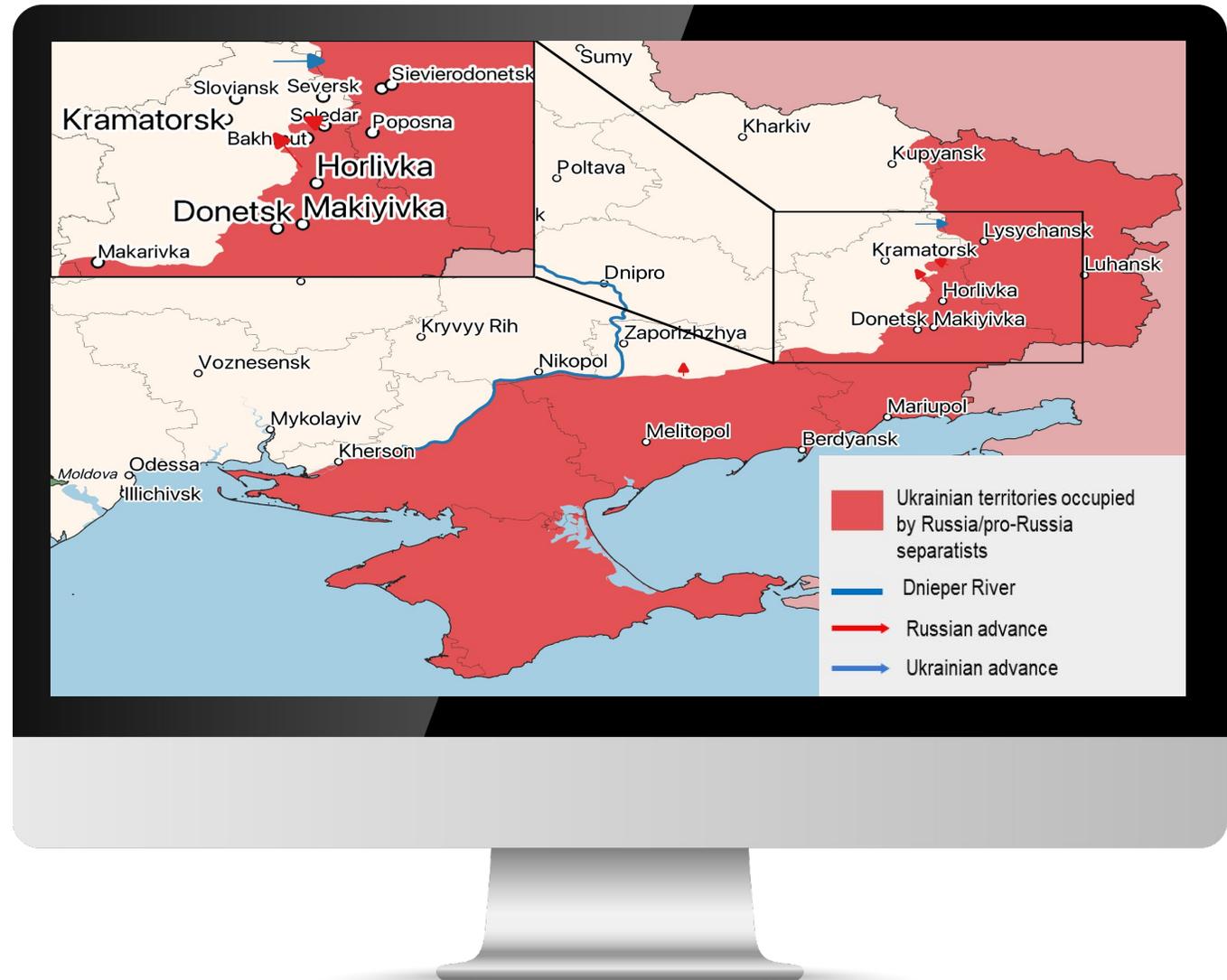
## Key takeaways

Overall, the conflict remains characterized by attrition warfare, however, Russia recently achieved minor territorial gains at Bakhmut and has almost surrounded the city.

## Selected upcoming events

- 20-22 March 2023 - official visit of Chinese leader Xi Jinping to Russia.
- 10-12 April 2023 - G20 Finance Ministers' and Central Bank Governors' Meeting.
- 10-16 April 2023 - IMF and World Bank spring meetings.
- 15-16 April - G7 Ministers' Meeting on Climate, Energy and Environment.

Current military situation in Ukraine (blue arrows indicate current Ukrainian counterattack, red arrows indicate potential future Russian operations in the coming weeks)



# Inside-out view on Ukraine reconstruction efforts



## Donor activity - update

The Danish government announced its intention to provide additional financing to Ukraine by creating a USD 1bn Fund. The Fund will consist of three components:

- military support;
- civil support aimed at immediate humanitarian efforts as well as long-term reconstruction;
- support of business initiatives that give Danish companies the opportunity to contribute to the recovery of Ukraine.

The European Commission and the Italian company “Enel” launched the project “Ray of hope” as part of which Ukraine will receive the first batch of 5,700 solar panels to provide electricity to critical infrastructure. The donated solar panels with a total capacity of around 2 MW will cover up to 11,400 m<sup>2</sup> of roofs split among different public buildings. The delivery is set to take place by summer 2023.

USAID announced a partnership between agriculture companies “Grain Alliance”, “Kernel Group” and “Nibulon” to overcome export logistics challenges in Ukraine caused by the war. Joint investments will amount to USD 44mn. The investment is designed to increase grain export operations at three terminals: Izmayil and Reni, located on the Danube in Ukraine, and Čirna nad Tisou in Slovakia. “Kernel Group” and “Nibulon’s” investment will cover a number of needs for the design and reconstruction of the berths in the Port of Reni and the expansion of the operational capabilities of the Port of Izmayil. USAID intends to purchase grain loading equipment, temporary storage facilities, and refurbished locomotives for use in Ukraine. The overall target is to attract USD 250mn of investment, of which: USD 100mn has already been contributed by USAID through the AGRI-Ukraine initiative and, with these new partnerships, more than USD 70mn has been provided by private investment. USAID is looking to attract the remaining USD 80mn from donors, private partners, foundations.

## Energy sector - update

The Government of Ukraine and the Energy Community concluded a Memorandum of Understanding on cooperation in the reconstruction of the energy sector, restoration of the damaged infrastructure of centralized heat supply, water supply and other facilities. The memorandum provides for cooperation in the preparation of lawsuits to obtain payment of fair compensation for damages, support for priority projects of construction and reconstruction of energy infrastructure in the context of integration into European energy networks, increasing the share of electricity consumption from renewable energy sources and alternative fuels in Ukraine’s energy balance, assistance with coordination of donors, businesses, industry associations that are ready to support Ukraine in recovery.

## Nuclear fuel production in Ukraine

The Ministry of Energy of Ukraine informed that Ukraine has already started the production of nuclear fuel components of the WWER-1000 nuclear units by American company’s “Westinghouse” technology (the first batch was manufactured and delivered for qualification in April 2022), and will later start the production of nuclear fuel for the WWER-440 nuclear units. Currently, Ukrainian National Nuclear Energy Generating Company “Energoatom” is completing the process of licensing nuclear fuel components, and already in 2023 plans to start their industrial production for further processing at the Westinghouse plant in Västerås (Sweden) for the Energoatom’s needs. At the same time, the process of launching the production of heat sink assemblies for nuclear reactors and launching the assembly line of Ukrainian-made nuclear fuel continues. By 2026, Energoatom plans to launch a full cycle of nuclear fuel production from components produced in Ukraine, and then start exporting nuclear fuel to EU countries.

## Polish and Ukrainian gas markets

The Gas Transportation System (GTS) Operator of Ukraine and the Polish operator Gaz-System S.A. signed a Memorandum of Cooperation to improve the interaction between the Ukrainian and Polish gas markets. The parties agreed to cooperate to establish long-term guaranteed capacities on interstate connections between Poland and Ukraine; elimination of any barriers to cross-border gas trade; analysis of the prospects for the transportation of liquefied natural gas between Poland and Ukraine with the possible use of Ukrainian storage facilities to strengthen regional gas security. The companies will also promote available routes and sources of supply in the direction of Ukraine to increase the use of the existing gas infrastructure, for example, the Baltic Pipe, the interconnector with Lithuania and the gas interconnector with Slovakia.

## Preliminary Assessment

- According to the data of the Agrarian Committee of the Parliament of Ukraine, as of March 2023 more than 50,000 km<sup>2</sup> of agricultural land are currently unusable due to mining, contamination by explosive residues, or ongoing hostilities.
- The Ministry of Agrarian Policy of Ukraine announced plans for the development of biomethane and bioethanol production, including the construction of 5 new plants for the production of biomethane in 2023, with the aim of replacing natural gas imports. The ministry plans to request donor support of up to USD 50mn for agricultural processing, including production of biomethane in view of the memorandum on strategic partnership in the fields of biomethane, hydrogen and synthetic gases with the EU.
- The Ukrainian GTS will be connected to the EU hydrogen transport corridor. The Ukrainian and Polish operators agreed to work together on negotiations with the European Commission regarding ways of financing joint projects.
- Considering the REPowerEU plan and the need to quickly replace Russian gas on the European market, the parties to the memorandum will establish a research platform for the transportation of renewable gases such as biomethane and hydrogen.



## General context

Considerations on implications for businesses along the PESTEL framework

<b>P Political</b>	Russia is losing military influence in the region. Russia is to build North-South project.
<b>E Economic</b>	Putin calls on to build "new model" of the Russian economy".
<b>S Social</b>	Social related implications: e.g. refugee streams, labour market developments
<b>T Techno-logical</b>	Production of AirPods is being moved to India.
<b>E Environ-mental</b>	Environment related implications: e.g. Resource scarcity, energy embargo
<b>L Legal</b>	Legal implications: Compliance with changing regulations, contractual obligations, etc.

## Current topics

### "New model" of the Russian economy

President Vladimir Putin called on Russia's billionaires and business elite to invest in new technologies, manufacturing facilities, and businesses to help Moscow overcome "Western attempts to destroy its economy". He also called for greater economic freedoms in response to sanctions. Putin encouraged Russian investors to invest in the construction of the North-South Transport Corridor which aims at connecting Russia with the Persina Gulf via the Caucasus and Iran. Putin added that Azerbaijan is also ready to implement the project together with Russia, specifying that "the first part of the route is about 1,500-1,700 km, and added that "it will cost about the same - between USD 500bn and 700bn".

### Russia is losing influence over post-Soviet countries

Analysts at the Institute for the Study of War (ISW) have assessed the situation with the deployment of Russian troops from other post-Soviet countries to Ukraine and concluded that Russia will "lose military influence" in these countries. Russia's redeployment of elements of its so-called "peacekeeping forces" from Nagorno-Karabakh to Ukraine undermines Russia's influence in Armenia, the report says. The study concludes that Russia is likely to lose military influence in other post-Soviet states as Moscow has redeployed elements of permanently stationed Russian troops from Russian bases in Kyrgyzstan, occupied Georgia (Abkhazia and South Ossetia) and Tajikistan to participate in the fighting in Ukraine.

### Product diversification from China

Foxconn, a Taiwanese contract manufacturer, has secured an order from Apple to supply AirPods and plans to construct a plant in India to produce the wireless headphones. AirPods are now manufactured by a number of Chinese companies. According to the Reuters source, Apple demanded that production be moved to India. The agreement highlights Foxconn's ambitions to further diversify manufacturing away from China as it will make the company an AirPods supplier for the first time. It is stated that Apple wants to prevent the growing "China-US trade war" from harming their company's bottom line.

## Preliminary Assessment

- In December 2022, Sergei Shishkarev, head of the Board of Directors of Delo Group, reported that the group was working on a new transport route through Iran, a project that could be implemented jointly with Qatari funds. In addition, in January, the Iranian news agency IRNA wrote that Iran's First Vice President Mohammad Mohber and Russian Presidential aide Igor Levitin discussed a project to build the Rasht-Astara railway as part of the North-South international transport corridor.
- Foxconn is the largest contract electronics manufacturer in the world and assembles around 70% of all iPhones.
- Since last year's disruption of Foxconn's largest iPhone manufacturing by China's severe Covid-19 rules, Apple and its major suppliers have started moving production abroad.
- Apple partner Foxconn Technology Group plans to invest around USD 700mn in a new factory in India to boost local production, signalling an acceleration in the shift of production from China as tensions between the US and China rise.



## 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

### Skoda leaves Russia

According to its CEO, the Czech automaker Skoda Auto, subsidiary of the Volkswagen Group, is in the final stages of leaving Russia after suffering a loss of about EUR 700mn as a result of war in Ukraine, impacted also by a sharp increase in material prices and supply chain congestion throughout the world. The interruptions brought on by the conflict and the Western sanctions placed on Russia have severely hurt Skoda's operations in Russia, which are the cornerstone of the Czech Republic's industrial production. Skoda's plans to enter the Vietnamese market, where it will begin selling cars in the second quarter of 2023, may assist in covering the losses.

### Ukraine's new trade relations with Asia and Australia

Ukraine is planning to sign a customs visa-free regime with the United Arab Emirates (UAE), and is also planning to join the Trans-Pacific Partnership Agreement (CPTPP), which will open up free trade with Australia and Japan. According to Economy Minister Yulia Svyrydenko, Ukraine also expects to extend the visa-free regime with the EU, the UK and Canada. "The EU has actually already decided to extend the duty-free trade. Our task is to ensure that this cooperation continues until Ukraine's full accession to the EU," the minister said.

### Swiss bankers' trial for “covering up” Putin's money

Four Gazprombank Switzerland employees, including the managing director, are on trial regarding their role in overseeing the assets of Russian sanctioned cellist and businessman Sergei Roldugin, a close friend of Vladimir Putin who is suspected of having taken some of the Russian president's wealth abroad. According to allegations, significant funds of about EUR 30.2mn were moved from businesses registered in Roldugin's name without the administrators of Gazprombank doing the required due diligence. The US Treasury Department has described Roldugin as “part of a system that manages President Putin's offshore wealth.” The trial was prompted by details of covert money movements that were made public by the Panama Papers disclosures in 2016.

### ICC issues an arrest warrant for Putin

The International Criminal Court (ICC) in The Hague has issued an arrest warrant for President Putin for his role in the abducting of Ukrainian children. Russian president will face restrictions on his ability to travel to the ICC's 123 member states, further increasing his isolation. It is unknown how many minors Russian soldiers have abducted from Ukraine. The Yale Humanitarian Research Lab issued a study last month suggesting that at least 6,000 Ukrainian children had been taken to Russian "re-education" camps in the previous year.

## Preliminary Assessment

- Skoda delivered 18,300 automobiles in Russia in 2022, down from 90,400 in 2021, when the country was Skoda's second-largest market.
- Ukraine has a customs-free regime with 35 European countries, as well as the United Kingdom, Turkey, Serbia, North Macedonia, Iceland, Norway, Liechtenstein and Switzerland
- Sergei Pavlovich Roldugin is a Russian cellist, businessman and a close friend of Vladimir Putin. He has been implicated in several money laundering and offshore wealth schemes for Russian elites. Following the Russian invasion of Ukraine in 2022, the European Union sanctioned Roldugin.
- The warrants are the first issued by the ICC for crimes committed during the Ukrainian war, and they represent one of the few times the court has issued a warrant for a sitting head of state.
- Russia does not recognize the court's authority and argued that the warrants had no bearing on it.



## Reportedly hacker attacks on Ukraine and NATO are carried out by five Russian-linked groups

Cyber attacks on Ukraine and NATO countries are organized by five hacker groups associated with the Russian authorities, some of which cooperate with the GRU and the FSB. This is stated in a new report based on data from the Google Threat Analysis Group, Mandiant and Trust & Safety.

Russian government-backed hackers have reportedly stepped up cyber operations since 2021. In 2022, Russia increased the targeting of users in Ukraine by 250% compared to 2020, and users in NATO countries by more than 300%.

Among the hacker groups that organize cyberattacks on Ukrainian and NATO institutions are FrozenLake, Callisto Group, Summit, Sandworm and FrozenVista. One of the main strategies of these groups of hackers is phishing. Most often, hackers attack Gmail, as well as mail services of various government agencies.

The Google report also mentions the Belarusian group Pushcha, which is engaged in espionage and information campaigns. In 2021, it launched the Ghostwriter campaign and distributed pro-Russian materials by hacking news sites and publishing fake posts there.

## Current topics

### An identity of a major pro-Russian hacker unit is potentially revealed

The secret services of the EU and the US reportedly declassified the name of the head of a hacker unit Sandworm. According to the media he is considered one of the most notorious hacker units in the service of the Kremlin. Over the past 8 years, the group has been marked by many operations against European government agencies.

Evgeny Serebryakov, whose name came to light due to the efforts of Western law enforcement and gained publicity with the help of the investigator Christo Grozev from Bellingcat, allegedly leads since spring 2022 the Sandworm hacker unit that reports to the Russian Main Intelligence Directorate. He came to the attention of the media after a failed attack on the Organization for the Prohibition of Chemical Weapons in The Hague. Serebryakov and his group were initially detained, later released and they returned to Russia. Investigators believe that there were secret agreements between the secret services of the EU and the Russian Federation. Since then reportedly Serebryakov has only risen in status. Experts say his elevation to a senior role reflects how small the pool of skilled nation-state hackers is likely to be.

As of today, Sandworm hackers are on the international wanted list and are unlikely to ever leave Russian territory without the risk of being arrested.

### According to a Microsoft report Russian hackers preparing new cyber assault against Ukraine

Russian hackers appear to be preparing a renewed wave of cyber attacks against Ukraine, including a "ransomware-style" threat to organizations serving Ukraine's supply lines, a research report by Microsoft said on March, 15. The report, authored by the tech giant's cyber security research and analysis team, found that a group Sandworm was testing "additional ransomware-style capabilities that could be used in destructive attacks on organizations outside Ukraine that serve key functions in Ukraine's supply lines."

## Preliminary Assessment

- A group Sandworm is responsible for some of the most notorious cyber sabotage in recent years. For example, twice (in 2015 and 2016) hackers successfully attacked the energy system of Ukraine using BlackEnergy malware, leaving more than 225,000 Ukrainians without electricity. In April and May 2017, Sandworm hackers launched a series of phishing campaigns and related leaks targeting French President Macron's political party.
- Sandworm's biggest "achievement" was the development of the NotPetya virus in 2017. Initially targeted at Ukrainian companies, it quickly spread and affected companies around the world, causing more than USD 10bn in damage. NotPetya disguised itself as a common Petya ransomware virus and encrypted user files demanding a ransom, but even if the victim agreed to pay, then the files were still destroyed and could not be decrypted.
- The day before the Russian invasion of Ukraine, Sandworm used the new Cyclops Blink malware to attack Ukrainian media.
- Since January 2022, Microsoft said it had discovered at least nine different wipers and two types of ransomware variants used against more than 100 Ukrainian organizations.
- These developments have been paired with a growth in more stealthy Russian cyber operations designed to directly compromise organizations in countries allied to Ukraine.



## 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

### EU-Russia banned trade: analytics

The past 10 rounds of EU sanctions imposed on Russia in response to the attack on Ukraine have caused a significant drop in imports and exports, forcing the Kremlin to seek alternate markets to replace the affluent bloc of European nations. According to the most recent figures published by the European Commission, the EU has prohibited approximately EUR 43.9bn in exported commodities to Russia and EUR 91.2bn in imported goods since February 2022.

This implies that 49% of exports and 58% of imports are now sanctioned, compared to pre-war levels of 2021, when total EU-Russia commerce was valued at EUR 257.5bn.

In regard to oil, despite Moscow's strong push to redirect discounted barrels to China, India, and other non-Western buyers, the Centre for Research on Energy and Clean Air, an independent research organization based in Helsinki, estimates that the EU ban and the G7 cap are costing Russia up to EUR 280mn per day.

### EU is to strengthen sanctions against Russian oligarchs' relatives

The European Union plans to create a clearer legal framework for imposing sanctions on family members of Russian oligarchs, according to Bloomberg. The European External Action Service informed the EU member states that it would soon submit a draft law. This step should ensure that there is a strong evidence base showing that some family members received unjustified benefits from the sanctioned oligarchs and may help them circumvent restrictions. The proposal would set out the criteria and legal framework that would allow sanctions to be imposed on family members of a particular individual.

### SECO identified 100 cases of potential Russian sanctions violations

The Swiss State Secretariat for Economic Affairs (SECO), which is in charge of enforcing and monitoring the sanctions, has identified around 100 suspect Russia-related instances for investigation. The majority of the alleged cases include probable sanctions violations on products, such as luxury items or assets of economic value to Russia. One official mentioned car components, laptops, watches, luxury luggage, and other items. In such situations, a decision to seize the items may be made. So far, 23 cases have been initiated, with the two most recent involving Russia's ally Belarus.

## Preliminary Assessment

- Today Russia is the most sanctioned country in the world. Before the war, Russia was the EU's fifth largest trading partner, right behind China, the United States, the United Kingdom and Switzerland.
- The fight against sanctions circumvention has become a priority for the EU after 10 packages of sanctions against Russia and the freezing of assets of more than 1,500 individuals and organisations.
- The European Commission plans to propose legislation to close additional loopholes.

# General remarks



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