

# War in Ukraine

## Situational Awareness Briefing

18 April 2023



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# Situational Awareness – Briefing as of 18 April 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

The battle of Bakhmut continues to absorb forces of both sides. Russian forces have taken control of over 70% of the city. In anticipation of the upcoming Ukrainian offensive, both sides concentrate on local engagements. While Ukraine is mustering a strike force of over 50.000 men, Russian forces continue their fortification efforts to limit the potential for success of an impending Ukrainian counteroffensive.



### Forecast

Apple continues shifting its production away from China. // Leaked Document shows US concerns about Ukraine counteroffensive. // Ukraine seeks the grain transit via Poland after the ban. // Russia tightens relationships with Iran.



### Operations (Focus: Cyber)

Russian special services and PMC Wagner tried to infiltrate the gamer community. // Hackers attack tank manufacturer Leopard in Germany. // Pro-Russian hackers swarm Australian schools.



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

Ukraine exported electricity to Poland and Moldova. // A cooperation program for the decarbonization and sustainability of Ukraine's energy sector. // The certification of JSC Ukrtransgaz as a gas storage operator of Ukraine was approved. // Draft Decision of the Ukraine-EU Association Committee, which creates a basis for Ukraine's accession to the regime of the EU internal market in the field of roaming.



### People

Swiss banks warn of closing accounts of Russians in case they pay taxes in Russia. // Deutsche Bank intends to close its IT centres in Russia. // The law on e-residency has entered into force in Ukraine, on the basis of which foreign IT specialists will be able to become entrepreneurs in Ukraine. // Latvia bans Russians without permanent residence permits from buying real estate.



### Finance (Focus: Sanctions)

US sanctioned USM Holding together with its associated legal entities and several Rosatom-related entities. // Russia is supplying its oil products in "shadowy" ways. // Canada imposed sanctions on 9 Belarusian banks. // The EU introduced new sanctions against Wagner Group and FAN news agency.

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 advances are limited to tactical attacks in the Donbas, while Russian fortify defensive positions at the Kherson and Zaporizhzhia fronts.
- Ukrainian forces are massing men and equipment and have formed several new brigades to spearhead their expected counteroffensive.

## Current topics

### Current situation in the Russo-Ukrainian War

The Kherson front and Zaporizhzhia front continue to remain static in anticipation of the potential Ukrainian counteroffensive. Extensive Russian trench works have been identified along the Zaporizhzhia front. They consist of dragon teeth, extensive anti-personnel and anti tank minefield layers as well as dugouts, artillery positions and cross-covering firing positions. A cohesive 75 km long trench-system consisting of three layers has also been identified, reminiscent of the Maginot-line with strong points, ammo dumps and pillboxes. Reports emerged that T-55s were taken out of storage and transferred to the Kherson and Zaporizhzhia front with their optics and fire-control systems updated. These serve as a short-term replenishment to compensate for Russian tank losses and are likely to be used as stationary anti-tank weapons or as short-range artillery until more modern Russian tanks have been produced or refurbished. Ukrainian forces repulsed several attacks in the area of Marinka, but had to concede ground, as Russian forces improved their positions south and north of the city. At Avdiivka Russian forces halted their advance north and south of the city, but still threaten to cut it off by creating a semi-encirclement. Both Marinka and Avdiivka remain focal points of conflict along the former contact line from 2014-2022. It seems that the Russian plan is to fix Ukrainian forces in the cities and absorb reinforcements that Ukraine is mustering for its upcoming offensives. At Bakhmut the situation for Ukrainian forces has become untenable. Russian attacks towards the city center and railway station have progressed further. Russian forces now control about 70% of Bakhmut and have pressed Ukrainian defenders into the Western triangle of the city. The extension of the Russian bulge north of Bakhmut has been halted. In April, Russian territorial gains amounted to local advances at a high attrition rate. Overall, the Russian offensive potential has significantly declined. The anticipated Ukrainian counteroffensive is imminent as more and more weapons are gradually arriving in Ukraine and the weather improves. The location of a Ukrainian counterattack is subject to speculation. Ukraine formed at least six new brigades for the offensive. It may opt to sever the land connection with Russia in the northern Donbas. Alternatively, Ukraine may push into the Russian bulge north of Bakhmut or attempt a breakthrough along the Zaporizhzhia front to Melitopol and sever the land bridge to the Crimean peninsula.

### Crisis in Sudan

A brutal power struggle between two competing military factions broke out in Sudan on April 15, turning its capital Khartoum into a warzone and leading to nearly 200 civilian deaths and an unknown number of military casualties throughout the country. The origins of the conflict date back to October 2021, when the military seized power in a coup, instating Abdel Fattah al-Burhan as the de facto leader of Sudan. The coup was also supported by Rapid Support Forces (RSF) led by Mohamed Hamdan Dagalo, a paramilitary force which fought for the Sudanese government during the War in Sudan. A formal agreement to hand over authority to a civilian-led government was supposed to be signed on April 6, but delayed due to tensions between Burhan and Dagalo over the timeline of integration of the RSF into the military, among other issues. Integration of the RSF into the military is seen as a threat by Dagalo to his power. After initial signs of mobilization in recent days, the RSF launched a surprise attack on multiple Sudanese military bases across the country. Clashes were also reported from the presidential palace and various airports across the country. All civilian flights were cancelled, and foreign citizens were advised to shelter in place. Burhan is alleged to maintain ties with the old regime that belongs to the Muslim Brotherhood. The current power struggle also has an international geopolitical component. Both Dagalo and Burhan maintain ties with Russia, with Dagalo said to maintain stronger relations. Russia recently signed an agreement to build a military base along the Red Sea. Hundreds of Wagner mercenaries are present in Sudan and engage in joint operations with the RSF. It is alleged that both sides have colluded with Russia to fund its war effort in Ukraine through gold smuggling. In return, Russia provided both sides with political and military support to contain Sudan's pro-democracy movement. Due to Russia's support for both sides, there is little to gain for Russia from either side emerging victorious. In consequence, Russia has called for a ceasefire, which would help it to maintain its influence. Besides both key actors' ties to Russia, Burhan is supported by Egypt, while Dagalo enjoys support from the United Arab Emirates and Saudi Arabia. Saudi Arabia and the UAE seek to push back against Islamist influence in Sudan.

# Overall Geopolitical Assessment (2 of 2)



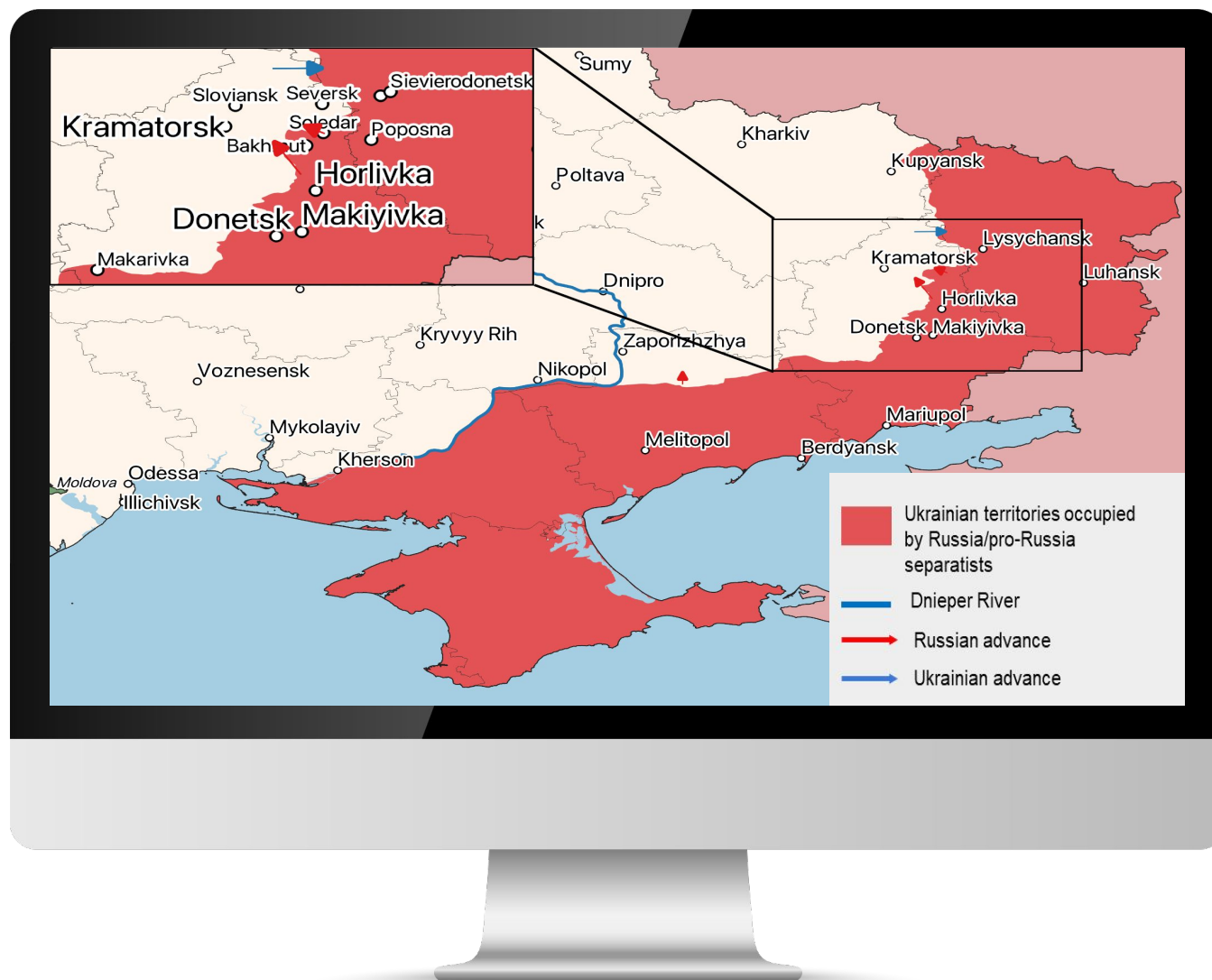
## Key takeaways

Overall, the conflict remains characterized by attrition warfare. Russia continues to achieve minor territorial gains at Bakhmut and Avdiivka and is about to surround both cities. However, a Ukrainian counteroffensive is expected in the coming weeks, the outcome of which will be crucial in deciding the further trajectory of the conflict.

## Selected upcoming events

- 12-14 May 2023 - G7 Foreign Ministers meeting.
- 24-16 April 2023 - Russian Foreign Minister Sergey Lavrov will meet UN Secretary-General Antonio Guterres in New York and will chair two meetings of the Security Council.

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 World Bank Managing Director and the Prime Minister of Ukraine signed an agreement in Washington to provide Ukraine with additional USD 200mn for energy infrastructure recovery. Funds raised from the World Bank will be directed to the reconstruction of the electricity grid and heat supply systems in Kyiv, Kharkiv, Mykolaiv, Sumy and cities of the Chernihiv region.

The Swiss government has announced that together with the CHF 300mn earmarked for 2023 and 2024, Switzerland would support Ukraine with at least CHF 1.8bn (USD 1.7bn) over the next six years by 2028 as part of the international cooperation strategy for 2025 to 2028.

The Government of Japan intends to provide USD 3.5bn of direct budget support to Ukraine during 2023 to finance priority social and humanitarian expenses. Since the start of the full-scale war, Japan has provided Ukraine with USD 581mn in concessional financing.

On 4 April 2023, the conference Euratom Research in Action and Opportunities for Europe: EU Strategic Autonomy and the Future Energy Systems; was held in Brussels to present the new Euratom work program for 2023-2025. Currently, 10 Ukrainian organizations are implementing projects within the framework of the Euratom program, with a total implementation budget of more than EUR 2mn. The new program for 2023-2025 provides for the allocation of a separate budget of EUR 0.75mn for Ukraine for education, training, capacity building and strengthening of cooperation between Ukrainian and EU.

The Japanese Agency for International Cooperation handed over equipment for the first site in Ukraine for the waste management of the destruction that occurred as a result of the hostilities in Irpin. The program plans to allocate 39 units of equipment for the processing of construction waste.

## Energy sectoral update

The National Energy Company Ukrenergo reported that Ukraine resumed electricity exports starting from April 12. The Ukrainian energy system had a sufficient capacity reserve and, therefore, electricity was exported to Moldova and to Poland.

The Government of Ukraine and the United States together with the Net Zero World initiative, are preparing a cooperation program for the decarbonization and sustainability of Ukraine's energy sector. The program will also include cooperation in the development of electricity transmission systems and the construction of small modular reactors in Ukraine.

## Gas sectoral update

On 12 April 2023, in Chernihiv region, the first biomethane plant was connected to the gas distribution network. The enterprise will supply about 1,500 consumers per year. Initially, gas will be supplied to the network only in autumn and winter seasons. After the construction of the second stage, the supply will take place all year round.

The state-owned public JSC "UkrGasVydobuvannya" drilled an exploratory well. This well has the highest production rates among the wells that the company has put into operation in the last 2.5 years.

On 7 April 2023, the certification of JSC Ukrtransgaz as a gas storage operator of Ukraine was approved after receiving the Secretariat of the Energy Community's opinion regarding compliance of the company's certification with the EU regulations. According to the Government of Ukraine, the certification should contribute to the maximum use by European companies of the capacities of Ukrainian underground storage facilities, which allow storing more than 30bn cubic metres of gas.

## Ukraine's access to the EU internal roaming

The Government of Ukraine adopted the Draft Decision of the Ukraine-EU Association Committee, which creates a basis for Ukraine's accession to the regime of the EU internal market in the field of roaming. This document is intended to supplement the lists and schedules of adaptation of EU legislation in the telecommunications services sector, in particular, regarding roaming in public mobile communication networks. Ukraine's integration into the EU internal market is the main focus of the updated Priority Plan of measures to strengthen the implementation of the Free Trade Agreement agreed by the Ministry of Economy of Ukraine and the European Commission.

## Preliminary Assessment

- On 5 April, Ukrainian and Polish railway workers jointly conducted a test trip on the route Lublin -Rava-Ruska on the 1435mm Eurotrack. The restored railway checkpoint in Rava-Ruska did not serve passengers for more than 20 years. The Ukrainian railway "Ukrzaliznytsia" restored an 8.4 km long section of Eurotrack and renovated the Rava-Ruska railway station.
- In 2022, a memorandum was already concluded between the UkrGasVydobuvannya plant's management company and the European trader of the biomethane market STX (which has 15% of the EU market) on the purchase of biomethane from Ukraine.
- According to the "Ukraine Rapid Damage and Needs Assessment 2" report prepared jointly by the Government of Ukraine, the World Bank Group, the European Commission and the UN, the cost of rapid recovery for 2023 reaches USD 14.1bn. At the same time, USD 3.3bn of the required amount has already been allocated from the state budget of Ukraine, i.e. the funding deficit for the rapid recovery program in 2023 is USD 11bn.
- According to the results of the new assessment of the UNDP and the World Bank, the damage caused by the war to the electricity, gas and heat infrastructure of Ukraine exceeds USD 10bn. The urgent needs of Ukraine for the emergency
- repair of critical infrastructure facilities are determined by the UNDP and the World Bank to be more than USD 1.2bn.
- According to the World Bank, the full range of humanitarian demining will cost USD 37.4bn.



## General context

Considerations on implications for businesses along the PESTEL framework

<b>P</b> Political	US concerns about Ukraine counteroffensive.
<b>E</b> Economic	Ukraine seeks the grain transit via Poland. Russia tightens relationships with Iran.
<b>S</b> Social	Social related implications: e.g. refugee streams, labour market developments
<b>T</b> Techno-logical	Apple continues shifting its production from China.
<b>E</b> Environ-mental	Environment related implications: e.g. Resource scarcity, energy embargo
<b>L</b> Legal	Legal implications: Compliance with changing regulations, contractual obligations, etc.

## Current topics

### Apple continues shifting its production away from China

Apple is reportedly in talks with suppliers to manufacture MacBook computers in Thailand as part of the company's ongoing efforts to expand its manufacturing presence outside of China, according to Reuters. Apple and its key suppliers are moving production away from China, where severe COVID-19 restrictions led to the shutdown of Foxconn's largest iPhone factory last year. According to media reports Apple is also trying to avoid a blow to its business due to tensions between Beijing and Washington. Apple has been mass-producing its Apple Watch in Thailand for more than a year. Moreover, in March, Foxconn also announced its plans to increase investments outside of China.

### 'Leaked' Document shows US concerns about Ukraine counteroffensive

According to classified materials leaked online, the war between Ukraine and Russia is expected to last until 2024, with neither side winning, but both refusing to negotiate an end to the conflict. The publication notes that even if Ukraine regains "significant" territories and inflicts "significant losses on Russian troops" (which, according to US intelligence, is unlikely), the country's gains will not lead to peace talks.

### Russia tightens relationships with Iran

The Iranian-made car Shahin, produced by the state-owned Saipa, which has been plagued by quality concerns, will be available on the Russian market beginning in June. Additionally, Russian Aeroflot Airlines has sent an aircraft to Iran for repairs in the beginning of April. Previously, Aeroflot had approached the Hong Kong aircraft maintenance group HAECO for this purpose. According to Reuters, Russia also delivered 30,000 tons of gasoline and diesel fuel to Iran in March.

### Ukraine seeks grain transit via Poland

Kyiv will seek to reopen food and grain transit through Poland as a "first step" during discussions in Warsaw, according to Ukraine's agricultural minister, following the announcement of prohibitions on some Ukrainian imports by Poland and Hungary. In the beginning of April Central Eastern European farmers say that around 40% of their last year's harvest - mostly grain and sunflower seeds - remained unsold due to the cheap Ukrainian grain and other products. Minister of Agriculture also stated that more negotiations will take place this week in Romania and Slovakia.

## Preliminary Assessment

- Bloomberg News reported that Apple tripled its iPhone production in India, assembling more than USD 7bn worth of smartphones in the country in the past fiscal year. The tech giant now produces almost 7% of its iPhones in India, up from 1% in 2021.
- The UK Ministry of Defence has warned of a "serious level of inaccuracy" in allegedly classified US documents leaked online, including those relating to the war in Ukraine.
- The US State Department has stated that the incident with the publication of classified documents will not affect support for Ukraine in the war with Russia.
- For the Ukrainian side, a war of attrition will lead to frustration within the country and "criticism" of the way the war is being conducted, which will increase the likelihood of a change of leadership, the document says. Moreover, allegedly, China has approved the supply of certain lethal weapons to Russia despite warnings from Western countries.
- Because of logistical obstacles, substantial quantities of Ukrainian grain - which is cheaper than that produced in the European Union - ended up lingering in Central European nations when Russia's invasion of Ukraine began in February last year.



## 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

### Swiss banks warn of closing accounts of Russians in case they pay taxes in Russia

Swiss banks have started warning clients from Russia that their accounts will be closed if they contribute to the Russian budget by paying taxes. Roman Kudinov, managing partner of the Swiss law firm LEOLEX believes that the banks are likely to take such steps because of pressure from the Swiss authorities, parliamentary parties and the Swiss State Secretariat for the Economy (SECO), which have started talking again about tightening control over the implementation of sanctions against Russia. Another Swiss lawyer told Russian media source RBK that his clients have already faced blocking of their accounts due to the payment of taxes to the Russian budget. Letters with such a warning may have been sent to some of its clients by UBS, a source in the Swiss banking sector told RBK.

### Deutsche Bank to close IT centres in Russia

Deutsche Bank is closing its remaining software centres in Moscow and St. Petersburg and plans to lay off 500 employees, according to FT. The German group subsequently offered all its employees in Russia the opportunity to relocate to Germany. In June, it was reported that Deutsche Bank had relocated several hundred highly skilled software developers and their families from Russia to Berlin. Those who remained in Russia were cut off from direct access to any of Deutsche Bank's IT systems, and their main task was said to be “knowledge transfer” to colleagues outside Russia.

### E-residency in Ukraine for foreign specialists

The law on e-residency has entered into force in Ukraine, on the basis of which foreign IT specialists will be able to become entrepreneurs in Ukraine and pay taxes to the state budget online. Currently, the optimization of the regulatory framework continues. Citizens of Russia and countries included in the FATF “grey” or “black” will not be able to become e-residents. E-residency is a special status of a foreign citizen in Ukraine.

### Latvia bans non-resident Russians from buying real estate

The Lithuanian parliament has approved a draft law on restrictions on Russian citizens in connection with the large-scale invasion of Ukraine. The document envisages restrictions on the right of Russian citizens to buy real estate in Lithuania. The purchase of real estate by Russians and their companies will be banned. The exceptions will apply only to Russian citizens who have a permanent residence permit in Lithuania or enter into an inheritance.

## Preliminary Assessment

- Switzerland has faced pressure from the US and G7 countries due to the small amount of frozen Russian assets.
- In March, US Ambassador to Switzerland and Liechtenstein Scott Miller said that the US could freeze Russian assets worth 50-100bn Swiss francs (USD 56-112bn).
- Shortly before Russia's invasion of Ukraine last February, about 1,500, or a quarter of all the investment bank's IT staff were working in either Moscow or St Petersburg. As this process is nearing completion, and given Western sanctions on software in Russia, the bank wants to release the staff remaining in Russia within the next six months.
- The launch of the e-residency project will enable foreigners to manage their business remotely. Reportedly it gives a foreigner or a stateless person who has reached the age of eighteen the opportunity to receive access to information and consulting services, simplifies the procedures for obtaining administrative services and concluding civil law agreements, and also allows remote opening of accounts and doing business in Ukraine.





## Ukrainian hackers say they have compromised Russian spy who hacked US Democrats in 2016

Ukrainian hackers claim to have broken into the emails of a senior Russian military spy wanted by the Federal Bureau of Investigation for hacking the Hillary Clinton campaign and other senior U.S. Democrats ahead of Donald Trump's election to the presidency in 2016.

In a message posted to Telegram on Monday, a group calling itself Cyber Resistance said it had stolen correspondence from Lt. Col. Sergey Morgachev, who was charged in 2018 with helping organize the hack and leak of emails from the Democratic National Committee (DNC) and the Clinton campaign. Morgachev is also believed to have been in charge of Russia's hackers known as Fancy Bear or "APT28".

The hackers claimed they managed to obtain personal information including copies of Morgachev's driver's license and lease agreements, as well as family photos and scanned copies of security clearance renewal applications.

## Current topics

### Hackers attack manufacturer Leopard tanks in Germany

German automotive and arms manufacturer Rheinmetall suffered a recent cyberattack. The attack hit Rheinmetall's business unit that serves industrial customers, particularly in the automotive sector. Reportedly, several Rheinmetall subsidiaries also suffered. Among them is Kolbenschmidt in Neckarsulm, Germany where on April 14, various systems refused to work. Although it is unclear who is behind the attack, the Russian hacktivist group Killnet posted a message on their Telegram channel last month urging its followers to launch a distributed denial-of-service attack against Rheinmetall. Notably, the timing of the attack aligned with Rheinmetall's talks of constructing a new tank factory in Ukraine.

### Russian special services and PMC Wagner tried to infiltrate the gamer community

On 12 April Microsoft President Brad Smith said his team recently uncovered an attempt by the Wagner paramilitary organization and Russian intelligence to infiltrate gaming platforms such as Discord to run an outreach campaign. In particular, the chats of the Minecraft gamers became their target. In his opinion, Russians partially use gaming communities to publish and distribute information.

### Pro-Russian hacktivists swarm Australian schools

Russia-sympathetic hacktivist groups Killnet and AnonymousSudan launched a wave of distributed denial-of-service (DDoS) attacks on Australia, starting with targeting several of the nation's higher education organizations according to web infrastructure security company Cloudflare said. Killnet has a record of targeting governments and organizations that openly support the Ukrainian government. Since the onset of the Ukrainian conflict, the group has been associated with several cyberattacks on various websites, including those of the EU Parliament, airports in the United States, as well as the healthcare sectors in Europe and the USA, among others.

## Preliminary Assessment

- The war in Ukraine has turned Rheinmetall into one of Europe's most important weapons suppliers, which makes it an attractive target for nation-state hackers.
- Rheinmetall has secured several contracts to provide Ukraine with military hardware such as ammunition and reconnaissance systems. The company is a key supplier of guns used on the Leopard tank, which is being sent to Ukraine by several European nations.
- As reported earlier in April, it became known about a major leak of secret Pentagon documents, which described the plans of the United States and NATO to build up the forces of the Armed Forces of Ukraine before the counteroffensive. Later, The New York Times reported on a new batch of classified documents that appeared on the network. According to The Washington Post, the documents were originally posted in a private Discord chat.
- Experts noted that the documents that got into the network were partially edited. Among other things, they overestimated the number of Ukrainians killed in the war and underestimated the losses of the Russian army.
- Journalists were able to communicate with users of the Discord platform who could have witnessed the publication of classified documents. Reportedly, among them there were a teenager and a child.





## 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

### The US introduces new sanctions against Russia

The US Treasury Department announced another package of sanctions in response to Russia's aggression against Ukraine, which covers more than 80 individuals and legal entities. Together with the UK, the US is imposing sanctions against USM Holding. The sanctions also apply to more than two dozen legal entities associated with the holding, based in Russia, Uzbekistan, Switzerland and the UAE. Separately, the US Department of State added 27 individuals and entities operating in the defence sector, as well as additional companies associated with the state-owned Rosatom Corporation, to the sanctions list.

### Canada imposes sanctions on 9 Belarusian banks

Canada has announced sanctions against nine Belarusian banks, including the National Bank of Belarus. In addition to the National Bank, the sanctions list includes such banks as Belarusbank, Belagroprombank, BPS-Sberbank, Priorbank, Bank BelVEB, Belgazprombank, VTB-Bank and Statusbank.

### Russia is supplying its oil products in "shadowy" ways

According to a Bloomberg publication Russian sellers of ligroin are labelling it as petrol or shipping it from ports without a destination to keep exports going despite the sanctions. There is currently no clear market for Russian liquefied petroleum gasoline, as its main buyers - South Korea and Europe - cannot receive it directly. Russian gasoline is now being shipped to storage facilities in the United Arab Emirates and West Africa, which was rare before. This may indicate attempts to conceal the origin of Russian oil, as well as difficulties in finding buyers.

### New EU sanctions

The European Union has added the private military company Wagner and the Russian news agency FAN, linked to Kremlin oligarch Yevgeny Prigozhin, to its sanctions list. RIA FAN, registered in St. Petersburg, is part of Patriot Media Group, a Russian media organisation whose board of trustees is headed by Prigozhin.

### EU countries continue business with Russia

According to an EU analysis, Russian LNG deliveries to Europe increased since the war, EU imports of Russian nuclear industry products totalled nearly EUR 750mn in 2022 and the EU spent EUR 1.4bn on Russian diamonds. In total, the EU imported EUR 171bn worth of goods from Russia starting from March, 2022 until the end of January, 2023, according the latest data available from Eurostat, the EU statistics office.

## Preliminary Assessment

- USM Holding - a holding company associated with Russian oligarch and one of the richest men in Russia, Alisher Usmanov, against whom restrictions were imposed in March 2022.
- At the same time, the US Treasury Department issued a separate decision allowing certain transactions related to the Kommersant publishing house, Megafon telecommunications operator and Metalloinvest holding.
- Ligroin is a petroleum product used in plastics and petrochemicals.
- Russia has also resorted to "pre-documentation", or mixing its own oil products with non-Russian ones in trading centres such as Singapore and the UAE. This practice gained momentum after the war and shows no signs of abating after the sanctions.

# General remarks



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