

# War in Ukraine

## Situational Awareness Briefing

11 October 2022



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# Situational Awareness – Briefing as of 11 October 2022 (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 Special
- Forecast
- People
- Operations
- Finance



### Overall Geopolitical Assessment

The Ukrainian offensives in the Kherson and Kharkiv Oblast continued with success in crucial sectors. After the Ukrainian advances in the Kharkiv Oblast, continued Ukrainian efforts in Kherson led to the liberation of more than 500 km<sup>2</sup>. Despite Russian disorganization, manpower shortages and recent setbacks, Russian efforts to occupy Soledar and Bakhmut continue.



### Forecast

German railway service was sabotaged, marking the second attack on critical infrastructure in less than two weeks. A continued appreciation of the US dollar is likely to cause a debt crisis in emerging economies. Chinese tech stock tumble as the US announces high-tech export restrictions. The British airline Virgin Atlantic will no longer service the Heathrow-Hong Kong route.



### Operations (Focus: Cyber)

The Chief of the German Information Security Agency is to be investigated for possible connections to Russian intelligence agencies. The Russian "Killnet" hacker group committed cyber-attacks against US airports and websites. Ukraine is to expand its collaboration with the EU in the cyber security domain.



### Industry Special: Energy - Update

Russian oil company Lukoil will move traders from Switzerland to Dubai ahead of the 5 December deadline after which Europeans can no longer buy Russian oil and refined products. Saudi Arabia and Russia-led OPEC+ might drill 2mn barrel of oil less per day. Indian refiners begin to lock in supply through long-term contracts across the world, rather than seek cheap supply on the spot market as they did previously.



### People

Mobilization efforts intensify the brain drain in Russia, especially in the IT sector. The EU deployed a new job-seeker tool for Ukrainian refugees. Humanitarian organizations had to cease work amid Russian shelling of Ukrainian cities.



### Finance (Focus: Sanctions)

The EU passed its 8th sanctions package against Russia, including price caps on Russian oil, import restrictions against Russian steel products, and export restrictions against tech components. Studies estimate that Russian GDP could contract by 10% until year-end. Hong Kong authorities refuse to comply with sanctions against Russian oligarch Mordashov, shielding his USD 500mn yacht from seizure.

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



## Key takeaways

- The destruction of the Kerch bridge has significantly impacted Russian supply lines to Kherson
  - Ukraine won the 4th battle for Lyman
  - Troop movements hint at a possible Ukrainian attack on Tokmak, Melitopol and Mariupol
  - Only minimal Russian gains in outskirts of Bakhmut
  - Russian troops withdraw and regroup along straightened frontlines to meet manpower shortages
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- North Korea uses current global instability to test ballistic missiles
  - The visit of US vice president Kamala Harris was also seen as a provocation by North Korea.
  - Recent US-South Korean military drills were interpreted as a rehearsal for an invasion
  - Renewed nuclear threats on the Korean Peninsula as well as Russia highlight the fragile global nuclear balance

## Current topics

### Current situation in the Russo-Ukrainian War

At the Kherson front UAF forces continued their attempt to eliminate the Russian possessions on the western bank of the Dnieper. Along the extreme Russian right flank, a Ukrainian breakthrough forced a larger withdrawal of Russian troops towards Kherson. This renewed Ukrainian attack led to the liberation of over 500 km<sup>2</sup> of territory. Ukrainian exploits are slower here and more methodical than the lightning strike breakthrough in Kharkiv Oblast last month as the territory around Kherson is steppe-like and flat exposing Ukrainian columns to concentrated artillery fire. To improve the likelihood of success in the Kherson direction Ukrainian attacks were conducted against the Russian rail network, ammo dumps and important bridges at Kherson and the Kerch peninsula to significantly disrupt the flow of Russian reinforcements and supplies. Both sides have moved reserves and reinforcements to the area and a Ukrainian attack towards Tokmak, Melitopol and Mariupol seems to be in preparation. Russian forces continue to push along the Soledar-Bakhmut line and continue to attempt their advance in the direction of Sloviansk and Kramatorsk from the south. This currently remains their sole venue of attack towards the west. Minor Russian gains occurred in the vicinity of Bakhmut where Russian forces still fight for the Eastern suburbs. At the Kharkiv front and Izium salient Ukrainian forces have exerted control over the newly gained territory. Ukrainian forces managed to breakout of the three bridgeheads across the Oksil and advance in the general direction towards Svatove, a vital crossroad and railway hub. The 4<sup>th</sup> battle for Lyman ended with a Ukrainian success after Russian forces were forced to withdraw to avoid encirclement. The fallout of the Ukrainian victory in Kharkiv Oblast has upset Russian plans. Russian attempts to trade occupied territory for time allowed Moscow to incorporate four Ukrainian Oblasts (Kherson, Zaporizhzhia, Donetsk and Luhansk) into the Russian Federation and to move reserves and newly mobilized forces to Ukraine in an attempt to regain the strategic initiative. It seems that Russian command has identified manpower shortages as the main cause of Ukrainian successes. Thus, Russian forces in various sections of the front have straightened the frontline by withdrawal and hastily seek to incorporate reserves into their depleted formations.

### Recent North Korean missile tests

North Korea upped the frequency of their medium-range ballistic missile tests in recent weeks. One missile flew over Japan at an altitude of 1,000 km and splashed into the Pacific Ocean more than 3,000km east of Japan. As is the case with any other saber-rattling and major display of North Korean military might, timing and context are as important as any indication that the regime's weapons are becoming more technologically advanced and threatening. Pyongyang uses the current global instability and the distraction of the international community with Ukraine to reassert its positions without the fear of renewed sanctions. The timing of the missile test also highlights the stringent rationale of North Korea's leadership. Recent tests came soon after the US and South Korea resumed large-scale naval drills. US vice-president Kamala Harris' visit to the border dividing the Korean peninsula was also recognized as an affront. Pyongyang believes the drills are rehearsals for an invasion of North Korea, and that the state visits by US officials to bolster their South Korea ally are diplomatic maneuvers to intimidate Pyongyang. As North Korea has recently transformed into a vital source for Russian weapon purchases it believes that Western States want to limit the improvement of its ties to Moscow. These tests, as well as Russian nuclear saber-rattling, indicate the fragile state of global nuclear balance and deterrence strategies across the globe. The war in Ukraine and Russian inability to achieve swift and decisive victory has raised the alarm bells in most authoritarian states that detest Western interference and supremacy. More assertive behavior as a consequence of global political instability has given North Korea and other authoritarian states the opportunity to provoke its neighbors without fear of additional sanctions. Thus, North Korea is following the logic of like-minded states such as Russia and China to incite fear to prematurely limit coercive measures by Western States by jumping up the escalation ladder even before other available measures are taken. The goal of such strategies is to interfere with the well-established rational actor models, such as tit-for-tat, and game theoretical approaches in nuclear deterrence in an attempt to confuse Western policy makers as to how confine aggressive actions in an adequate manner.

# Overall Geopolitical Assessment (2 of 2)



## Key takeaways

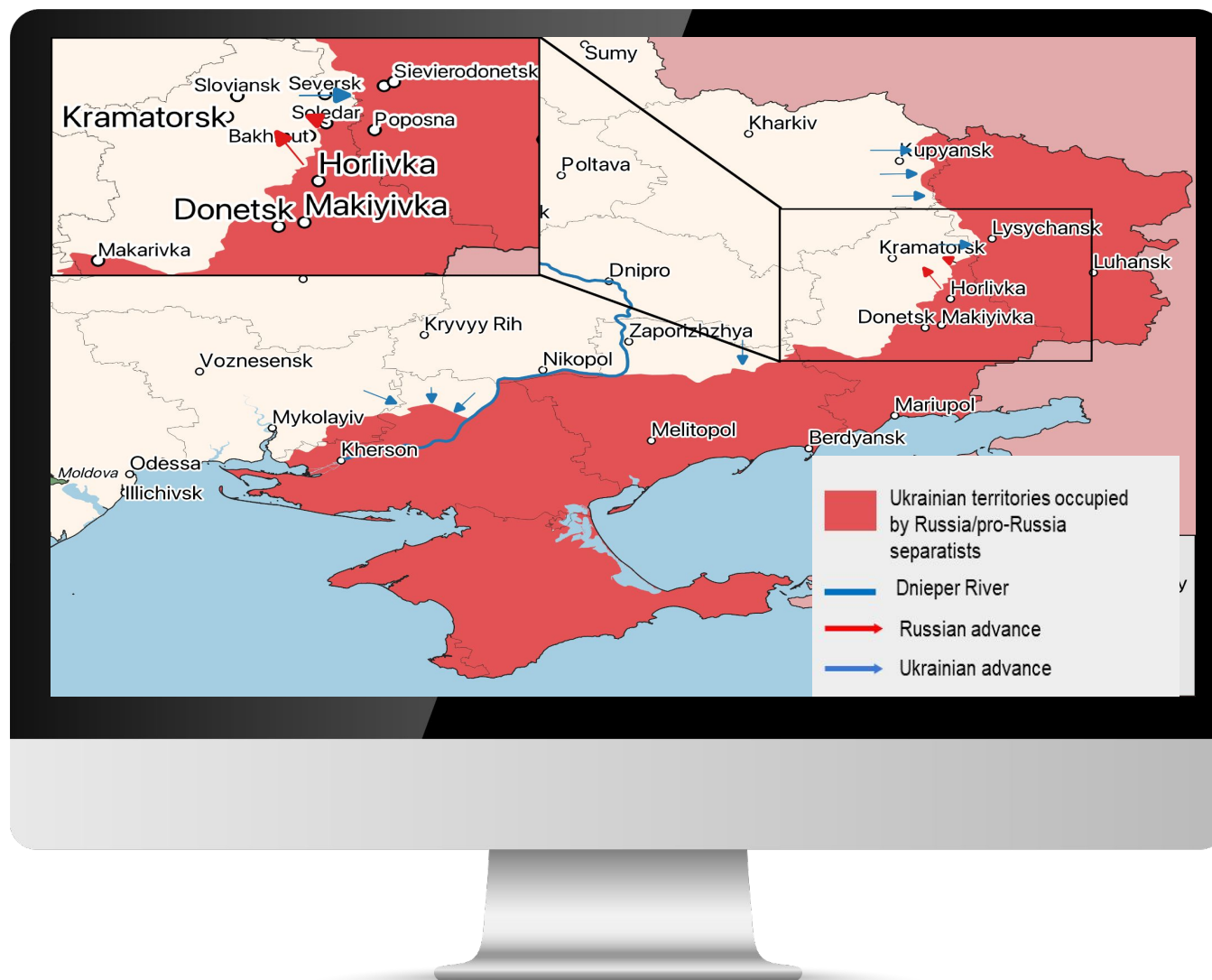
- Ukrainian success in the Izyum salient represents a strategic reversal of the first order. Russia, however, continues to slowly advance in the Donbas.

## Selected upcoming events

- 16 October:** 20th National Congress of the Chinese Communist Party
- 22 October:** Asia-Pacific Economic Cooperation (APEC) finance minister meeting
- 3-4 November:** G7 Foreign Ministers summit in Germany
- 8 November:** US Midterm elections

## Current Military Situation in Ukraine

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





## General context

After economists predicted a quick economic recovery from the pandemic and overall healthy growth for the year 2022, the war in Ukraine has upended any such hopes. Especially global energy markets have been severely disrupted since the beginning of hostilities in February of this year. Already existing inflationary pressures are being exacerbated by the fact that Russia, one of the worlds largest exporters of both, oil and gas, is essentially being deprived of its premiere export market, the European Union. In response to Western sanctions, Russia throttled gas deliveries to Europe, at first claiming technical issues, and later on making unconcealed demands to cease support for Ukraine in return for continued gas deliveries. These are off the table, however, after four detonations damaged the Nord Stream 1 and 2 pipelines in late September. Not only does Europe's lack of oil and gas supplies pose the risk of economic crises, it also sends ripple effects through global energy markets. Those countries that do not adhere Western sanctions on Russia are taking measures to shield themselves from secondary sanctions by settling their Russia business in non-European jurisdictions. Other nations, like India for example, are broadly aligned with the West, but prioritise their own energy security over sanctions compliance. On a strategic level, the OPEC+ has snubbed Western requests to expand oil production. This indicates a further distancing between the US and her traditional partners in the Middle East.

## Current topics

### Lukoil moves part of its trading operations to Dubai

Litasco, the trading arm of Russian oil company Lukoil, has moved part of its trading operations to Dubai. Previously headquartered in Switzerland, Litasco has reportedly sent at least 15 employees to Dubai in order to avoid losing business due to the sanctions imposed by the US and the EU. As of 5 December, European companies will no longer be allowed to purchase Russian oil and refined products. In addition to its four refineries in Russia, Litasco runs another three in Italy, Romania, and Bulgaria. The traders' move to Switzerland follows a broader trend that sees Russian commodity brokers move to Dubai, in an attempt to avoid sanctions. Reportedly Dubai's free-trade zones, low taxes, and proximity to Middle Eastern energy producers make the Emirate an attractive alternative.

### OPEC+ to cut oil production by 2mn barrels a day

OPEC+ announced on 5 October that it would cut oil production by up to 2mn barrels per day, the equivalent of two percent of daily global consumption. Even though analysts expect the cut to amount to eventually only 1mn barrel per day, the decision will not help ease economic pressures around the globe. According to the media the fact oil prices have come down despite the OPEC+ announcement indicates fears of a looming recession. The move comes only a month ahead of the US midterm elections and deals a blow to US-Saudi relations in general, and to President Biden in particular, who had drawn stark criticism after a recent visit to Saudi Arabia where he unsuccessfully tried to persuade the Saudis to raise production.

### India shifting oil procurement from spot market to long-term deals

Indian refiners worry that Western sanctions could lead to a cut in Russian oil output, thereby severely limiting global supply. After Indian importers have primarily bought oil on the spot market in previous years, they are now reportedly set to switch their procurement strategy. Rather than buying cheap oil on the spot market, they are eyeing long-term contracts with a wide range of suppliers in order to lock-in supply while it is available. India has rarely bought oil from Russia in previous years but has become the country's second largest customer after China amid the Ukraine war. India has already signed contracts with Brazilian and Colombian suppliers and is eyeing contracts with the US as well.

## Preliminary Assessment

- Russian oil company Lukoil will settle parts of its trading business to Dubai. The move comes ahead of the European oil embargo that will forbid EU members to purchase Russian oil or refined products after 5 December.
- The US released 10mn barrels from its strategic reserve and could stop the export of its own oil, boding ill for European economies.
- Indian refiners fear shortages in the global oil supply in the future due to Western sanctions against Russia. In attempt to secure sufficient supply, Indian traders deviate from their previously strategy of finding cheap supply on the spot market to now securing long-term contracts.



## General context

Considerations on implications for businesses along the PESTEL framework

<b>P Political</b>	Federal prosecutors investigate renewed sabotage acts against German critical infrastructure
<b>E Economic</b>	Circumventing Russian airspace is impacting Western airlines.
<b>S Social</b>	The strong dollar could trigger a debt crisis in emerging economies.
<b>T Techno- logical</b>	Further export restrictions mark a new chapter in the semiconductor war between the US and China.
<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 cases of sabotage on German infrastructure

On the weekend 8-9 October, the German federal railway service was subjected to a sabotage of its train radio system. Security services still investigate the event. The complexity of the attack implies that the perpetrators must have had insider knowledge. Even though contingency plans have kick in fast and successfully, the event demonstrates the severe vulnerability of critical infrastructure. The train sabotage comes less than two weeks after explosions of the Nord Stream 1 and 2 pipelines rendered a key part of Germany's energy infrastructure dysfunctional.

### Strong US dollar could lead to debt crises in developing countries

After a recent report on the US job market, the US central bank is expected to announce another interest rate rise soon. The Fed has hiked interest rates at an unprecedented pace, raising the cost of borrowing by 2,36 percentage points in the past six months alone. The US dollar now is on a two-decade high, making it exceedingly difficult for developing nations to import much needed resources. With Russia, Belarus, Ukraine, and Sri Lanka, this year already four emerging market economies have defaulted on foreign debt. According to rating agencies, at least 10 more countries are under severe stress to service their obligations..

### Chinese tech stocks tumble amid US export restrictions

In an effort to stunt Chinese technological and military advances, the US administration has published a set of export controls on 7 October. The measures intend to keep American technology out of Chinese supply chains. Not only has this sent the shares of Chinese tech companies downward, the measures could have a lasting effect on the country's high-end chip industry. US companies are expected to take a hit, too, as they stand to lose at least part of their China business.

### Closed Russian airspace has airline discontinue London - Hong Kong route

British airline Virgin Atlantic will suspend flights between London Heathrow and Hong Kong. The route had not been serviced since Covid restrictions were introduced in December 2021. Now, with higher fuel costs and Russian airspace shut for countries that adhere to Western sanctions, the airline no longer deems the route commercially viable. Overall, 2022 has been a difficult year for European airlines so far. During the summer months strikes and staff shortages have forced airlines and airports to cancel thousands of flights. Some airports will have to cut the number of flights at least until March 2023 by up to 20%.

## Preliminary Assessment

- German federal train service was subject to a sabotage attack. Though no person was harmed, this is the second instance of sabotage of German critical infrastructure in less than two weeks. The previous incident being four detonations that rendered the Nord Stream 1 and 2 pipelines inoperable.
- While working to tame inflations at home, the US Federal Reserve is producing externalities for the wider world. Interest rate hikes see an appreciation of the dollar as investors move to dollar-denominated assets. The Fed is unlikely to divert from its current path, however, as domestic political pressure and upcoming midterm elections give inflation-taming at home has priority.
- The US government seeks to stunt China's development of advanced tech and military capabilities by ridding Chinese supply chains of American high-tech components. This so-called semiconductor war has bipartisan support and is likely to continue beyond the current administration.
- British airline Virgin Atlantic will no longer service its route between Heathrow and Hong Kong due to fuel prices and the inability to use Russian airspace. On 6 October Virgin already announced to temporarily halt the Manchester-Pakistan connection. European airlines have had a difficult year so far with labour shortages and strikes that forced airlines and airports alike to cancel thousands of flights in the busy summer months.



## 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

### Russian mobilization accelerated brain drain in the IT sector

The effort to mobilise 300,000 reservists has intensified Russia's brain drain. Especially workers from the IT sector, who are very mobile and highly employable abroad, have left the country. Already in the first weeks of the war, over 70,000 IT workers have left the country. A survey conducted on the day the mobilization was announced indicates that about 30% of the 1.7mn Russians working in the IT sector have left or were planning to leave the country. Reports on recruitment offices ignoring fundamental eligibility criteria could undermine the credibility of a document by the Russian Digital Ministry which describes which professionals should be exempt from draft.

### EU Commission to deploy job-seeker tool for Ukrainians

On 10 October, the EU launched a tool to help Ukrainian refugees find jobs in People who have fled their home in the wake of the Russian invasion can upload their CVs on the platform, where it can be viewed by over 4,000 employers. This is the latest feature of the social security system employed by the EU to help displaced Ukrainians.

### Red Cross ceased operations in Ukraine over security concerns

The International Committee of the Red Cross (ICRC) and the Norwegian Refugee Council paused their field work in Ukraine on 10 October. After Ukrainian forces blew up the bridge connecting Crimea with the Russian mainland, Russia retaliated with missile strikes on an unprecedented scale across Ukraine. Though the Russian government claims to have targeted strategic assets like energy, command, and communication infrastructure, the business district of the capital of Kiev was hit during the morning rush hour, indicating that the civilian population was targeted. Humanitarian organisations like the ICRC had to cease their work as many of their approximately 700 employees on the ground had to hide in shelters.

### UN Human Rights Council votes against Uyghur debate

The UN's former High Commissioner for Human Rights, Michelle Bachelet, published a report in August stating that China's regime commits crimes against humanity against its Uyghur and other muslim minorities in the Xinjiang region. On 6 October, the UN Human Rights Council voted 19 to 17 against the debate, while 11 nations abstained. Chinese diplomats reportedly lobbied strongly against the motion arguing that the US and her allies unduly used the UN body for political reasons and to interfere in internal Chinese affairs.

## Preliminary Assessment

- The brain drain in Russia continues, as especially highly qualified people leave the country amid the new effort to mobilise fighters to the war in Ukraine. More than four million Russians are believed to have left the country since the beginning of the conflict.
- The EU is expanding efforts to integrate Ukrainians refugees into the labour market. Approximately 4.2mn Ukrainian people have currently access to accommodation, healthcare, education and employment in the EU under the temporary protection directive.



## Tracing the USD 4.2mn in crypto donations to Russia

Binance, a popular cryptocurrency exchange, has joined forces with the cryptocurrency-tracking companies and authorities to track nearly USD 4.2mn in crypto donations made to Russian militias in Ukraine during the Russia-Ukraine war.

The investigating team discovered that pro-Russian actors frequently published open posts on the messaging app Telegram asking for crowdsourced money. Thus, they found Telegram posts from groups including the paramilitary group Rusich and pro-Russian media sites Rybar and Southfront, all of which posted cryptocurrency contribution addresses to Telegram. According to an estimate, approximately USD 4.2 mn worth of cryptocurrency had been transferred to Russian military organizations since February 2022. However, there may be a chance that the overall funding may be far greater than this figure. It can also be seen that the transfer is continuing all the time.

The research particularly highlighted MOO Veche, a pro-Russian “cultural heritage” organization that has organized fundraising events for weapons. Chainalysis researcher, Andrew Fierman stated that the funds were primarily used to pay for thermal imaging scopes and unmanned aerial vehicles.

## Current topics

### Accusations against the President of the German Federal Office for Information Security (BSI) for alleged contacts with Russian secret services

German Federal Minister of the Interior Nancy Faeser has announced her intention to investigate the recent allegations against the President of the country's Federal Office for Information Security (BSI) Arne Schönbohm that he maintains contacts with Russian secret services.

According to a report, Schönbohm is said to maintain contacts with an association called Cyber-Sicherheitsrat Deutschland e.V. (Cyber Security Council Germany), which he co-founded and which is said to be connected to Russian intelligence circles. Founded in 2012, the association advises companies, politicians and authorities on cyber security.

The association has been inter alia criticised for the membership of the Berlin-based cybersecurity company Protelion. Allegedly the company operated under the name Infotecs GmbH until the end of March. This is a subsidiary of a Russian cybersecurity company OAO Infotecs, which according to information from the research network Policy Network Analytics was founded by Andrey Chapchae, a former employee of the Russian intelligence service KGB. On 14 June, Chapchae was awarded the Russian "Order of Merit for the Fatherland" by decree of Vladimir Putin. This was reportedly in recognition of the more than 30 years of his activities in the area of information security.

### Russian hackers commit cyber attack on US airports

On Monday, 10 October, major US airports were subjected to cyber-attacks allegedly coming from the Russian Federation. According to an expert, more than a dozen websites were affected by the attack, which was carried out by the pro-Russian Killnet hacker group. Having been hit, the airport systems could not manage air traffic, internal communications and airline coordination did not work.

### Ukraine and EU explore deeper cyber collaboration

Reportedly on 4 October employees of the Ukrainian Cyber Agency State Office for Special Communications and Information Protection (SSSCIP) and its counterpart in the European Union, the EU Cyber Security Agency (ENISA), held high-level talks in Athens to develop deeper cooperation on cyber issues during the ongoing Russian invasion.

## Preliminary Assessment

- The Cyber-Sicherheitsrat Deutschland e.V. was also criticised for reportedly regularly acting as if it were an official body. The name of the association is almost identical to the state-run National Cyber Security Council. The association also secured the web address cybersicherheitsrat.de. Furthermore, it renounced the "e.V." (registered association) of the name in its cooperation agreement with Russian agencies.
- As of day of this report the accusations against Schönbohm are being investigated and no dismissal or any other personnel decision has been made.
- Experts report that the Killnet group has increased its activity since the start of the war in Ukraine, targeting Ukraine's allies and US government websites.
- The latest round of discussions follows a meeting on 29 September 2022 between SSSCIP and ENISA officials in Poland, when the two sides reached an agreement to provide ongoing political, financial and material support for Ukraine's cyber defence.



## 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 passes 8th package of Russia sanctions

On 6 October, the European Union passed a new set of sanctions against Russia. The new round of sanctions comes as a reaction to Russia's large-scale mobilisation, its nuclear threats against the West, as well as the sham referenda aimed at annexing large territories in eastern Ukraine. The sanctions will not only impose a price cap on Russian oil exports, but also ban the export of specific electronic components used in the aviation and defense industry, as well as that of coking coal, which is used in Russian industrial plants.

A ban on most crude oil imports from Russia will come into effect in December, while coal has already been phased out and gas supplies have been severely disrupted. Further, Russia will no longer be able to export semi-finished steel products to the EU. With the new sanctions, now EU nationals are also barred from sitting on governing boards of Russian state-owned enterprises. However, the Russian nuclear industry will be exempt from the new sanctions. Despite efforts by Germany, Poland, Ireland, and the three Baltic states, Russia will still be able to export Uranium and nuclear technology to the EU. Eastern European members as well as France had lobbied against targeting the nuclear sector.

### Sanctions will allegedly have Russian GDP contract 10%

Projections show that Russian GDP could shrink by 10% by year-end. Contrary to what a stabilised ruble and high revenues from oil and gas exports seem to indicate, Russian economy is being hit hard by sanctions imposed by the US and the EU. The ruble's value could only be prevented collapsing through strict capital controls that force exporters to convert foreign exchange back into ruble. According to the analysts the most severe impact is yet to materialise. In the coming months, a lack of imported spare parts and high-tech goods become apparent. With most oil and gas pipelines leading to Europe, for example, Russia needs to market its carbon exports elsewhere. In the case of gas this could be done through liquefaction. But the sanctions prevent Russia from obtaining the necessary equipment, indicating that in the months ahead, lots of gas might stay in the ground.

### Hong Kong helps to prevent seizure Russian oligarch's USD 500mn yacht

Russian steel mogul Alexey Mordashov was able to avoid the seizure of his USD 500mn yacht with the help of Hong Kong authorities that claim to have no legal means to enforce sanctions. The oligarch's yacht had been rushed at full speed with the transponders switched off from the Indian Ocean to Hong Kong. The US State Department already indicated that the Hong Kong government would have to face secondary sanctions if it failed to comply with international law.

## Preliminary Assessment

- A new EU sanctions package is set to introduce a price cap on Russian oil. Electronic components used in the aviation and defense industry will also be restricted from export to Russia. EU nationals will no longer be allowed to serve on Russian state-owned enterprises.
- The new sanctions package will not include measures against Russia's nuclear industry. France and Eastern European members with a heavy reliance on nuclear power have successfully lobbied against such a move.
- Russian GDP is projected to contract by 10% by year-end. While capital controls and high revenues from oil and gas exports still prop up the ruble, it is likely that the lack of access to advanced technology will be felt severely in the coming months.
- Russian steel and mining billionaire Alexey Mordashov dodged sanctions by rushing USD 500mn yacht to Hong Kong. Local authorities claim to have no legal leverage to force the oligarch to comply with Western sanctions.

# General remarks



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