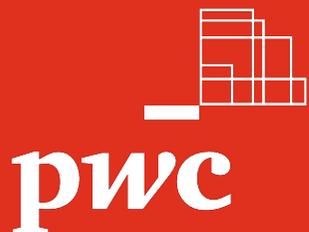


# War in Ukraine

## — Situational Awareness Briefing

24 January 2023



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# Situational Awareness – Briefing as of 24 January 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

Russian forces continued with their breakthrough north of Bakhmut after months of attritional battles. Early preparations of Russian offensive operations occurred at the Zaporizhzhia front. // A heated debate erupted in European capitals over Germany's refusal to allow for the transfer of Leopard 2A4 to bolster Ukrainian forces.



### Forecast

After an embargo on maritime supplies of Russian oil products takes effect, the new diesel fuel suppliers will cover the market. // Japan and Netherlands may follow the US in countering the Chinese chips industry. // The US unveils a plan for strategic oversight of aid to Ukraine. // A Ukrainian bank 'Monobank' is planning to enter the Polish market.



### Operations (Focus: Cyber)

Russian cyberattacks on Ukraine have eased in recent weeks but could pick up in the spring. // Pro-Russian hackers say they breached Samsung. // Russian hackers attack Ukraine's national news agency.



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

Ukraine's State Property Fund plans to start privatizing the Belgorod-Dniester Sea Trade Port. // The Central Communication Port of Poland and Ukrainian Railways have signed a cooperation agreement. // New nuclear power units under construction. // An online conference for potential suppliers of energy equipment needed for emergency repairs of the Ukrainian energy system was held. // Ukraine's largest oil producing company Ukrnafta plans to build a new well.



### People

The Ukrainian government is undergoing a major cabinet reshuffle over corruption cases. // Ex-head of Naftogaz charged with misappropriation funds. // EU and Ukraine are working to resume air travel after the war.



### Finance (Focus: Sanctions)

US sanctions Russian paramilitary organization Wagner Group. // Russian oligarch is under investigation in Italy. // 10th EU sanctions package is being prepared. // US and EU consider using seized Russian assets for Ukraine Reconstruction.

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



## Key takeaways

- Fighting over the city of Bakhmut is still ongoing
- After two weeks of heavy fighting, Russian forces appear to have captured the city of Soledar
- While there is still disunity among Nato members over the export of Main Battle Tanks, the UK announced the delivery of 14 Challenger II MBTs while Poland has requested permission to re-export German Leopards to Ukraine
- Contingent on Nato consensus on the delivery of Main Battle Tanks, Ukraine could be able to launch offensive operations in the Spring
- After a 3% contraction of Russian GDP in 2022, further Western sanctions could diminish the country's economy by another 5-6% this year
- China's abrupt lifting of covid restrictions may cause supply chain disruptions

## Current topics

### Current situation in the Russo-Ukrainian War

The Kherson front continues to remain static with sporadic exchanges of artillery. Meanwhile at the Zaporizhzhia front, Russian forces have launched local attacks towards Orichiv and north of Polony and gained some ground. Those attacks seem preparatory for a larger Russian push towards the city of Zaporizhzhia in the upcoming spring. The epicenter of operations for both sides were the battles over and around Bakhmut. Russian army and Wagner forces also occupied Soledar in its entirety after 2 weeks of battles over the Soledar Salt Mine. In addition, by advancing into Krasnopolivka, Russian forces crossed the rail embankment and managed to cut the Bakhmut-Siversk road connection. Delays plagued the Russian efforts as the Russian DoD exchanged Wagner forces with airborne forces so that the Russian army can claim victory in Soledar. This delay allowed the Ukrainian army to move in reinforcements of up to two brigades to the area and improved their defensive positions. As the area northwest of Bakhmut is hilly, it is likely that Russian forces will focus towards Bakhmut and Siversk instead of continuing in a westward direction.

Russian advances, despite being limited, have led to significant losses for both sides. Western states have pledged additional support to Ukraine. The United Kingdom announced that it will deliver 14 Challenger II main battle tanks (MBT), sparking a hot debate in European capitals to deliver Leopard MBTs to Ukraine. As of 24 January, only Poland has officially requested permission from Germany to re-export Leopard tanks to Ukraine. The German government had previously signalled it would not block such requests, but has been hesitant to deliver Leopards before reaching consensus within Nato. It seems probable that Germany will agree to deliver Leopards, however, it is more likely that it will initiate the delivery of Leopard 1A5s. Operationally, the heated debate over MBT support to Ukraine highlights the high attrition rate of the Ukrainian army and the materiel it needs to enable it to face the upcoming Russian spring offensive.

### Strategic outlook 2023 – Ukraine and China

The War in Ukraine is likely to continue throughout 2023. Russia is expected to initiate a second mobilization (estimated at 500,000 men) in preparation of a large-scale spring offensive in the Donbas. It is also likely that Russia will reattempt to capture Kharkiv as it is a focal strategic position that allows them to circumvent the strong Ukrainian defensive position in the Donbas. Western states have pledged supporting Ukraine with MBTs. It is likely that German opposition to the delivery of Leopard 1A5 or 2A4 MBTs will falter in light of domestic and international pressure. In case sufficient and sustainable Western military support is provided to Ukraine it is likely to launch its own offensives to reach Melitopol or Mariupol. Russian GDP contracted 3% in 2022. The downward trend will continue in 2023 with an expected contraction of 2.5%. As additional Western sanctions are likely an even higher GDP reduction of 5-6% is possible. An ongoing conflict will continue to severely impact GDP growth in the EU. The risk of nuclear escalation remains low but is not entirely implausible. In case of a substantial Russian setback, Moscow could be forced to use nuclear weapons as to deter further Western support or reverse Russian territorial losses.

The cancellation of China's zero-COVID policy to appease domestic protestors has led to unprecedented infection rates throughout the country. While a relatively large percentage of the urban population is likely to have been infected at this point, further COVID waves may follow in rural areas. While consumer demand will probably pick up, the health crisis may cause disruptions of production output and supply chain reliability for a while. In addition, China's property sector is likely to continue to experience difficulties throughout 2023. External factors might also hamper China's swift recovery as the United States attempts to decouple its economy from China and amidst fears over a global recession and high inflation. In addition, sanctions and policies targeting Chinese technology are likely to result in a reduction of foreign direct investments in those sectors. Russia's failure to meet its expansionist ambitions in Ukraine and the West's unified response are seen as a warning in Beijing that its increasingly expansionist activities may invite decisive Western action. Thus, it is unlikely that China will opt for a more aggressive stance against Taiwan in 2023.



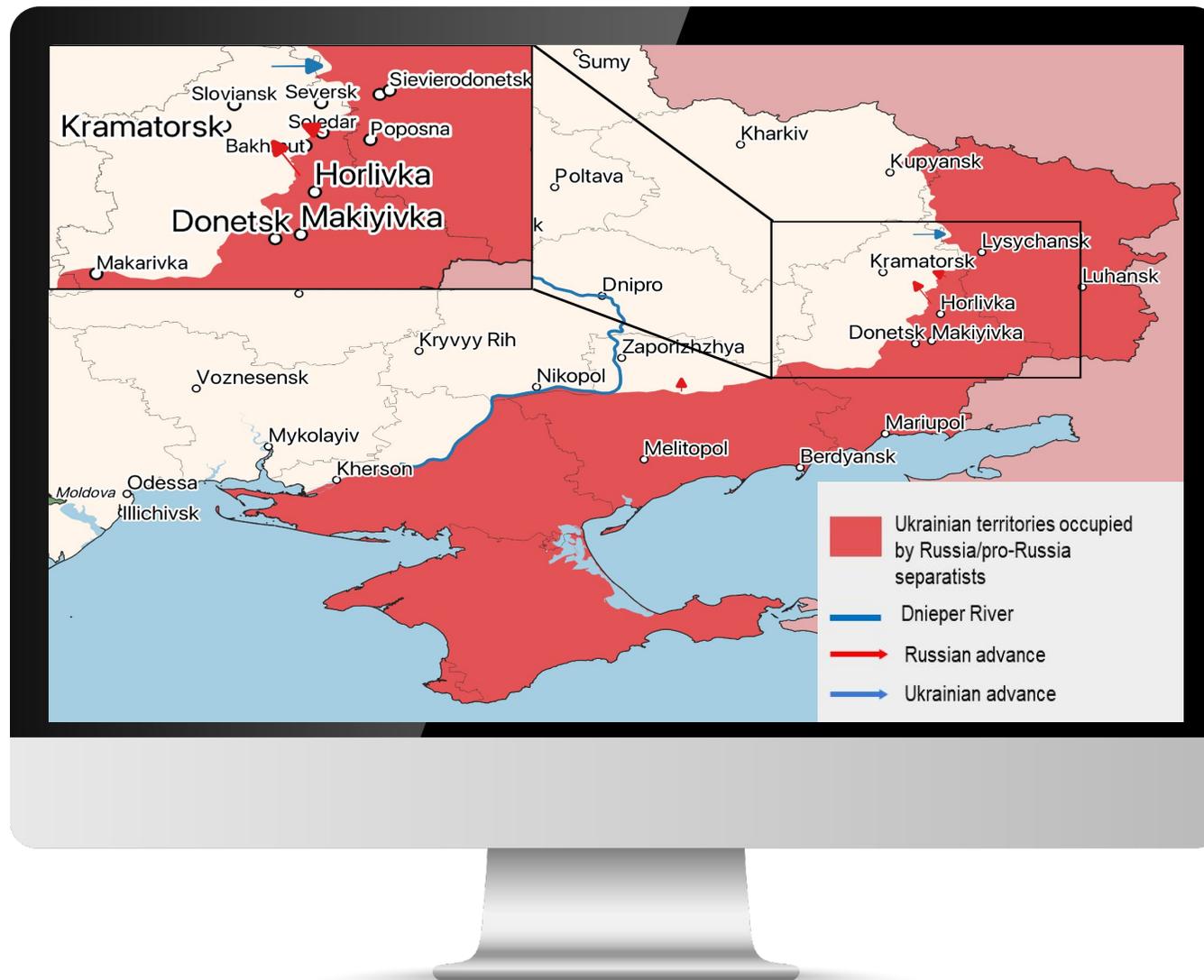
## Key takeaways

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

## Selected upcoming events

- On January 25-27, Poland will host the EU-Ukraine Municipal Partnership Forum as part of the CITIES4CITIES initiative | UNITED4UKRAINE and the support of the American Agency for International Development USAID. Heads of communities and mayors from more than 60 Ukrainian, German, Austrian, Polish and other communities of the European Union will take part in it. Strategic partners are the Association of Cities of Ukraine, the Ukrainian Association of Communities, the Congress of Local and Regional Authorities of the Council of Europe.
- On 21-22 June 2023, the UK jointly with Ukraine will host the international Ukraine Recovery Conference (URC 2023) in London. The URC 2023 is a continuation of the cycle of annual events with the last one conducted jointly with Switzerland in Lugano and will focus on mobilizing international support for Ukraine's economic and social stabilization and recovery from the effects of war, including through emergency assistance for immediate needs and financing private sector participation in the reconstruction process.

## Current Military Situation in Ukraine (arrows indicate potential future Russian operations in the coming weeks)



# Inside-out view on Ukraine reconstruction efforts



## Reconstruction efforts - update

The Government of Ukraine created the State Agency for Reconstruction and Development of Infrastructure of Ukraine to implement reconstruction projects. The new Agency has been created based on the State Agency of Infrastructure Projects of Ukraine and the State Agency of Automobile Roads of Ukraine. One of the current priority directions is the reconstruction of housing throughout the country. In addition to housing, the focus of the new Agency will be on large-scale infrastructure projects based on the experience of the two previous Agencies. For 2023 reconstruction projects, USD 3bn have already been accumulated in the Fund for Liquidation of Russia's Armed Aggression Consequences, using four main sources:

- funds from confiscated Russian assets (USD 0.46bn have already been allocated and the process of confiscation is still ongoing);
- funds from the state budget (USD 0.97bn have already been transferred);
- funds from the aid of international partners (the United States decided to allocate USD 1.4bn for the reconstruction of Ukraine)
- funds from donors collected on the United24 platform (approximately USD 0.17bn).

In total, in 2023, the Government of Ukraine expects to receive USD 17bn for the priority restoration of damaged and destroyed infrastructure. Additionally, Ukraine and the EU signed a Memorandum and Credit Agreement on obtaining macro-financial assistance in the amount of EUR 18bn and has already received the first tranche of EUR 3 bn. The delegation of Ukraine will hold negotiations with the European Commission regarding the Agreement signing between Ukraine and the European Union on Ukraine's participation in the European Union "Single Market Programme". The program with a budget of EUR 4.2bn is designed for 7 years and contributes to simplifying access to markets, creating a favorable business environment, including participation in the European Enterprise Network (EEN), Erasmus for Young Entrepreneurs (EYE).

## Current topics

### Maritime industry update

The State Property Fund plans to start privatizing the Belgorod-Dniester Sea Trade Port located on the western bank of the Dniester estuary by the end of February. Before the war, the State Property Fund planned to sell 3 ports. One of them - the Ust-Dunaisk port was successfully privatized at an auction on 17 January. The price increased from UAH 60mn starting level up to UAH 201mn, equivalent to USD 5.5mn. In addition to privatization, Ukraine has been using the concession mechanism since 2020 (well-known examples are Mykolaiv Port of Olvia and Kherson Sea Trade Port). The Central Communication Port of Poland (Centralny Port Komunikacyjny, CPK) and Ukrainian Railways "Ukrzaliznytsia" have signed a cooperation agreement, which provides for the development of new cross-border connections with the European track-gauge of 1,435mm, in particular, the joint preparation of a feasibility study and the construction of a high-speed railway line between Poland and Ukraine. CPK and Ukrzaliznytsia will jointly look for opportunities to attract EU funds for the planned line. Within the framework of cooperation, it is planned to implement construction and maintenance under the EU standards.

### New nuclear power units construction

The Government of Ukraine issued a resolution launching the development of the project feasibility study for the construction of two nuclear power units at the Khmelnytskyi nuclear power plant by 2030 using the AP1000® technology of Westinghouse and other project documentation. Since 2022, a total of 3 agreements have been concluded between the State Enterprise National Nuclear Energy Generating Company "Energoatom" and Westinghouse Electric Company on the supply of nuclear fuel for all nuclear power plants of Ukraine as well as on increasing the number of power units of nuclear power plants to be built using AR1000® technology in Ukraine (a total of 9 pressurized water reactors are planned to be built); on the establishment of the Westinghouse engineering and technical center in Ukraine.

### Suppliers of energy equipment to Ukraine

The Ministry of Energy of Ukraine held an online conference for potential suppliers of energy equipment needed for emergency repairs of the Ukrainian energy system. The equipment will be financed from the Energy Support Fund of Ukraine that was created by the European Commission and enables governments, international financial institutions and international organizations, as well as private donors to provide emergency financial support to the Ukrainian energy sector. The Fund is managed by the Secretariat of the Energy Community. Purchases are made by an independent agent, Tetra Tech, Inc.

## Preliminary Assessment

- Ukraine's largest oil producing company Ukrnafta plans to build a new well and will conduct preparatory work to start drilling six wells at once in 2024. According to preliminary estimates, the planned daily throughput of the well may be about 32 tons of liquid hydrocarbons and 17,000 cubic meters of gas.
- According to the State Service of Special Communications and Information Protection of Ukraine, the war caused damage and destruction of information and communication infrastructure in more than 10 regions of Ukraine, USD 1.79 bn is now needed to restore the telecommunications sector. Since the beginning of the full-scale invasion, mobile operators have restored a total of more than 3,200 kilometers of fiber optic lines and 1,200 base stations; more than 1,500 new mobile base stations were built.
- The State Enterprise National Nuclear Energy Generating Company "Energoatom" estimates the damage caused to the Zaporizhzhia Nuclear Power Plant during the Russian occupation since March 4 of last year at approximately USD 1.01 bn, as well as damage from shelling and blackouts.
- From April 2022, inspectors of the State Energy Supervision Inspectorate of Ukraine have conducted an assessment of losses and damages in the Kyiv region, and will later continue inspections in other regions at 14 operators of distribution systems. In total, in 2022, inspectors participated in the inspection of 1,560 damaged facilities of electrical networks and 1,292 defective reports were drawn up.



## General context

Considerations on implications for businesses along the PESTEL framework

<b>P</b> Political	US Strategic oversight will monitor proper use of aid to Ukraine.
<b>E</b> Economic	Increased diesel supply will prevent price hikes. Ukrainian bank is to enter Polish market.
<b>S</b> Social	Social related implications: e.g. refugee streams, labour market developments
<b>T</b> Technological	Japan and Netherlands are to counter Chinese chips industry.
<b>E</b> Environmental	Environment related implications: e.g. Resource scarcity, energy embargo
<b>L</b> Legal	Legal implications: Compliance with changing regulations, contractual obligations, etc.

## Current topics

### Embargo has Europeans scour for new Diesel suppliers

On February 5 an embargo on maritime supplies of Russian oil products takes effect. According to Bloomberg, the Middle East is "the most obvious place" where Europe might obtain extra diesel due to geographic proximity, and the opening of sizable new refineries. One of which, located in the UAE, has already agreed to supply diesel fuel to Germany. China may end up producing relief for Europe as it has access to all the excess refining capacity in the world, according to energy research firm Wood Mackenzie. China's could market up to 600,000 barrels of diesel per day in the first half of this year. This is about the same amount as the EU and Britain are currently losing from maritime supplies from Russia.

### Japan and Netherlands may follow the US in countering the Chinese chip industry

According to the Japan Times newspaper, Japanese and Dutch lawmakers are close to finalising export controls that will restrict China's access to advanced chip technology. It is unlikely that the Dutch and Japanese measures will go as far as those of the US, which also restrict American nationals from working for Chinese chip manufacturers. But still, both countries are home to some of the most advanced chip makers, without which China's ambitions in the industry will be severely hampered.

### The US unveils a plan for strategic oversight of aid to Ukraine

The Offices of the Inspectors General of the US Pentagon, the State Department, and the US Agency for International Development have released a Joint Strategic Oversight Plan for Fiscal Year 2023 for assistance to Ukraine. As of January 6, 2023, US government oversight agencies have published 14 reports since the outbreak of full-scale war, which set out recommendations for improving internal controls, reducing costs, and increasing efficiency.

### Ukrainian 'Monobank' is planning to enter the Polish market

Under the name 'Stereo' the Ukrainian mobile-only bank "Monoank" is planning to start operating in Poland. The bank seeks to provide the three million Ukrainian nationals living in Poland with services they currently cannot access. One key feature will be easier transfer of funds between Poland and Ukraine. The service will also be available to Polish citizens, deepening the financial integration between both countries. Remittances are one of the largest channels of currency inflow. In the first half of 2022 alone, almost USD 6.5bn were sent from Poland to Ukraine.

## Preliminary Assessment

- As producers ramp up their operations, experts do not expect a significant upswing in diesel prices for 2023, despite the sanctions on Russia
- Advanced chip manufacturing is increasingly seen as a strategic asset. With Japan and the Netherlands joining US measures to counter China, the first countries are taking clear sides in an emerging tech competition



## 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

### Biggest Ukrainian cabinet reshuffle since beginning of the war

On 24 January it was reported that six government officials as well as five regional governors had been relieved of their duties. Overall, six Deputy Ministers had to resign, along with five regional governors. Already on 21 January, the Ukrainian Deputy Minister of Infrastructure was detained over corruption charges. He allegedly pocketed USD 400,000 that were earmarked for the purchase of humanitarian aid, including generators. There are several investigations ongoing, one of which pertaining to large scale corruption in the Defense Ministry. Allegedly, the ministry had signed a contract to buy food worth USD 360mn, but ended up purchasing goods at vastly inflated prices. For example, the contract supposedly stated a purchasing price for eggs of UAH 17, while its price would be UAH 7 in regular stores in Kyiv. Defense minister Reznikov claimed the supplier made a mistake, and meant the price to be per kilogram, rather than per egg. Reznikov asserted that no such scheme had been ongoing, and insinuated the report was a manipulation in connection to the ongoing high-level meeting of military representatives in Ramstein, Germany.

### Ex-head of Naftogaz charged with misappropriation funds

The former head of Ukrainian energy company Naftogaz, Andriy Kobolyev, was charged by the Ukrainian National Anti-Corruption Bureau (NABU) for the misappropriation of funds. According to the agency, Kobolyev paid himself the equivalent of USD 10mn for the “extraordinary achievements” of winning a USD 5bn legal victory over Russian energy company Gazprom in 2018. When Gazprom and Naftogaz found a settlement and dropped mutual claims, Gazprom agreed to pay USD 5 bn. The supervisory board of Naftogaz at the time decided that one percent of the sum be paid out as a bonuses to 40 employees of the company. Kobolyev was head of Naftogaz from March 2014 to April 2021 and could, if found guilty, face a punishment of up to 12 years in prison. Already in February 2022, Kobolyev’s house was searched in connection with an investigation into the transfer of 305 mn cubic meters of natural gas from state ownership to private companies.

### EU and Ukraine are working to resume air travel after the war

With the launch of the Aeronautical Solidarity Fund, the European Union and Ukraine are taking first steps toward a quick resumption of air travel after the war. The fund is launched jointly with The European Organisation for the Safety of Air Navigation, commonly known as Eurocontrol. The fund will help finance the restoration of air navigation services and will provide support to the 4,000 specialists in the Ukrainian air navigation sector.

## Preliminary Assessment

- Already in 2021, Zelensky conducted a large reshuffle of his cabinet. Many ministers were fired for either being inefficient or corrupt. This latest shakeup also stands in connection to corruption.



## Cyberwar over Ukraine: 2023 trends

(according to Russia's "Interfax" news agency)

- Focus on cyber defence

The parties plan to further strengthen information security. At the end of 2023, the plan is to achieve full coverage of the Russian segment of the public communications network with technical countermeasures to filter traffic.

- Russia embraces import substitutions

Russian president has banned state customers from buying foreign software for use on critical information infrastructure facilities without approval. A complete ban on the use of such software is expected in the future.

- Sophistication of cyber attacks

The complication comes as companies that were previously hacked have strengthened their defences and become less vulnerable.

- Less scale, more impact

More malicious packages are predicted to appear on public services for developers, such as Pypi, NPM, and Github. Thus, attackers will exploit vulnerabilities in open source software. Also because of the import substitution policy, attackers will start looking for zero-day vulnerabilities in systems and applications that Russian organisations are currently migrating to, in particular in OC Astra Linux. According to forecasts, the number of simple DDoS attacks will start to decrease as they become less effective due to protective measures taken by companies, but powerful and sophisticated attacks will continue. Also in 2023, experts predict an increase in Application Layer attacks - sophisticated attacks whose traffic mimics the behaviour of ordinary users.

## Current topics

### Russian cyberattacks on Ukraine have eased in recent weeks but could pick up in the spring, Microsoft says

Russia's cyberattacks against Ukrainian targets have eased over the past month, Microsoft President Brad Smith told the press on Thursday, but he warned that it could change with the arrival of springtime. "The last 30 days have been quieter" for Russian cyberattacks, he said at the World Economic Forum in Davos, adding that Microsoft has also observed a similar pullback on pro-Kremlin digital propaganda linked to the war.

### Pro-Russian hackers say they breached Samsung

Genesis Day, a pro-Russian hacktivist group, claims to have breached Samsung's internal servers over South Korea's cooperation with NATO. Attackers posted an ad on a popular hacking forum, alleging they breached South Korea's manufacturing conglomerate Samsung. Threat actors claim they found their way into Samsung's internal FTP service, used by Samsung Group in South Korea. "Because South Korea has recently strengthened its cooperation with NATO and targeted other countries. We hacked into the internal FTP service of the Samsung Group in South Korea," the attackers said. The attackers also tried to build on the momentum, promising to leak an additional 2.4GB of data stolen from the South Korean conglomerate. "We don't mind a massive network crash in South Korea if they continue to take targeted action. This is just the beginning," threat actors said.

### Russian hackers attack Ukraine's national news agency

The Computer Emergency Response Team of Ukraine (CERT-UA) has linked a recent destructive malware attack targeting the country's national news agency (Ukrinform) to Sandworm Russian military hackers. CERT-U says the cyberattack was likely carried out by the Sandworm group based on the threat actors' tactics, which was previously linked to the Main Directorate of the General Staff of the Armed Forces of the Russian Federation (GRU). The attackers launched the CaddyWiper malware on the news agency's systems using a Windows group policy, showing that they had breached the target's network beforehand. Still, they failed to impact the news agency's operations.

## Preliminary Assessment

- Microsoft attributes the current decrease in cyberattacks to an attempt by Russia to focus resources on further zombifying its own population in order to maintain support.
- While the motivation of pro-Russian threat actors is likely to advance the Kremlin's interests in Ukraine, the rationale behind the attack seems murky.
- The New York Times wrote on January 17 that the Republic of Korea refused to ship artillery shells to Ukraine, as the move would violate the country's arms export rules. Instead, the government in Seoul opted to help the US replenish its stocks elsewhere.
- Sandworm also used the CaddyWiper destructive malware in another failed attack from April 2022 against a large Ukrainian energy provider.
- CaddyWiper was first discovered by security researchers in March 2022 when the data-destroying malware was used to delete data across the Windows domains of multiple Ukrainian organizations.



## 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

### US sanctions Wagner Group

On 19 January, the US announced that the Wagner Group, the Russian private military firm assisting Moscow's war in Ukraine, will be designated as a Transnational Criminal Organization (TCO), being subjected to penalties and restricting its capacity to conduct business globally. Declaring Wagner a TCO prevents Americans from giving the organization money, commodities, or services and freezes its assets in the country. According to John Kirby, the National Security Council coordinator for strategic communications, the US is advising other nations to designate the group that Yevgeny Prigozhin, a Russian tycoon and ally of Russian President Vladimir Putin, reportedly leads.

### Russian oligarch is under investigation in Italy

Authorities in Italy are looking for a Russian oligarch, Dmitry Mazepin after two of his luxury yachts, which had been seized under EU sanctions, vanished from a port in Sardinia. The town hall has issued a public notice informing of the penalties levied against him for the alleged illegal removal of the vessels. It is the first instance in Italy of a Russian with assets frozen in the country evading EU sanctions.

### 10th sanctions package is being prepared

According to Reuters diplomatic sources, the European Union is planning its 10th package of sanctions against Russia for its invasion of Ukraine for February. According to Reuters, the EU's most ardent Russia critics want the new sanctions to limit the EU's nuclear fuel cooperation with Russia, prohibit the import of Russian diamonds, and limit trade with Belarus, among other things. Senior diplomats from three countries told Reuters that the new measures should be ready around the anniversary of Russia's war in Ukraine on February 24.

### US and EU consider using seized Russian assets for Ukraine Reconstruction

The President of the European Council, Charles Michel, urged a debate among European leaders on using the USD 300bn worth of confiscated Russian central bank assets toward the reconstruction of Ukraine. Michel proposed to actively manage the Russian assets in order to make a profit which in turn could be transferred to Ukraine to assist reconstruction efforts. EU Commissioner for the environment, Virginijus Sinkevičius, suggested that also non-EU members of the G7 should join an eventual European effort. Further, US President Biden signed the Consolidated Appropriations Act of 2023, which empowers the US Justice Department to direct seized funds to the State Department, which in turn could provide it to Ukraine.

## Preliminary Assessment

- Wagner Private Military Company or Wagner Group is an unofficial military organization that is not part of the regular armed forces of Russia. The group has been accused of violating human rights in the nations where it conducts business and has considerably expanded its influence in recent years, not just in Ukraine but also in Syria, Libya, Sudan, the Central African Republic, Mozambique, and Mali.
- Dmitry Mazepin is a Russian billionaire businessman, majority owner and Chairman of the Board of Directors of the United Chemical Company Uralchem.
- In mid-December, the EU approved its ninth package of sanctions. Individual sanctions were included in the package, as well as restrictions on exports, the banking sector, broadcasting, consulting services, the energy and mining sectors.

# General remarks



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