

THE WALL STREET JOURNAL.

CLM World News
 SE World
 HD **How U.S.-Saudi Relations Reached the Breaking Point; The decadeslong alliance is at risk over disagreements regarding oil production levels, security concerns and the invasion of [Ukraine](#)**
 BY By Stephen Kalin, Summer Said and David S. Cloud
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LP

Saudi Crown Prince [Mohammed bin Salman](#), wearing shorts at his seaside palace, sought a relaxed tone for his first meeting with President Biden's national security adviser, Jake Sullivan, last September.

The 36-year-old crown prince ended up shouting at Mr. Sullivan after he raised the [2018 killing of Saudi journalist Jamal Khashoggi](#). The prince told Mr. Sullivan he never wanted to discuss the matter again, said people familiar with the exchange. And the U.S. could forget about its request to boost oil production, he told Mr. Sullivan.

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The relationship between the U.S. and Saudi Arabia has hit its lowest point in decades, with Mr. Biden saying in 2019 that the kingdom should be treated like a pariah over human-rights issues such as Mr. Khashoggi's murder.

The political fissures have deepened since Russia's invasion of Ukraine, senior Saudi and U.S. officials said. The White House wanted the Saudis to pump more crude, both to tame oil prices and undercut Moscow's war finances. The kingdom hasn't budged, keeping in line with Russian interests.

Prince Mohammed wants foremost to be recognized as the de facto Saudi ruler and future king. The crown prince runs the country's day-to-day affairs for his ailing father, King Salman bin Abdulaziz al Saud. But Mr. Biden hasn't yet met or spoken directly with the prince. Last summer, the president told Americans to blame low Saudi oil output for rising gas prices.

After the publication of this article online, Adrienne Watson, a White House National Security Council spokeswoman, reiterated President Biden's stated commitment that the U.S. would support the kingdom's territorial defense. She cited diplomatic achievements in recent weeks, such as the condemnation by Persian Gulf states, including Saudi Arabia, of Russia's invasion of Ukraine. She said Mr. Sullivan didn't discuss oil production with Prince Mohammed at their September meeting and that "there was no shouting."

A Saudi official at the kingdom's Washington embassy said after publication of this article online that the relationship between the U.S. and the kingdom remains strong. He called the meeting between Mr. Sullivan and Prince Mohammed cordial and respectful.

"Over the course of the last 77 years of Saudi-U.S. relations, there have been many disagreements and differing points of view over many issues, but that has never stopped the two countries from finding a way to work together," the official said.

The risk for the U.S. is that [Riyadh will align more closely with China](#) and Russia, or at least remain neutral on issues of vital interest to Washington, as it has on Ukraine, Saudi officials said.

The U.S.-Saudi partnership was built on the premise that the American military would defend the kingdom from hostile powers to ensure the uninterrupted flow of oil to world markets. In turn, successive Saudi kings maintained a steady supply of crude at reasonable prices, with only occasional disruptions. But the economic underpinning of the relationship has changed. The Saudis no longer sell much oil to the U.S. and are instead the biggest supplier to China, reorienting Riyadh's commercial and political interests.

U.S. officials, including White House Middle East coordinator Brett McGurk, have visited the kingdom repeatedly to try to heal the breach, with an eye to addressing Saudi concerns about security threats from Iran and the Houthi rebels Iran backs in Yemen. Yet with Mr. Biden opposed to any broad concessions to the Saudis, the officials acknowledge making only modest progress.

The White House has stopped asking the Saudis to pump more oil. Instead, it asks only that Saudi Arabia not do anything that would hurt the West's efforts in Ukraine, a senior U.S. official said.

The Saudis cut short a high-level military delegation to Washington last summer and called off a visit last fall by Defense Secretary Lloyd Austin. A planned visit last month by Secretary of State Antony Blinken was canceled.

Some close Biden aides, including Mr. McGurk, have been pushing for political detente with the Saudis, which they see as essential for the U.S. to advance its Middle East interests on everything from oil prices to establishing normal diplomatic relations between Saudi Arabia and Israel, according to officials in both countries.

Rapprochement won't be easy. Mr. Biden faces staunch opposition to improving ties with the Saudis from Democratic and Republican lawmakers, especially since Prince Mohammed has shown little willingness to retreat from a lucrative alliance with Moscow to keep a lid on oil-production levels.

White House officials this year worked to set up a call between Mr. Biden, King Salman and Prince Mohammed, said people familiar with the matter. As the date for the Feb. 9 call approached, Saudi officials told the Biden administration that the crown prince wouldn't take part, these people said.

The snub propelled simmering private frustrations into the open after The Wall Street Journal reported what happened.

Growing apart

The unlikely U.S.-Saudi marriage has endured over the past 75 years in part because of personal ties between the respective leaders of a democracy and a monarchy.

An ailing President Franklin Roosevelt traveled to the Middle East on a U.S. Navy cruiser in 1945 to launch the relationship with Saudi Arabia's founder, King Abdulaziz ibn Saud. Decades later, former President George W. Bush and the late King Abdullah hosted each other at their respective ranches.

The strategic relationship between the U.S. and Saudi Arabia has never been as difficult as it is now, said Norman Roule, a former senior U.S. intelligence official covering the Middle East and who maintains contact with senior Saudi officials.

Prince Mohammed doesn't like his treatment by the Biden administration, which released an intelligence report last year about the crown prince's alleged role in Mr. Khashoggi's killing and dismemberment inside the Saudi consulate in Istanbul. The Central Intelligence Agency concluded the prince likely ordered the killing. He denied directing the attack on one of his high-profile critics but has said he bears responsibility because it happened on his watch.

Saudi leaders are also upset about the U.S. approach to Yemen. The White House no longer classifies the Houthis as a terrorist organization and announced it was reducing support for the Saudi-led military campaign in Yemen, imposing a freeze on the sale of precision-guided missiles. Saudi Arabia saw an uptick in cross-border drone and missile attacks by the Houthis and was alarmed by the Pentagon removing several antimissile systems from Saudi Arabia in June. The U.S. said the move was for maintenance.

The Saudis were dismayed by the American withdrawal from Afghanistan, as well as the Biden administration's ongoing efforts to revive the Iran nuclear deal. They also have begun to question the U.S. military commitment to the Middle East and bristle at presumptions that the kingdom will fall in lockstep with Washington.

Prince Mohammed's demand for acknowledgment by Mr. Biden of his claim to inherit the throne has grown more complicated, Saudi officials said. A few months ago, a phone call may have been enough. Now, Saudi officials are skeptical that even a state visit would suffice.

The Saudi embassy in Washington called the idea that Prince Mohammed wanted such acknowledgment "nonsensical."

The prince wants to put Mr. Khashoggi's murder behind him—he faces civil lawsuits over the killing—and secure legal immunity in the U.S., Saudi officials said. Mr. Biden could facilitate that by directing the State Department to recognize Prince Mohammad as a head of state.

Saudi Arabia wants more support for its intervention in Yemen's civil war and to bolster its defenses against cross-border attacks from Iran-allied Houthi fighters. Riyadh also wants help with its civilian nuclear capabilities and more investments in its economy by U.S. companies.

Mr. Biden is unable or unlikely to meet most of these demands, given the lack of support for Saudi Arabia in Congress, [especially among Democrats](#). On April 13, 30 Democrats, including the leaders of the House foreign affairs and intelligence committees, called on the administration to take a tougher stance on Saudi Arabia, largely over the Saudi response to the Ukraine war and its refusal to boost oil production.

The U.S.-Saudi relationship has faltered before. The 1973 Arab oil embargo, led by Saudi Arabia in response to U.S. support for Israel during the Yom Kippur War, sparked the worst U.S. recession in 40 years.



A Patriot antimissile battery at the Prince Sultan Air Base in Saudi Arabia in 2020. PHOTO: Iman Al-Dabbagh for The Wall Street Journal

Weeks before the Sept. 11 attacks—in which the mastermind and 15 of the 19 hijackers were Saudi citizens—Riyadh nearly cut ties with the U.S. over what it saw as Washington's failure to rein in Israel during the Palestinian uprising known as the second intifada. Former President Barack Obama angered the Saudis with his support for the "Arab Spring" uprisings and Washington's secret nuclear talks with Iran.

President Donald Trump, who stood by Prince Mohammed after the Khashoggi killing, proposed a joint military response to Iran's attack on Saudi oil sites in 2019. The idea was shelved when Riyadh, fearing an escalating regional war, declined to take part, U.S. and Saudi officials said.

What is different this time is a breakdown at the highest level. When Mr. Biden spoke with King Salman last year, the White House said he viewed the 86-year-old monarch as his counterpart, not Prince Mohammed. The president designated Mr. Austin as the interlocutor for the crown prince, who also holds the title of defense minister.

The Saudis tried to accommodate the Biden administration by ending a three-year rift with Qatar before he took office and releasing several high-profile activists in the initial weeks of

his administration. But the Saudis lost patience with what they viewed as too many U.S. demands.

When Mr. McGurk made an unannounced trip in February last year to lobby for the release of Prince Mohammed's uncle and cousin, who had been detained for allegedly plotting a coup, he was rebuffed, Saudi officials said. Ms. Watson of the NSC denied Mr. McGurk went to Saudi Arabia for this purpose.

In July, Prince Khalid bin Salman, who is Prince Mohammed's younger brother, met Messrs. Austin and Sullivan in Washington to discuss bolstering Saudi air defenses, U.S. and Saudi officials said.

Prince Khalid, the most senior Saudi official to visit the U.S. during the Biden administration, canceled a dinner for U.S. officials at the ambassador's Washington residence after being told he wouldn't get the amount of time with Mr. Blinken he had requested, a Saudi official said.

The next day, the two men talked briefly one-on-one, said the official and a person familiar with the visit, but the Saudis cut the trip short and left empty-handed. Ms. Watson said they "spent the better part of an hour one-on-one."

Favored nation

During meetings last year at the seaside palace, Prince Mohammed and King Salman huddled with advisers about what punitive actions Mr. Biden might be planning and how best to pre-empt them, senior Saudi officials said.

They discussed such options as bowing to White House pressure by releasing more political prisoners. Prince Mohammed instead chose a more aggressive path—threatening to solidify nascent alliances with Russia and China, the officials said.

In September, the Saudis called off Mr. Austin's visit, citing a scheduling conflict, and welcomed on the same night a senior Russian politician sanctioned by the U.S.

Two weeks later, Prince Mohammed, dressed in shorts, received Mr. Sullivan at the seaside palace and told him the Saudis would stick with a Russia-blessed oil production plan that didn't significantly raise output.

Since then, Mr. McGurk and Amos Hochstein, the State Department's energy envoy, have visited Saudi Arabia frequently for meetings with Prince Mohammed, Prince Khalid and their older half brother, energy minister Prince Abdulaziz bin Salman.

The White House resumed weapons sales for defensive purposes to Riyadh, agreeing to a \$650 million sale of air-to-air missiles in November. That was followed by U.S. approval of a transfer from two other Persian Gulf countries of Patriot interceptors used to shoot down Houthi missiles. Last month, Saudi Arabia and the Houthis agreed to a rare truce in their seven-year-old conflict, following diplomacy by Mr. Biden's special envoy to Yemen.

Messrs. McGurk and Hochstein led a U.S. delegation to Riyadh days before Russia invaded Ukraine and again three weeks later. As oil surged toward \$140 a barrel, Saudi Arabia took no action. The U.S. delegation got a chilly reception. The Saudis seemed to be leaning closer to the Kremlin over the Ukraine invasion, according to a person briefed by the Biden administration.

In March, weeks after rebuffing the White House invitation to speak with Mr. Biden, Prince Mohammed took a call from Russian President Vladimir Putin and affirmed Riyadh's commitment to maintaining its oil deal with Moscow.

Dion Nissenbaum and Benoit Faucon contributed to this article.

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[How U.S.-Saudi Relations Reached the Breaking Point](#)

IN

i1 : Energy | i13 : Crude Oil/Natural Gas Upstream Operations | i1300003 : Crude Petroleum Extraction | iextra : Natural Gas/Oil Extraction | ifosfl : Fossil Fuels

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CLM Commentary (U.S.)
SE Opinion
HD **How to Deter Nuclear War in Ukraine; It's crucial for the U.S. to make Russia understand the consequences of an unthinkable escalation.**
BY By Robert C. O'Brien
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LP

The most sobering briefing I received as White House national security adviser came on my third day in office, Sept. 20, 2019. I sat in the Situation Room with military officers and ran through the what-ifs and procedures for continuity of government and retaliation options in the event of a nuclear attack on the U.S. or one of our treaty allies.

The idea that in 2022, a permanent member of the United Nations Security Council would use nuclear weapons to conquer a neighboring country is unthinkable. Yet here we are. For months, Russian officials and commentators have been rattling their nuclear saber and touting Moscow's doctrine of "escalating to de-escalate"—in other words, if Russia is losing a war, even one it started, it reserves the right to use a nuclear attack to end it.

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Today, after nearly two months of heavy combat in Ukraine, Russia appears to be losing. The dramatic sinking of the Moskva, flagship of the Russian Black Sea fleet, is only the latest setback to befall Vladimir Putin's forces. With dark irony, a commentator on Russian state-controlled media denounced the sinking as an act of war and urged Moscow to "bomb Kyiv" in response.

If Ukrainian forces push Russia out of the Donbas and even Crimea, there would be no way for Mr. Putin to hide Russia's humiliating loss from its people. If such an outcome became likely, would he use one of his thousands of "tactical" or "battlefield" nuclear devices to take out Kharkiv, Odessa or even Kyiv in an attempt to save face and end the war on terms he dictates? This possibility is surely on the minds of President Biden's national security adviser, Jake Sullivan, and his staff.

The time is now to deter Russia from "escalating to de-escalate." The U.S. must unambiguously communicate to Moscow what lies ahead if it goes down this terrible path. Mr. Putin and his supporters need to understand that if he detonates a nuclear weapon in Ukraine, the U.S. response will be swift and significant—far exceeding the limited export sanctions under consideration around the world in response to Russian atrocities in Bucha.

America and its allies shouldn't retaliate in kind, with nuclear weapons. The U.S. should, however, be prepared to take other serious actions quickly. Among the options:

- Clear the Russian navy's two remaining Slava-class cruisers, their escort ships and submarines from the Mediterranean. This could be accomplished by a diplomatic démarche followed by more-forceful action if necessary to enforce compliance.
- Eliminate Russian air and military assets in Syria and Libya on the same basis. The U.S. and the North Atlantic Treaty Organization have the ability to do so fully within hours if Russia refuses to withdraw its forces to its homeland.
- Entirely dismantle all pipelines used to transport Russian oil and gas to the West, quashing even the hope of future sales to Europe. Military assets could assist civilian engineering companies to accomplish this task with dispatch.

- Advise all non-Western nations, including China, that purchasing Russian oil would result in massive punitive tariffs by the U.S., Japan and the European Union that would effectively decouple their economies from the industrial world.

- End Russian dreams of earning hard currency by servicing Iran's nuclear industry. The idea that the West would stand by while Iran develops its own tactical nuclear capacity should be dismissed. The U.S., Israel and their Arab allies would be positioned to give the ayatollahs a short window to completely dismantle Iran's nuclear program under an intrusive inspection regime. If the ayatollahs decline, as they likely would, the key elements of Iran's nuclear program could be dismantled by the full air power of the regional alliance arrayed against them.

These are only some of the steps that could be taken if Mr. Putin employs nuclear weapons in Ukraine. The urgent priority is to communicate them to the Kremlin now. The same strong and well-messaged deterrence that kept the free world safe from nuclear attack during the long years of the Cold War must be restored to avert a nuclear tragedy in Ukraine. If it isn't, the risk of Russian miscalculation will rise—as will the even greater risk of nuclear escalation beyond Ukraine.

Mr. O'Brien is chairman of American Global Strategies LLC. He served as White House national security adviser, 2019-21.

[How to Deter Nuclear War in Ukraine](#)

CO unscou : United Nations Security Council

NS gdip : International Relations | gnuclw : Nuclear Weapons Programs | gcns : National/Public Security | gpipr : Politics/International Relations | gpol : Domestic Politics | gvio : Military Action | ncolu : Columns | nedc : Commentaries/Opinions | gcat : Political/General News | gdef : Armed Forces | grisk : Risk News | gweap : Weapons Programs | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

RE russ : Russia | ukrn : Ukraine | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | namz : North America | uk : United Kingdom | usa : United States | ussrz : CIS Countries | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcos : Developing Economies | eeurz : Central/Eastern Europe | weurz : Western Europe

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SE Opinion
HD **Vladimir Putin's Gift to NATO; Finland and Sweden may join the Western alliance after [Russia's invasion of Ukraine](#).**
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LP

Vladimir Putin hoped that invading Ukraine would make NATO splinter, but the alliance has been energized and is now set to expand. This is a reminder that the bloc's growth is a response to—and not the cause of—Russia's aggression.

Finnish Prime Minister Sanna Marin [said](#) last week that Helsinki would decide whether to apply for NATO membership in the coming weeks. The country's parliament is scheduled to debate this week. Nearby Sweden appears likely to apply too, with local media [suggesting](#) Stockholm could pursue membership within months.

TD

Russia isn't taking it well. "If Sweden and Finland join NATO, the length of the alliance's land borders with Russia will more than double," former Russian President Dmitry Medvedev [said](#) last week. He warned Russia would retaliate by deploying "Iskanders, hypersonic weapons, and nuclear-armed ships literally at arm's length from their own homes." Such threats underscore the case for joining.

Sweden and Finland are members of the European Union, but as historically neutral nations they preferred to keep a distance from NATO. For years about a [third](#) of Swedes wanted to apply, and Finns were even more skeptical. But support for accession has grown since the invasion. More than two-thirds of Finns showed support in a recent [survey](#).

Some Swedish and Finnish elites are more hesitant. Last month Swedish Prime Minister Magdalena Andersson [suggested](#) that joining NATO "would further destabilize this area of Europe and increase tension." Many Finnish politicians also have been ambivalent. But the public sees the devastation in Ukraine and realizes it could happen to them. As democracies, the governments will eventually reflect the will of the people.

Finns and Swedes are moving toward the alliance because they believe it's the best path to peace in the long run. The Baltic [states](#) know they would be under even greater threat if they had not joined NATO. So do the [Poles](#).

The U.S. Senate will have to approve accession, and the case for approval is overwhelming. The debate should be instructive, and expect opposition from the small but persistent isolationist wing of the Republican Party. In 2019 Senators Rand Paul and Mike Lee were the lone votes [against](#) accepting North Macedonia to the alliance, and other Trump-aligned Senators could join them this time.

Yet Finland and Sweden wouldn't be alliance freeloaders. Their strategic location in the Baltic Sea could be critical in a wider conflict with Russia. Finland already punches above its weight [militarily](#), and wealthy Sweden can afford its announced defense-spending increases. A secure Europe better capable of defending itself serves American interests.

Some conservatives argue that Washington should focus on China and the Pacific rather than make new security commitments in Europe. We're all for doing more to deter China. But the rulers in Beijing

and Moscow are working together, and the U.S. will need allies in both theaters to deter them. Successful aggression by one revanchist state encourages the other to do the same.

The U.S. will have to spend more on defense no matter what NATO does. Adding Sweden and Finland spreads the burden of deterring Russia and reduces the risks of war.

[Vladimir Putin's Gift to NATO](#)

CO	nato : North Atlantic Treaty Organization
NS	gdip : International Relations gvexe : Executive Branch gcat : Political/General News gpir : Politics/International Relations gpol : Domestic Politics ncolu : Columns nedc : Commentaries/Opinions gybod : Government Bodies ncat : Content Types nfact : Factiva Filters nfcpx : C&E Executive News Filter
RE	fin : Finland russ : Russia swed : Sweden asiaz : Asia easiaz : Eastern Asia eecz : European Union Countries eurz : Europe scandz : Scandinavia uk : United Kingdom ukrn : Ukraine ussrz : CIS Countries apacz : Asia Pacific bric : BRICS Countries devgcoz : Emerging Market Countries dvpcoz : Developing Economies eeurz : Central/Eastern Europe nordz : Nordic Countries weurz : Western Europe
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THE WALL STREET JOURNAL.

CLM Heard on the Street

SE Markets

HD **Defense Stocks' [Ukraine](#) Premium Needs Handling With Caution; War has raised prospects of higher military spending, but defense valuations tend to deflate a few months after the start of a conflict**

BY By Jon Sindreu

WC 637 words

PD 19 April 2022

ET 18:57

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LA English

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LP

Buying defense stocks makes sense when war breaks out. Investors need to be careful, though, because it also makes sense to sell them when attention starts shifting elsewhere.

On Tuesday, shares in military contractor Lockheed Martin dropped about 3% in the futures market after it announced an 8% annual fall in sales in the first-quarter due to [supply shortages created by the pandemic](#), which have affected the entire industry. Earnings surpassed Wall Street's expectations, but the company didn't upgrade its outlook for 2022.

TD

Perhaps defense stocks were flying too high on the back of Russia's invasion of Ukraine—at least in the short term.

Until recently, their performance had been disappointing, as investors focused on the rapid economic recovery from the Covid-19 crisis and the risk of lower U.S. military spending after the Trump years. But the war in Ukraine changed the narrative: Based on Monday's market close, Lockheed's value is more than 17 times the earnings it is expected to generate over the next 12 months—a valuation it hasn't enjoyed since 2018. Other defense majors, like Northrop Grumman and General Dynamics, have traded similarly.

Indeed, the defense budget seems set to keep increasing. The Biden administration has asked lawmakers for \$813 billion in military spending for next year, a 4% increase from 2022—and that is without accounting for the \$13.6 billion in aid for Ukraine passed by Congress earlier in March.

Those who value a historical perspective, however, should recognize another risk: buying at the peak of the wave.

For the last 20 years, every big military conflict has triggered a jump in defense stocks, including Russia's invasion of Crimea in 2014 and the North Korean nuclear crisis of 2017, as well as 9/11 in 2001. Yet these gains were often eventually erased, as the initial sense of danger dissipated. The same could happen now, particularly given Russia's failure to achieve a swift victory.

Defense companies face challenges other than supply-chain hiccups. For one, the switch from two decades of fighting terrorism to peer-to-peer warfare against big geopolitical rivals could prove hard for legacy companies that make big margins on traditional military gear. Tanks have shown their limitations in Ukraine, and the Pentagon continues to cut back on Lockheed's troubled F-35 multipurpose jet fighter. Meanwhile, the new administration's antitrust officials seem determined to slam the brakes on 30 years of consolidation among contractors. In February, their concerns prompted Lockheed to shelve its planned \$4.4 billion acquisition of Aerojet Rocketdyne.

To be fair, this war seems more geopolitically game-changing than any recent conflict: Countries in Europe are pledging to step up military capabilities, after falling short for years on their commitment to the North Atlantic Treaty Organization of spending 2% of economic output on defense. It has even

sparked calls to remove military contractors from sustainable investors' blacklists, which could bring in new money.

Focusing on relative winners may be a good battle plan. Although Lockheed and Northrop have similar valuations, the latter company, with its B-21 heavy bomber, is favored by the new budget's increased focus on space and nuclear deterrence. U.K.-based BAE Systems has more European exposure than its peers, while still counting the Pentagon as its main customer.

The war in Ukraine may justify a premium on defense stocks for discerning long-term investors. Trend-chasers, however, could soon need to run for cover.

Write to Jon Sindreu at jon.sindreu@wsj.com

[Defense Stocks' Ukraine Premium Needs Handling With Caution](#)

CO lckhed : Lockheed Martin Corporation

IN iaer : Aerospace/Defense | idef : Defense Equipment/Products | iindstrls : Industrial Goods

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RE ukrn : Ukraine | eurz : Europe | uk : United Kingdom | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | weurz : Western Europe

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HD **Russia** Launches Offensive in East --- Zelensky says Moscow has begun a new phase of the war as missiles hit western city of Lviv

BY By Georgi Kantchev, Thomas Grove and Michael R. Gordon

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LP

KYIV, Ukraine -- President Volodymyr Zelensky of Ukraine said that Russian forces have begun a fresh offensive in eastern Ukraine, signaling the latest phase of an invasion that has led to a new confrontation between Russia and the West.

"Russian troops have started the battle for Donbas, which they had been preparing for a long time," Mr. Zelensky said in an address late Monday. "A large portion of the army has been concentrated to carry out this offensive."

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Mr. Zelensky didn't point to any new movements in the east of the country, where Ukrainian forces had been fighting Russian-controlled separatists for eight years, and Pentagon officials were cautious about calling a start to the new offensive. But Mr. Zelensky's statement underscores how quickly the dynamics of the conflict are changing since Russia withdrew its troops from around Kyiv earlier this month, following a failed attempt to seize the capital.

President Biden is scheduled to hold a video call Tuesday morning with allies and partners to discuss Ukraine, the White House said.

Earlier in the day, Russian missile strikes on the western Ukrainian city of Lviv near Poland's border shattered the calm of a place that had remained mostly unharmed in the war as Russia expanded its strikes across Ukraine.

Mr. Zelensky has said that Russia has deployed more military forces and equipment in and around eastern Ukraine in recent days, setting the stage for a new phase of Moscow's offensive. A combination of Russian military miscalculations and stronger-than-expected Ukrainian resistance helped Kyiv thwart Russia's push on the capital and other parts of the country.

The number of Russian battalion tactical groups in Ukraine has grown to 76 from 65 a few days ago, a senior U.S. defense official said. Such battalion tactical groups generally number from 700 to 1,000 troops.

The Pentagon sees the Russian strikes in recent days as part of so-called shaping operations, which are intended by Russia to try to hamper the Ukrainians' ability to resupply its combat forces before a major offensive in the east and soften up resistance in key eastern towns. The U.S. said the intended targets included ammunition depots or other hubs.

"We still consider what we're seeing to be a piece of shaping operations," Pentagon spokesman John Kirby said when asked about Ukrainian statements that war in the east had moved into a more active phase. "The Russians are continuing to set the conditions for what they believe will be eventual success on the ground by using, by putting in more forces, putting in more enablers, putting in more command and control capability for operations yet to come."

In the east, the heaviest fighting had been around Popasna and Donetsk, the senior U.S. defense official said. Fighting also continued around Izium, and the Russians were marshaling a substantial force north of the town.

As fighting intensifies, the U.S. and other members of the NATO alliance have scrambled to supply Ukraine with more military hardware.

The U.S. expects to move forward in the next few days on training Ukraine troops outside of Ukraine on using howitzers and new radar systems, including counter-battery radars to pinpoint the course of Russian artillery fire. The U.S. is sending 18 155mm howitzers as part of a fresh infusion of weapons.

The strikes on Lviv came as Russian missiles and artillery hit hundreds of targets, leading to civilian deaths and destruction in several other Ukrainian towns and cities. Russia is ramping up military operations -- including airstrikes and artillery -- as part of a campaign to seize control over the eastern Donbas area.

Russian cruise missiles killed seven and injured 11 people in Lviv, including the child of a family that had fled to the safety of western Ukraine from Kharkiv, which had been under Russian assault since the early days of the conflict, Lviv Mayor Andriy Sadovyi said. Three of the missiles hit military infrastructure, and one missile struck a tire service shop, damaging nearby houses and vehicles, in the city about 40 miles from Poland's border, regional authorities said.

"These are the first civilian deaths in our city," Mr. Sadovyi said. "We mourn the dead, but we must be as vigilant as possible."

Ukrainian authorities also reported four civilian deaths in a Russian attack in the front-line city of Kreminna, in the Luhansk region of the Donbas, and said they had lost control of the city. Shelling in Kharkiv killed two civilians, the local prosecutors' office said, with shells falling on playgrounds near residential buildings.

Ukrainian troops in the port city of Mariupol, meanwhile, continued to hold out a day after they rejected a Russian ultimatum to surrender. Russia has sought to capture the city to free up troops for its Donbas offensive and secure a land corridor from Russian-held territory in the east to the Crimean Peninsula.

The battle for Mariupol is hampering preparations for that offensive, according to the senior U.S. defense official and British intelligence. Once that city is taken, "almost a dozen" battalion tactical groups would be freed up for other operations elsewhere in eastern Ukraine, the official said.

The attack on Lviv was the deadliest in the city since the start of the war. Lviv is far from the war's front lines, and its relative safety made it a common destination for Ukrainians fleeing the east. The missile attacks were a reminder that Russia's long-range weapons remain a threat across much of the country at a time when some refugees are returning.

"The Russians continue barbarically attacking Ukrainian cities from the air, cynically declaring to the whole world their 'right' to . . . kill Ukrainians," Mykhailo Podolyak, an adviser to Mr. Zelensky, wrote on Twitter.

Mr. Zelensky has called for further peace negotiations to resolve the situation in Mariupol, much of which has been reduced to rubble, leaving most of the remaining residents without access to food, water and power.

Kremlin spokesman Dmitry Peskov said that negotiations with Ukraine were continuing but that progress was slow. Last week, President Vladimir Putin of Russia said peace talks with Kyiv had reached a dead end.

Yaroslav Trofimov and Isabel Coles contributed to this article.

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IPC IGV

PUB Dow Jones & Company, Inc.
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SE Daily
 HD Fiat-Chrysler Owner Halts Vehicle Production at **Russia** Plant
 BY By Lina Saigol
 WC 191 words
 PD 19 April 2022
 ET 15:48
 SN Barron's Online
 SC BON
 LA English
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 LP

Stellantis became the latest car maker to halt operations in Russia, citing logistical difficulties and sanctions against Moscow following its invasion of Ukraine.

The world's fourth- largest car maker, which was created last year from the merger of Fiat-Chrysler and Peugeot owner PSA, had already announced in March that it was suspending imports and exports of vehicles from Russia.

TD

"Given the rapid daily increase in cross sanctions and logistical difficulties, Stellantis has suspended its manufacturing operations in Kaluga to ensure full compliance with all cross sanctions and to protect its employees," Stellantis (ticker: STLA) said in a [statement](#) on Tuesday.

Milan-listed shares in Stellantis rose 2.04% in midmorning trading on Tuesday. The stock is down more than 20% in the year to date.

Stellantis operates its factory in Kaluga, southwest of Moscow, in partnership with Japanese car maker Mitsubishi Motors Corp (JP:7211) where it builds commercial vans for Citroën, Opel and Peugeot for the Russian market.

Write to Lina Saigol at lina.saigol@dowjones.com

[Fiat-Chrysler Owner Halts Vehicle Production at Russia Plant](#)

CO fiat : Stellantis N.V. | peugct : PSA Peugeot Citroen SA
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WSJ Podcasts

CLM WSJ Podcast Minute Briefing
HD **Ukraine's** President Says **Russia** Has Begun New Offensive
WC 384 words
PD 19 April 2022
ET 15:55
SN WSJ Podcasts
SC WSJPOD
LA English
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LP

The U.S. has made more than one million arrests at its border with Mexico since October, new data show. Delta Air Lines has tested wireless internet technology on its planes developed by Starlink, a unit of Elon Musk's SpaceX. Keith Collins hosts.

[Click here to listen to the podcast](#)

TD

Keith Collins: Here's your morning brief for Tuesday, April 19th. I'm Keith Collins for the Wall Street Journal. Ukrainian president, Volodymyr Zelensky, says Russian forces have begun a new offensive in Eastern Ukraine. Zelensky didn't point to any new movements in the region where Ukrainian forces have been fighting Russian-controlled separatists for years. Pentagon officials were still cautious about calling a start to the new offensive. The White House said President Biden is scheduled to hold a video call today with allies and partners to discuss Ukraine. Separately, the administration reiterated that Biden has no plans to send American troops to Ukraine, rejecting comments from a close Senate ally that the White House should consider such a scenario.

The U.S. has made more than 1 million arrests at its border with Mexico since October, new federal data show. That reflects the fastest pace of illegal border crossings in at least the past 20 years. Nearly 5,000 Ukrainians were allowed to enter the country on temporary humanitarian grounds, according to U.S. customs and border protection. We're exclusively reporting that Delta Air Lines has tested wireless internet technology on its planes that was developed by a unit of Elon Musk's SpaceX. Delta CEO, Ed Bastian, also told The Journal that the company has held talks with SpaceX's Starlink broadband business. He declined to discuss specifics. SpaceX didn't respond to a request for comment.

Markets in Asia ended mixed and European shares fell in early trading. In the U.S., investors will be watching new home building figures throughout this morning. And on the earnings front, Netflix, IBM and Johnson & Johnson are scheduled to report results today. We have a lot more coverage of the day's news on the WSJ's What's News podcast. You can add it to your playlist on your smart speaker, or listen and subscribe wherever you get your podcasts.

CO deltaa : Delta Air Lines Inc | jonjon : Johnson & Johnson | spaetc : Space Exploration Technologies Corp.
IN i257 : Pharmaceuticals | i364 : Aerospace Products/Parts | i3640046 : Spacecraft | i75 : Airlines | i7501 : Passenger Airlines | i951 : Healthcare/Life Sciences | iaer : Aerospace/Defense | iaistr : Air Transport | iindstrls : Industrial Goods | itsp : Transportation/Logistics
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PUB Dow Jones & Company, Inc.
AN Document WSJPOD0020220419ei4j0008d

HD The Ukraine Crisis: War Stokes Fears in Taiwan Over Sea Cables

BY By Alastair Gale

WC 528 words

PD 19 April 2022

SN The Wall Street Journal

SC J

PG A6

LA English

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LP

The war in Ukraine is reviving concerns in Taiwan and some Asia-Pacific nations about the fragility of their internet connections because they rely on undersea cables that could be severed in a Chinese attack.

Ukrainians have used the internet to rally resistance to Russia's invasion, counter Moscow's propaganda and win international support, including through President Volodymyr Zelensky's appeals for weapons. Ukraine has extensive internet connections across its land borders and most of the country has remained online despite Russian attacks on internet infrastructure.

TD

In contrast, Taiwan, a self-ruled island that Beijing claims, receives and sends about 95% of its data-and-voice traffic via cables that lie on the seabed. Currently officials say about 14 cables -- bundles of fiber-optic lines about the thickness of a garden hose -- are in operation, and they reach land at four locations on Taiwan's coast.

If the cables were to be cut at sea by submarines or divers, or if military strikes were to destroy the lightly protected landing stations, most of the island would be thrown offline.

"We're very vulnerable," said Kenny Huang, chief executive of Taiwan Network Information Center, a government-affiliated cybersecurity and internet-domain-registration organization.

There are no clear signs that China plans to invade Taiwan, but Beijing says it hasn't ruled out the use of military force to take control of the island. China's military doctrine indicates it would seek to achieve air, maritime and information superiority before attempting an amphibious assault on Taiwan, said Ivan Kanapathy, who was director for China, Taiwan and Mongolia on the White House's National Security Council staff from 2018 to 2021.

"Observing Ukraine's highly effective use of media, Beijing likely judges that disconnecting Taiwan from the world would greatly improve China's chances of success" if it invades, Mr. Kanapathy said.

China hasn't threatened to attack seabed cables. Western government officials have expressed concerns about threats to seabed cables from Russian ships and submarines in recent years, but security analysts say China also has the means to sever them. The Chinese Foreign Ministry didn't respond to a question about seabed cables but said tension in the Taiwan Strait shouldn't be exaggerated.

In December, the U.S. said companies owned by China's Hengtong Group that lay and manage seabed cables have links to the Chinese military. Washington restricted their access to U.S. investment and technology. Hengtong didn't respond to requests to comment.

Wong Po-tsung, the deputy head of Taiwan's National Communications Commission, said the government closely monitors internet connectivity and would be alerted within an hour if an outage occurs.

An extreme example of internet vulnerability came this year when an undersea volcanic eruption severed the single cable connecting Tonga to the internet, creating a near blackout of information about the extent of damage on the tiny Pacific archipelago for days.

Even if all its sea cables were severed, Taiwan would still retain some connection to the internet via satellites.

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IPC IGV

PUB Dow Jones & Company, Inc.

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HD **The Ukraine Crisis: Russia Tightens Grip in Southern Ukraine --- The Kremlin has been installing pro-Moscow politicians and hunting for dissenters**

BY By Yaroslav Trofimov

WC 911 words

PD 19 April 2022

SN The Wall Street Journal

SC J

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LA English

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LP

DNIPRO, Ukraine -- Russia is tightening its hold over occupied areas of southern Ukraine, installing pro-Moscow leaders, hunting for dissenters and dismantling Ukrainian state institutions.

In the city of Melitopol, like many others in the area, red, blue and white Russian flags now fly atop public buildings. Russian security forces patrol the streets and soldiers man checkpoints, inspecting people's identification documents and looking at the contents of their mobile phones, residents say.

TD

In March, Russian forces burst into the office of Melitopol's mayor, Ivan Fedorov, put a bag over his head and detained him. Moscow named a local pro-Russian politician to replace him. Mr. Fedorov was later released in a prisoner swap and is in Ukrainian-held territory.

Russian occupation authorities have said they would seek to make the Russian ruble legal tender and say they will reopen schools teaching a Russian curriculum. Mr. Fedorov said Melitopol is now connected to Russia's internet via a fiber-optic cable from Crimea. There also are new Russian cellphone-service towers.

On Sunday, Ukrainian President Volodymyr Zelensky condemned Russian conduct in the occupied areas, saying: "Torture chambers are being built there, local authorities and anyone deemed notable to local communities are being abducted."

Mr. Zelensky called on the West to impose sanctions on Russia's entire financial system for its attempts to replace the Ukrainian currency in areas under its control.

Russian forces that pushed north from Crimea, which Moscow annexed in 2014, seized a significant swath of territory in southern Ukraine during the opening weeks of the war. Generally, there has been less fighting than in the north, where Russian forces retreated in early April after weeks of fierce resistance. Russia's supply lines in the south have rarely been targeted by insurgent-style ambushes.

After failing to capture Kyiv, Moscow has said it is refocusing its offensive on eastern Ukraine's Donbas region. Before the invasion, Russian President Vladimir Putin recognized the independence of two Russian-controlled statelets there. Moscow, however, hasn't said what it intends to do with the large territory it holds in the southern regions of Kherson and Zaporizhzhia.

Propaganda leaflets distributed by Russian forces in the Kherson region say Moscow had no choice but to "launch an operation to liquidate the anti-people Kyiv regime" to thwart a Western plot to destroy the Russian and Ukrainian peoples.

"Don't think it will be quick, easy and painless," the leaflets say, urging locals not to leave their homes and communities, and not to approach Russian troops and armored vehicles on patrol.

Sergey Aksenov, the Russian governor of Crimea, said Ukrainian teachers from across the occupied areas of southern Ukraine would be taken to "requalification camps" so they would follow "Russian standards" in the classroom.

In Melitopol, the mayor, Mr. Fedorov, said Russian forces were stripping factories of their machinery and shipping it back to Russia. "To me it's a signal that they don't intend to stay long, because otherwise they would have tried to develop the area or at least tried to seize the entire factories instead of just looting them," he said.

Because Russia's policy is unclear, the occupation forces' approach varies from city to city.

In Kherson, the only regional capital and the biggest Ukrainian city that Russia has captured since launching the war on Feb. 24, the elected mayor, Ihor Kolykhaev, has been allowed to keep running the municipality in accordance with Ukrainian law and in cooperation with Kyiv.

The municipality still flies the Ukrainian flag and pro-Ukrainian rallies take place regularly. Protesters are sometimes dispersed by Russian security forces firing warning shots and tear gas.

"When the armed soldiers of the Russian Federation came here, I told them that as long as the flag above is Ukrainian, we will work according to Ukrainian law. And if the flag changes, we will all resign," Mr. Kolykhaev said. "People here are waiting for the armed forces of Ukraine to come and free them."

In Kherson, Russian forces have set up their headquarters in the regional government's administrative building and recently removed a monument to 100 Ukrainians killed in 2014 protests.

Mr. Kolykhaev said Russians gained access to a database of war veterans who have fought in Donbas since Russia fomented conflict there in 2014, territorial defense volunteers and other potential foes. Using these lists, Russian security forces are conducting selective raids throughout the city.

Kherson's regional council voted over Zoom shortly after the Russian takeover of the city to reject any attempt to sever the region from Ukraine. Now, Ukrainian officials warn that Russia plans to conduct a referendum in May on establishing a "Kherson People's Republic" along the lines of the Donetsk and Luhansk statelets created by Moscow in Donbas in 2014.

In many towns across southern Ukraine, Russian occupation authorities have managed to find local collaborators among politicians affiliated with Opposition Platform For Life, a political party that pushed for closer ties with Moscow before the war and recently was disbanded by Mr. Zelensky.

Many of its lower-level politicians in the south have chosen to collaborate with Moscow. In Melitopol, for example, an Opposition Platform city council member, Galina Danilchenko, was named by occupation forces as the new acting mayor.

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IPC IGV

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HD The Ukraine Crisis: NATO Cyber Exercise Will Test Defenses

BY By Catherine Stupp

WC 297 words

PD 19 April 2022

SN The Wall Street Journal

SC J

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LA English

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LP

NATO's large, multiday cyber defense exercise is set to bring together technical experts from alliance countries and Ukraine nearly two months after Russia's invasion.

The annual cyber war-games, known as the Locked Shields exercise, will start Tuesday in Tallinn, Estonia. The North Atlantic Treaty Organization's Cooperative Cyber Defense Centre of Excellence organizes the event, which includes fictional cyberattack exercises that test teams have to fend off under time pressure.

TD

This year's competition is significant for the countries participating because their cyber-defense units have been on high alert since the outbreak of the war in Ukraine, said Anett Numa, an international policy adviser in the cyber policy unit of Estonia's ministry of defense.

"Like-minded countries have to work together in order to protect themselves," she said, adding that Ukrainian and Estonian experts would work on the same team.

Finland's government websites were attacked April 8 while the government was discussing joining NATO. Kyiv's websites were hacked in January while Russian troops gathered along the nation's borders.

The NATO alliance team includes about 30 cyber defenders from different NATO bodies and member countries with specializations such as communications, digital forensics, legal expertise and recovering systems damaged from an attack, said Ian West, chief of the NATO Cyber Security Centre, which defends NATO networks and is a part of the organization's communications and information agency. The exercise is useful for cyber defenders from different countries to communicate with each other about attacks on the same technology products that several governments use, he said.

The NATO center organizing Locked Shields doesn't make details of the simulated cyberattacks public.

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CO nato : North Atlantic Treaty Organization

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IPC IGV

PUB Dow Jones & Company, Inc.

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CLM Global View
HD The End of **Russia's** Empire?
BY By Walter Russell Mead
WC 831 words
PD 19 April 2022
SN The Wall Street Journal
SC J
PG A15
LA English
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LP

As Russia and Ukraine prepare for what could be the biggest tank battle in Europe since World War II, the future of Vladimir Putin's war remains impossible to predict. Large-scale tank and artillery engagements in the flat open terrain of eastern Ukraine may favor Moscow, and the sheer weight of Russia's military machine could force territorial gains, but other outcomes are possible. Ukrainian courage, tactical brilliance and access to Western arms and equipment could produce another string of humiliating setbacks for Russia.

The worst-case scenario for Mr. Putin would be for Russia's war in Ukraine to end in a comprehensive military defeat, with the collapse of pro-Russian enclaves in the Donbas and Moldova and Ukraine's integration into the West. Such a defeat would be more than a personal humiliation; it could be a career-ending setback for him. It would also deliver a psychological and strategic shock to Russia's standing and self-image. The course of Russian history would change.

TD

Russia would not be the first former empire to face a moment of historical reckoning. Spain's 1898 defeat at the hands of the upstart Americans was a watershed moment in Spanish history. The global empire that had defined Spain since the voyages of Columbus had suddenly disappeared, and Spaniards began to question everything from the monarchy to the role of the church.

For Britain and France, their ignominious failure in the 1956 Suez campaign forced both countries to realize that they were no longer independent global powers. The glories of empire were over, and the two former superpowers began, painfully and reluctantly, to adjust to their new circumstances.

A decisive Russian failure in Ukraine could be Moscow's Suez moment. If Russia fails to conquer the heart of Ukraine (western Ukraine is less of a concern in Russian historical mythology), Russians will be unable to avoid the conclusion that the empire of the czars, painfully assembled over many centuries and restored by Lenin and Stalin after the disasters of World War I, has irrevocably fallen. This will force the kind of deep introspection in Russia that other former empires have had to face. The consequences will be far-reaching.

Under the Romanovs, the communists and Mr. Putin, Russian political thought has been shaped by three beliefs: that Russia is different, that the difference is transcendently important, and that it gives Russia a unique role in world history. Defeat in Ukraine would radically undermine confidence in these ideas, plunging Russia into an identity crisis with unpredictable political consequences.

The czars, commissars and Putinists all saw Russia as both unique and committed to a struggle against the West. For the czars, Moscow was the "third Rome" that would carry the torch of Christianity and civilization after the first Rome fell to barbarian invaders and the second Rome (Constantinople) fell to the Turks. For the communists, Moscow was the citadel of the global proletarian revolution, fated to annihilate the decadent bourgeois culture of the West. Mr. Putin and his acolytes see the world in similar terms, with Russia committed to a war of survival against Western decadence, soullessness and unbridled greed.

To hold its own in the unequal competition with the more developed West and to provide governance suited to its unique psyche, Russia, its rulers argued, needed to concentrate power at the top. Only

someone as strong as Catherine the Great, Stalin or, his admirers maintain, Mr. Putin can enable Russia to prevail in its confrontation with the West.

Ukraine is the heart of the matter. With Ukraine under its thumb, Moscow sees itself as the greatest power in Europe. Without Ukraine, the dream that Russia can recapture the Soviet Union's status as a superpower will die a bitter death.

Worse, perhaps, from the viewpoint of the "Eurasian" theorists and radical Russian nationalists who provide a veneer of legitimacy for Mr. Putin's regime, a victory for Orthodox, Slavic and democratic Ukraine over despotic Russia wouldn't only challenge the personal legitimacy of Mr. Putin. It would challenge the idea of Russian exceptionalism and fatally undermine the view that despotism is the form of governance best suited to the Russian soul.

As the war exposes the darkness inherent in Mr. Putin's regime, and as atrocities abroad and repression at home impress the mark of Cain ever more deeply on its brow, it is impossible not to hope for a Russian defeat. Nevertheless, caution is in order. Mr. Putin and those around him know that in Ukraine they aren't fighting only for an adjustment of frontiers. They are fighting for their world, and it may be psychologically impossible for them to accept defeat until every measure, however ruthless, and every weapon, however heinous, has been brought into play.

For Vladimir Putin and the people around him, the stakes in Ukraine are almost infinitely great.

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IPC IGV

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CLM REVIEW & OUTLOOK (Editorial)
HD **Cut Tariffs to Help Inflation and Ukraine**
WC 527 words
PD 18 April 2022
SN The Wall Street Journal
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LP

President Biden is deploying gimmicks to try to show the public that he is fighting 8.5% inflation, but here's something he could do that really would help: ease President Trump's destructive tariffs. This isn't a panacea. But while prices keep rising, the feds could at least stop making products more expensive on purpose.

A recent paper from the Peterson Institute for International Economics shows the tangible effect that smarter trade policies could have. "A feasible package of liberalization," it says, "could deliver a one-time reduction in consumer price index (CPI) inflation of around 1.3 percentage points."

TD

Last week's CPI report shows that prices are up 8.5% from a year ago. A modest easing of tariffs, in other words, could counteract a meaningful portion of that inflation, which is better than what Mr. Biden is doing. He is releasing oil from the Strategic Petroleum Reserve and permitting summer sales of E15 gasoline, neither of which will matter much. On the other hand, the trade remedy "would amount to \$797 per US household, about half the size of pandemic relief in 2021," the Peterson report says.

Tariffs are taxes. They're paid by consumers. They make U.S. manufacturing less competitive by driving up the price of inputs like steel. The Peterson report says Mr. Trump raised the cost of Chinese imports by \$81 billion. Mr. Biden could aim for overall tariff relief of two percentage points, which comes out to \$56 billion in savings. Imports "contribute to 12 percent of the CPI," and a share of those lower costs "would quickly reach consumers through lower prices at retail outlets," the authors say. Increased competition would put downward pressure on the prices of domestic goods.

Since the poor spend more of their money on consumption, the report adds, "trade liberalization counts as progressive policy in the same way that cutting a sales tax is progressive policy." This should also appeal to Republican Senators who claim to be the new tribunes of working people -- unless their real trade-policy motivation is corporate welfare.

The White House could further target the tariff relief to staples like clothing and school supplies. Because the President has been granted broad trade power, Mr. Biden could act on at least some of this agenda with the stroke of an autopen.

Good trade policy is also good geopolitics. Sens. Pat Toomey and Dianne Feinstein wrote Mr. Biden this month asking him to "remove the 25 percent U.S. tariff on steel imports from Ukraine to help it eventually stabilize and rebuild its economy." The immediate effects might be muted, given how the Russian invasion has hampered Ukrainian industry.

But in the longer term it's a win-win-win: Let Americans buy Ukrainian steel without a hefty border tax, improving competitiveness for U.S. manufacturers. Trim inflation. And help a country struggling for freedom regain its economic footing. What is Mr. Biden waiting for?

(See related letter: "Letters to the Editor: Keep the Tariffs, Keep the Pressure on China" -- WSJ Apr. 28, 2022)

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CO ptsiem : Peter G. Peterson Institute for International Economics

NS e1103 : Inflation Figures/Price Indices | ecat : Economic News | gpol : Domestic Politics | ncolu : Columns | e11 : Economic Performance/Indicators | gcat : Political/General News | gpir : Politics/International Relations | ncat : Content Types

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IPC EXE

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SE Blog
HD An NFT of **Ukraine's** Zelenskyy Will Raise Funds for Sean Penn's Nonprofit
BY By Fang Block
WC 419 words
PD 19 April 2022
ET 02:05
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SC WCBBE
LA English
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LP

Artist Tristan Eaton will release a nonfungible token, or NFT, rendering of Ukrainian President Volodymyr Zelenskyy on Tuesday to raise funds for Sean Penn's nonprofit organization, Community Organized Relief Effort (CORE).

A limited 500 editions of the digital art will be available on OpenSea, an NFT marketplace. Each token will be offered at a flat price of 0.1 Ethereum (about US\$300). All proceeds from this sale, which would amount to US\$150,000 if all the NFTs sell, will be donated to CORE's ongoing relief effort for Ukraine refugees.

TD

"Like most of the world, I'm horrified to see what's happening in Ukraine right now," Eaton says. "I want to help in some way, so I created this piece of art as a nod to the bravery of the great people in Ukraine."

The NFT depicts Ukrainian President Volodymyr Zelenskyy as a fighter, with a message Слава Україні (meaning "glory to Ukraine"), written in blue and yellow, colors of the Ukrainian national flag, across his portrait. The digital art was based on a mural Eaton painted outside his studio in Los Angeles, the artist says.

Eaton, 44, is best known as a street artist who paints murals in cities such as New York and Los Angeles. He also designed "Kidrobot" toys and posters for Barack Obama's 2008 presidential campaign.

CORE will channel the funds raised to programs for Ukraine refugees in Poland and Romania, providing them with shelter, food, water, and other materials, says Ann Lee, CEO of CORE.

"We have allocated about US\$5 million to Ukraine relief efforts from our own funding as an initial step," Lee says, "We think this is going to a much bigger, protracted crisis, we need to provide people in displacement safe and healthy shelters."

Co-founded by Lee and actor Penn in 2010 in response to the earthquake in Haiti, CORE focuses on global crisis response and community-rebuilding efforts.

Earlier this month, the organization launched a program in partnership with Mastercard, EML, the Stichting Giustra International Foundation, Tommy Humphreys, and the Parker Foundation to provide digital cash assistance to Ukrainian refugees. During the initial pilot 2,500 cards pre-loaded with €150 (US\$160) will be distributed to Ukrainian refugees fleeing the country to Poland and other bordering countries, according to CORE.

[An NFT of Ukraine's Zelenskyy Will Raise Funds for Sean Penn's Nonprofit](#)

NS gvexe : Executive Branch | gart : Art | gdev : Development/Humanitarian Aid | gent : Arts/Entertainment | gpir : Politics/International Relations | gpol : Domestic Politics | nblog : Blogs | gcat : Political/General News | gdip : International Relations | gvbod : Government Bodies | ncat : Content Types

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THE WALL STREET JOURNAL.

CLM Asia News
SE World
HD **Ukraine War Stokes Concerns in Taiwan Over Its Fragile Internet Links; Kyiv's successful use of internet to counter Moscow highlights Taiwan's reliance on undersea internet cables that China could cut**
BY By Alastair Gale
WC 1,032 words
PD 18 April 2022
ET 18:09
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

The war in Ukraine is reviving concerns in Taiwan and some Asia-Pacific nations about the fragility of their internet connections because they rely on undersea cables that could be severed [in a Chinese attack](#).

Ukrainians have used the internet to rally resistance to [Russia's invasion](#), counter Moscow's propaganda and win international support, including through President Volodymyr Zelensky's appeals for weapons. Ukraine has extensive internet connections across its land borders and most of the country has remained online despite Russian attacks on internet infrastructure.

TD

In contrast, Taiwan, a self-ruled island that Beijing claims, receives and sends about 95% of its data-and-voice traffic via cables that lie on the seabed. Currently officials say about 14 cables—bundles of fiber-optic lines about the thickness of a garden hose—are in operation, and they reach land at four locations on Taiwan's coast.

If the cables were to be cut at sea by submarines or divers, or if military strikes were to destroy the lightly protected landing stations, most of the island would be thrown offline.

"We're very vulnerable," said Kenny Huang, chief executive of Taiwan Network Information Center, a government-affiliated cybersecurity and internet-domain-registration organization.

There are no clear signs that China plans to invade Taiwan, but Beijing says it hasn't ruled out the [use of military force to take control of the island](#). China's military doctrine indicates it would seek to achieve air, maritime and information superiority before attempting an amphibious assault on Taiwan, said Ivan Kanapathy, who was director for China, Taiwan and Mongolia on the White House's National Security Council staff from 2018 to 2021.

"Observing Ukraine's highly effective use of media, Beijing likely judges that disconnecting Taiwan from the world would greatly improve China's chances of success" if it invades, Mr. Kanapathy said.

China hasn't threatened to attack seabed cables. Western government officials have expressed concerns about threats to seabed cables from Russian ships and submarines in recent years, but security analysts say China also has the means to sever them. The Chinese foreign ministry didn't respond to a question about seabed cables but said tension in the Taiwan Strait shouldn't be exaggerated.

In December, the U.S. said companies owned by China's Hengtong Group that lay and manage seabed cables have links to the Chinese military. Washington [restricted their access to U.S. investment and technology](#). Hengtong didn't respond to requests for comment.

Wong Po-tsung, the deputy head of Taiwan's National Communications Commission, said the government closely monitors internet connectivity and would be alerted within an hour if an outage occurs. By law, landing stations are protected by the police, coast guard and the military if necessary.

Japan also relies heavily on seabed cables and worries about being drawn into a conflict with China over Taiwan or some other islands controlled by Tokyo but claimed by Beijing. Most of Japan's seabed cables arrive at two landing stations, including one near Tokyo.

"If you go there, all the optical fiber cables are gathered in one space that's two meters by two meters. If it's bombed, everything is lost," said Nobukatsu Kanehara, deputy secretary-general of Japan's National Security Secretariat from 2013 to 2019.

An extreme example of internet vulnerability came earlier this year when an undersea volcanic eruption [severed the single cable connecting Tonga to the internet](#), creating a near blackout of information about the extent of damage on the tiny Pacific archipelago for days.

In a war game conducted by the Center for a New American Security, a Washington think tank, participants simulated Russian and Chinese attacks on seabed cables. In nearly every case, the attackers were able to "disrupt and degrade U.S., allied, and partner communications, and contributed to confusion and distraction at the strategic level," the think tank [said in a report last year](#).

Seabed cables are essential plumbing for the global economy. One recent report estimated the [contribution of seabed cables to the U.S. economy](#) at nearly \$649 billion, or about 3% of U.S. gross domestic product.

The Asia-Pacific region has some of the highest concentrations of the roughly 436 active seabed cables that extend more than 800,000 miles around the world. The cables, most of which are privately owned by internet companies, are also a security risk because they might be tapped to intercept data.

Even if all its sea cables were severed, Taiwan would still retain some connection to the internet via satellites, with priority given to the government and military. Data capacity from satellite connections is a tiny fraction of that from seabed cables, however, and specialist terminals are needed to receive connections from satellites.

Taiwan is encouraging the construction of new cables to provide more sources of internet connection and it will likely add one or two more landing stations in the next five years, said Mr. Huang, the CEO of Taiwan Network Information Center.

In December, the U.S. gave approval to Alphabet Inc.'s Google and Facebook parent Meta Platforms Inc. for a new cable that would link Taiwan with the U.S. and the Philippines as early as this year. The companies are also teaming up to build a new cable linking Taiwan with Japan and other countries in Asia that is expected to be ready to operate in 2024.

Alexander Huang, a former deputy minister in the government council handling relations with China and a security adviser to successive Taiwan governments, said an early-warning system might be developed to guard the cables from interference at sea, but there are no easy solutions.

"We have known about this vulnerability for a long time but it is very costly to deal with," Mr. Huang said.

Joyu Wang contributed to this article.

Write to Alastair Gale at alastair.gale@wsj.com

[Ukraine War Stokes Concerns in Taiwan Over Its Fragile Internet Links](#)

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SE WSJ Pro
 HD **NATO Cyber Game Tests Defenses Amid War in Ukraine; Cyber experts from Ukraine and NATO countries to participate in simulated wargames**
 BY By Catherine Stupp
 WC 602 words
 PD 18 April 2022
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 SC RSTPROC
 LA English
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LP

NATO's large, multiday cyber defense exercise is set to bring together technical experts from alliance countries and Ukraine nearly two months after Russia's invasion.

The annual cyber wargames, known as the Locked Shields exercise, will start Tuesday in Tallinn, Estonia. The North Atlantic Treaty Organization's Cooperative Cyber Defense Centre of Excellence organizes the event, which includes fictional cyberattack exercises that test teams have to fend off under time pressure.

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This year's competition is significant for the countries participating because their cyber defense units have been on high alert since the outbreak of the war in Ukraine, said Anett Numa, an international policy adviser in the cyber policy unit of Estonia's ministry of defense.

"Like-minded countries have to work together in order to protect themselves," Ms. Numa said. Ukrainian and Estonian experts will work on the same team in the exercise, she added.

Finland's government websites were attacked on April 8 while the government had been discussing joining NATO. Ukrainian government websites were hacked in January while Russian troops gathered around the country's borders. "Every single political decision can cause an attack," Ms. Numa said, referring to current discussions in Finland about joining NATO. Estonia also experienced a large-scale cyberattack in 2007.

NATO officials have been discussing various ways the alliance could help Ukraine fend off cyberattacks, and gave the country access to its malware information-sharing platform in January. In February, U.S. deputy national security adviser for cyber and emerging technology Anne Neuberger, traveled to Brussels and Warsaw to discuss Russian cyber threats with officials from NATO, the European Union, Poland and Baltic countries.

The NATO alliance team includes around 30 cyber defenders from different NATO bodies and member countries with specializations such as communications, digital forensics, legal expertise and recovering systems damaged from an attack, said Ian West, chief of the NATO Cyber Security Centre, which defends NATO networks and is a part of the organization's communications and information agency.

The exercise is useful for cyber defenders from different countries to communicate with each other about attacks on the same technology products that several governments use, Mr. West said. "We all use commercial off-the-shelf systems. We're all using the same technology and, as we know, many of these technologies come to market and unfortunately they are vulnerable," he said.

The NATO center organizing Locked Shields doesn't make details of the simulated cyberattacks public. This year's exercise will focus on the "interdependencies between national IT systems," it said in a statement. The wargames don't draw on elements of the recent cyberattacks in Ukraine because those were too recent, but the exercise generally does include scenarios that occurred in real cyberattacks, Ms. Numa said.

In 2021, more than 2,000 participants took part in a simulation that tested how a country might respond to a large-scale cyberattack on its financial system and keep critical functions running, such as payments.

The benefit of the exercises is that it sets a baseline for participants to measure their cyber defense skills against each other, said Stefan Soesanto, a senior cyber defense researcher at ETH Zurich.

The games also help experts get to know their counterparts in allied countries, he said. "They're a huge alliance with partners behind them. If things happen, you can rely on them to assist you," he said.

Write to Catherine Stupp at Catherine.Stupp@wsj.com

CO nato : North Atlantic Treaty Organization

NS ghack : Cybercrime/Hacking | gcrim : Crime/Legal Action | gcat : Political/General News | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

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THE WALL STREET JOURNAL.

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SE World
HD In **Ukraine's** South, Russian Occupiers Tighten the Screws; The Russians are installing pro-Moscow politicians and hunting for dissenters
BY By Yaroslav Trofimov
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LP

DNIPRO, Ukraine—[Russia is tightening its hold](#) over occupied areas of southern Ukraine, installing pro-Moscow leaders, hunting for dissenters and dismantling Ukrainian state institutions.

In the city of Melitopol, like many others in the area, red, blue and white Russian flags now fly atop public buildings. Russian security forces patrol the streets and soldiers man checkpoints, inspecting people's identification documents and looking through the contents of their mobile phones, residents say.

TD

In March, Russian forces burst into the office of Melitopol's mayor, Ivan Fedorov, put a bag over his head and detained him. Moscow named a local pro-Russian politician to replace him. Mr. Fedorov was later released in a prisoner swap and is now in Ukrainian-held territory.

[Russian occupation authorities](#) have said they would seek to make the Russian ruble legal tender and say they will reopen schools teaching a Russian curriculum. Mr. Fedorov said Melitopol is now connected to Russia's internet via a fiber-optic cable from Crimea. There also are new Russian cellphone-service towers.

On Sunday, Ukrainian President Volodymyr Zelensky condemned Russian conduct in the occupied areas, saying: "Torture chambers are being built there, local authorities and anyone deemed notable to local communities are being abducted."

Mr. Zelensky called on the West to impose sanctions on Russia's entire financial system for its attempts to replace the Ukrainian currency in areas under its control.

Russian forces that pushed north from Crimea, which Moscow annexed in 2014, seized a significant swath of territory in southern Ukraine during the opening weeks of the war. Generally, there has been less fighting than in the north, where Russian forces retreated in early April [after weeks of fierce resistance](#). Russia's supply lines in the south, in particular, have rarely been targeted by insurgent-style ambushes.

After failing to capture Kyiv, Moscow has said it is refocusing its offensive on [eastern Ukraine's Donbas region](#). Before the invasion, Russian President Vladimir Putin recognized the independence of two Russian-controlled statelets there. Moscow, however, hasn't said what it intends to do with the large territory it holds in the southern regions of Kherson and Zaporizhzhia.

Propaganda leaflets distributed by Russian forces in the Kherson region say Moscow had no choice but to "launch an operation to liquidate the anti-people Kyiv regime" in order to thwart a Western plot to destroy the Russian and Ukrainian peoples alike.

"Don't think it will be quick, easy and painless," the leaflets say, urging locals not to leave their homes and communities, and not to approach Russian troops and armored vehicles on patrol.

In some places, Russian forces have also hoisted the flag of the Soviet Union on government buildings and moved to replace statues of Lenin dismantled after 2014.

Sergey Aksenov, the Russian governor of Crimea, said over the weekend that Ukrainian teachers from across the occupied areas of southern Ukraine will be taken to "requalification camps" in the peninsula so that they would follow "Russian standards" in the classroom.

In Melitopol, the mayor, Mr. Fedorov, said Russian forces were stripping factories of their machinery and shipping it back to Russia.

"To me it's a signal that they don't intend to stay long, because otherwise they would have tried to develop the area or at least tried to seize the entire factories instead of just looting them," he said.

After Mr. Fedorov's arrest by the Russians, he said he was held in a detention center and interrogated. He said he could hear people crying in pain from nearby cells. He was freed in the prisoner exchange six days later.

After Mr. Fedorov's prison ordeal, many other officials in southern Ukraine abandoned their posts and made their way to Ukrainian government-held territory.

"A dead mayor or a mayor detained somewhere in a cellar is not of much use," said Vitaliy Nemerets, mayor of the city of Kakhovka in the Kherson region. He said on social media that he left the city in April, fearing that his family's lives were in danger.

Because Russia's policy is unclear, the occupation forces' approach varies from city to city.

In Kherson, the only regional capital and the biggest Ukrainian city that Russia has captured since launching the war on Feb. 24, the elected mayor, Ihor Kolykhaev, has been allowed to keep running the municipality in accordance with Ukrainian law and in cooperation with Kyiv.

The municipality still flies the Ukrainian flag and pro-Ukrainian rallies take place regularly. Protesters are sometimes dispersed by Russian security forces firing warning shots and tear gas.

"When the armed soldiers of the Russian Federation came here, I told them that as long as the flag above is Ukrainian, we will work according to Ukrainian law. And if the flag changes, we will all resign," Mr. Kolykhaev said. "Kherson is Ukraine. People here are waiting for the armed forces of Ukraine to come and free them."

In Kherson, Russian forces have set up their headquarters in the regional government's administrative building and recently removed a monument to 100 Ukrainians killed in 2014 protests. Mr. Kolykhaev said Russians gained access to a database of war veterans who have fought in Donbas since Russia fomented conflict there in 2014, territorial defense volunteers and other potential foes. Using these lists, Russian security forces are conducting selective raids throughout the city.

Kherson's regional council voted over Zoom shortly after the Russian takeover of the city to reject any attempt to sever the region from Ukraine. Now, Ukrainian officials warn that Russia plans to conduct a referendum in May on establishing a "Kherson People's Republic" along the lines of the Donetsk and Luhansk statelets created by Moscow in Donbas in 2014.

After the planned referendum, local men could be mobilized to fight alongside the Russian army, as it already happened in Donetsk and Luhansk, Ukraine's military said this week.

Even though there are no agreed evacuation corridors from Kherson to the rest of Ukraine, thousands have fled using country back roads, Mr. Kolykhaev said. Others escaped via Crimea, trying to then get to government-controlled Ukraine or Europe via Turkey.

In many towns across southern Ukraine, Russian occupation authorities have managed to find local collaborators among politicians affiliated with Opposition Platform For Life, a political party that pushed for closer ties with Moscow before the war and was recently disbanded by Mr. Zelensky.

The party's leader, Viktor Medvedchuk, who was under house arrest pending a treason investigation when the war began, initially managed to escape but was recently captured by Ukrainian security forces.

While the party's other leaders in Kyiv have condemned the Russian invasion, many of its lower-level politicians in the south have chosen to collaborate with Moscow. In Melitopol, for example, an Opposition Platform city council member, Galina Danilchenko, was named by occupation forces as the new acting mayor.

In the city of Enerhodar, home to Ukraine's largest nuclear power plant, Russian authorities appointed as acting mayor Andriy Shevchyk, a councilman from Opposition Platform.

Opposition Platform candidates won 12 of Enerhodar's 34 city council seats in the latest elections. But Yana Dabizha, executive officer of the municipality, who says she doesn't recognize Mr. Shevchyk's authority, says few residents are cooperating with the occupation forces.

"Those 40% of the population could have become pro-Russian. But it didn't turn out this way," said Ms. Dabizha. "I expected that there would be many more collaborators than what we are seeing now."

To provide security and establish an auxiliary police force in Enerhodar, Russian authorities brought in a pro-Russian militia leader from the Donbas region. Another militia commander from the Donbas was recently put in charge of security in the port city of Berdyansk.

Enerhodar's teachers, so far, are resisting pressure to reopen schools under the new authorities, Ms. Dabizha said.

In Kherson, where mobile-phone and internet connections are stable, teachers conduct classes online, following the established Ukrainian program in cooperation with the Ukrainian ministry of education, said Iryna, a math teacher in the city. The Wall Street Journal agreed to use only her first name. "Everyone wants to be Ukraine. It is considered shameful now to be for Russia," she said.

Kherson city, home to some 300,000 people before the war, fell with little combat after the governor, the local security-service chief and military commander all left on the first day of the war. Mr. Zelensky has since stripped Kherson's security-service chief of his general's rank and called him a traitor.

While defense plans called for minefields to be laid on the narrow isthmus linking the region to Crimea, and for a strategic bridge over the Dnipro river to be destroyed, none of that happened.

When Russian armored columns rolled into Kherson, they were met by a ragtag force of local territorial defense volunteers who had just been issued light weapons. Some 60 of them died in Kherson's central park as they tried to put up a hopeless fight, armed just with assault rifles and Molotov cocktails, residents say.

Since then, Ukrainian forces have pushed back with counteroffensives from the neighboring Mykolaiv and Dnipropetrovsk regions. The front line now runs about 10 miles north of the city of Kherson, with Ukrainian forces regularly shelling Russian positions in its Chornobayivka airport.

"There is no insurgency in the city now," said Mr. Kolykhaev, the Kherson mayor. "Maybe that is because they are all waiting for the armed forces of Ukraine to enter. They probably have orders to start acting only then, so that they aren't detained too early."

Write to Yaroslav Trofimov at yaroslav.trofimov@wsj.com

[In Ukraine's South, Russian Occupiers Tighten the Screws](#)

NS gdef : Armed Forces | gvio : Military Action | gcat : Political/General News | ncolu : Columns | gcns : National/Public Security | grisk : Risk News | ncat : Content Types

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THE WALL STREET JOURNAL.

CLM Art
SE Arts
HD **Venice Biennale Makes Historic Turn and Return—Without [Russia](#); For the first time, women make up the majority of artists as the prestigious art exhibit returns after a year's delay and to a Europe transformed by war**
BY By Kelly Crow
WC 1,010 words
PD 18 April 2022
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SN The Wall Street Journal Online
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LP

The world's most prestigious art exhibition, the Venice Biennale, opens to the public later this week after being delayed a year because of the pandemic. Now it must navigate the geopolitics of bringing together [countries rattled by war](#).

The Venice Biennale is the Olympics of the art world. Dozens of nations send their most promising artists to exhibit in pavilions and palazzos across the watery city. Instead of medals, emerging and established artists compete for attention while their governments seek cultural bragging rights on the global art stage.

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Yet even before the 59th International Art Exhibition, as it is formally known, opens to the public on April 23, it risks being overshadowed by conflict. In late February, artists from [Russia's delegation resigned](#) to protest their [country's invasion of Ukraine](#). Demonstrations are expected in front of the newly renovated Russian pavilion. Ukraine, which initially dropped out of the show, will be there after all with help from Biennale organizers and curators.

Soft-power diplomacy has long undergirded such government-funded exhibitions, but this year, the diplomatic element no longer seems symbolic.

"It feels real now," said curator Cecilia Alemani, who is known for overseeing art programs at New York's elevated railway park, the High Line.

Ms. Alemani titled the main show "The Milk of Dreams" after a children's book by surrealist painter Leonora Carrington. The vast survey explores themes of human metamorphosis through their bodies, technology and the environment.

For the first time, women make up the majority of the 213 artists in the show, which is located in a city park called the Giardini and in the nearby former shipbuilding area known as the Arsenale.

Many of the 80 national pavilions doing smaller shows will highlight Black women and indigenous cultures.

Russia's newly renovated pavilion in the Giardini will remain closed even as protests on the site are expected once it opens to the public starting Saturday, Ms. Alemani said. So far, Russian oligarchs—whose sleek [megayachts were once Biennale fixtures](#)—haven't been spotted in town, she said. It is unclear whether that is because of optics or because plenty of such vessels were [recently confiscated by global authorities](#).

"The only thing anchored near us now is a pirate ship for tourists," she said.

Ukraine's pavilion will feature artist Pavlo Makov, who is now safely in Italy, she said. Mr. Makov will show "The Fountain of Exhaustion. Acqua Alta (1995-2022)," his series of funnels mounted on a wall in

the shape of a triangle so that water can trickle down through them. Organizers said a curator drove the art presentation out of the country after typical shipping options became impossible amid fighting.

Ms. Alemani said the Biennale also intends to host talks with Ukrainian artists in an open-air structure rimmed with sandbags called the Ukraine Piazza in the Giardini to show "solidarity with Ukraine."

Despite the war, Ms. Alemani said a feeling of "effervescence" is permeating the preparations, in part because so many projects will finally be shown. "Everyone is tired of seeing each other on computers. We want a moment of togetherness," she said.

"The Milk of Dreams" show sweeps in 1,433 works. Highlights include French artist Marguerite Humeau's sculptures of blob-like sea creatures. Argentina's Gabriel Chaile has an oversize menagerie formed from adobe that is still drying, she said.

Italian rising star Giulia Cenci is turning a hallway in the Arsenale into a dystopian scene dominated by "hybrid figures" that evoke both an animal and a machine, Ms. Alemani said. Canadian artist Kapwani Kiwanga's installation in the same show features sunset-color paintings that hang like curtains and glassy sculptures containing sand used for fracking in the American West.

Beyond the main show, 80 countries mount their own artistic presentations. First-time participants this year include Nepal, Uganda, Cameroon and Oman.

Representing the U.S. pavilion this time will be sculptor Simone Leigh, the first Black woman to be given the space. Her monumental depictions of Black women cast in bronze or formed using clay or raffia are expected to draw huge crowds, Ms. Alemani said.

London artist Sonia Boyce will also be the first Black woman to represent the British pavilion. Ms. Boyce rose to fame in the 1980s with her bright drawings that explored issues of race and identity. In recent years, she has pivoted to improvisational performances that can involve props like Afro wigs or people dressed in drag. Her Biennale piece is still under wraps.

The art world's broader re-evaluation of once-overlooked artists also extends to those from indigenous groups, and several national pavilions have broken with tradition as a result. The Nordic pavilion will be called the Sámi pavilion and feature a trio of artists from the Sámi people, whose historic ties stretch across Sweden, Finland and Norway and into Russia's Kola Peninsula.

Among them, filmmaker and artist Pauliina Feodoroff plans to show—and then auction off—her images of old-growth Sámi forests so she can ply the proceeds into buying land that might otherwise be subject to logging.

In another first, Poland has asked an artist of Roma descent to show in its pavilion—Małgorzata Mirga-Tas. The artist is known for her quilt-like tapestries that depict everyday scenes of Roma life. For the Biennale, she stitched together a dozen wall-size pieces inspired by a cycle of Renaissance frescoes she saw at the Palazzo Schifanoia in Ferrara, Italy. Instead of pigments, Ms. Mirga-Tas's tableaux in the Giardini will feature scraps of skirts, scarves and shirts worn by Roma people she interviewed.

The Biennale runs through Nov. 27.

Write to Kelly Crow at Kelly.Crow@wsj.com

[Venice Biennale Makes Historic Turn and Return—Without Russia](#)

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WSJ Podcasts

CLM WSJ Podcast Minute Briefing

HD **Russia** Launches Deadly Missile Strikes on **Ukraine's** Lviv, Officials Say

WC 348 words

PD 18 April 2022

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LP

China reports 4.8% first-quarter economic growth, beating market expectations. Electric-vehicle maker Rivian's CEO warns of a potential shortage in battery supplies. Keith Collins hosts.

[Click here to listen to the podcast](#)

TD

Keith Collins: Here's your Morning Brief for Monday, April 18th. I'm Keith Collins for the Wall Street Journal.

Russian missile strikes killed six people in the Western Ukrainian city of Lviv, local Ukrainian authorities say. It's a sign that Moscow's weapons remain a threat far from the conflicts front lines. Russia's Defence Ministry said its missiles struck 16 targets in Ukraine, though it didn't mention Lviv as among the locations targeted. In the besieged port city, Mariupol, Ukrainian troops rejected Russia's ultimatum that they either surrender or face destruction by Moscow's forces.

China says its economic growth accelerated in the first quarter, expanding 4.8% from a year earlier, beating market expectations. This, despite growing COVID-19 outbreaks that have led to lockdowns and other restrictions. Also, official data showed retail sales fell more than analysts had expected in March, as pandemic restrictions shut stores and kept people at home.

The head of electric vehicle maker, Rivian, is warning that the sector is facing a potential shortage of battery supplies that could pose a greater challenge than the current chip supply crunch. CEO RJ Scaringe says building enough batteries will be among the biggest hurdles for the EV industry, which is trying to increase sales from a few million today to tens of millions within the decade.

Stocks in Asia ended lower, while many European markets remained closed for the day after Easter. US stock futures fell following the long holiday weekend, and Bank of America is among the companies scheduled to report earnings today.

We have a lot more coverage of the day's news in the WSJ's What's News podcast. You can add it to your playlist on your smart speaker or listen and subscribe wherever you get your podcast.

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HD Tech and the War in **Ukraine**: Your Questions Answered
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Since Russia invaded Ukraine, technology has played a key role on and off the battlefield. WSJ tech reporter Sam Schechner joins host Zoe Thomas to answer listeners' questions about how tech is being used in and around the conflict.

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Zoe Thomas: This is your Tech News Briefing for Monday, April 18th. I'm Zoe Thomas for the Wall Street Journal.

Technology is essential for modern warfare. Russia's invasion of Ukraine has made that clearer than ever. Modern armies and citizens fighting for their survival are relying on tech, whether it's being used as a tool for communication, or as a weapon controlling drones or conducting cyber attacks. We've covered a number of those issues on this show. And recently, we opened up the lines for your questions. On today's episode, our tech reporter, Sam Schechner, will be here to answer them. That's after these headlines.

Tesla is hoping to restart production at a Shanghai plant this week, according to people familiar with the matter. The EV maker halted manufacturing at the factory in late March, due to a citywide lockdown to stop the spread of COVID-19. The company plans to resume operations incrementally. But, sources say the plan could still change, if cases rise again, and the city tightens controls.

The battle between Twitter and Elon Musk has escalated. On Friday, the company adopted a so-called poison pill, a legal maneuver that makes it harder for a shareholder to buy a large stake in a company. In this case, if Musk, who owns just over 9% of Twitter, or any other shareholder, buys 15% of the company, all other shareholders will have the right to buy additional stock for half price. Twitter's decision came a day after Musk's unsolicited offer to buy the company outright for \$43 billion.

And, in the wake of last week's mass shooting in the New York subway, the city is considering installing weapon detection technology across its transit system. One such technology from a company called Evolv is already being used in places like stadiums and theaters, including New York City's Lincoln Center. The way it works is that people walk through a tower-like structure, and sensors and artificial intelligence identify whether or not they're carrying a weapon. That information is then sent to a screen monitored by a security officer. Our reporter, James Fanelli, says installing a system like that in the New York subway won't be easy.

James Fanelli: New York City subway system is huge. It's over 400 stations, and it's sprawling. It goes through all five boroughs. And, one of the problems is just the sheer challenge of installing those in all the stations, and whether or not they even have the manpower to monitor people going through them. The other challenge is, some civil liberties groups have pointed out that, for instance, this Evolv Technology, there's been independent studies done that showed that sometimes they get a false positive on a weapon. And in fact, it's like an eyeglass case and not a gun that the sensors are detecting. Evolv Technology says that happens very rarely, but the concern for civil liberties groups is that it will lead to people being stopped by police and frisked for no reason at all.

Zoe Thomas: All right. Coming up, we answer your questions about how tech is being used in the war in Ukraine. That's after the break.

Since the start of the war in Ukraine, we've been keeping you up to date on the many ways tech is playing a role in the conflict, from the war's impact on Ukraine's large IT sector, to how social media companies are reacting, and of course, how cyber attacks are being used by both sides. But, there's a lot more to dig into. So we asked listeners to send us their questions about the role of tech in the war. Thank you to everyone who called in. We won't be able to get to all your questions, but to answer what we can, we have with us WSJ tech reporter, Sam Schechner.

Hi, Sam, thanks for joining us.

Sam Schechner: A pleasure to be here.

Zoe Thomas: So let's dive right in. Our first question is about something that's been a major topic of discussion in recent days, alleged war crimes in Ukraine.

Ren Igawa: Hi, my name is (Ren Igawa), and I would like to know how tech companies, in and outside of Ukraine, are helping each other to collect and synthesize critical information, such as locations, date and times, and video data, image data and so on, to build strong cases to indict and try these Russians as war criminals.

Zoe Thomas: So, Sam, after what's happened in Bucha, I think a lot of people have been wondering about this. Russia has denied involvement in any war crimes, but maybe we can broaden this out. And, what kind of tech can be used to help collect data for possible war crimes cases?

Sam Schechner: Well, that's a really interesting question. And in a way, it's not a new one. I mean, we're talking about new technologies, but technology is sort of something that's been used to advance human rights and to record alleged crimes, sort of as it's been invented. I mean, think about photography as evidence, and then video. And now, people around the world have these tools in their hands and you're seeing the results. This isn't the first armed conflict or war where alleged war crimes have been documented. But, to have it at this scale and broadcast almost in real time is a new thing.

How are folks working together? I mean, you have some groups, some media outlets, for instance, assembling social media posts and trying to geolocate, for instance, where there have been cluster bomb attacks. There's a online investigative site called Bellingcat that's been doing that using open source tools.

The other way this is having an impact is that it's bringing awareness to where and how certain alleged crimes, such as those in Bucha, may have occurred. There's also satellite companies that are saying that they're pushing aside clients, whether they be private or government, to work with Ukraine and others to document potential war crimes.

So, there's a lot being done. That being said, technology is a neutral tool, and it's also being used to muddy the waters. Social media can be used to spread false information or doctored images about things that have happened.

Zoe Thomas: That's a really interesting point, and I think it leads us nicely into our next question about the kinds of tech that are being used in the war.

Matt Garrick: Hi, I'm (Matt Garrick), and my question centers around some of the commonplace technology that's over the counter that is being used for warfare.

Zoe Thomas: So I guess the question here is, what role is consumer technology, the kind we use every day, playing in the fighting?

Sam Schechner: Well, that's also a really good question, and I guess another one that kind of highlights how this is really a 21st century war. Something that strikes me now, just hearing this question is, images of people trying to get into electronic stores in Ukraine, and Russian troops trying to get in, probably, in search of cell phones, after the invasion, because tools like that are important for navigating yourself, for staying in touch with family. And, when it comes to other consumer technology, I mean, drones come to mind. You can use, and it seems that in this war, people have used consumer drones to, say, spot enemy positions or to take videos of things that might have happened during a particular encounter.

Zoe Thomas: All right. So this next question is something a few people have asked about.

Jim de Susi: Morning, Zoe. (Jim de Susi). Curious how they're keeping their internet up, while they're having all this warfare, especially in the East. Are they sharing, like creating peer-to-peer networks?

Ukraine has been known to do some pretty fabulous coding. So, how are they playing the cat and mouse game of knocking down their internet access and propping it back up again between the two sides?

Zoe Thomas: I mean, internet's so crucial for communication with each other, with the rest of the world. So, what are they doing?

Sam Schechner: Interestingly, it seems like most of the internet connectivity that is available in Ukraine is from standard internet service providers. In the last 30 days, there have been times when the internet has partially gone down in the country, that cat and mouse game like you're talking about. But it's never been fully off across the country, and that's in part because Ukraine's internet connection comes from the West, from Europe. And, the ISPs have been adapted at reconnecting customers who have been cut off. There's ways the internet can be cut off because the cable's been cut, and some tech actually has to go out and reconnect it. And then, there also are cyber attacks. An early part of the war, there was an attack on a satellite internet provider that rendered thousands of modems in Ukraine unusable. At the end of March, the country's largest landline provider, which also provides connectivity to the military, was mostly knocked offline from a cyber attack. But, those things last a few hours. And so far, they've been able to put them back.

Somewhat famously, Elon Musk provided terminals to Ukraine to connect to SpaceX's Starlink satellite internet service. That seems like it could be a useful backup should it become necessary. As we can see, so far, the main ISPs have mostly managed to shoulder the burden.

Zoe Thomas: All right. Our next question is somewhat linked. It's about something that's underlying a lot of the technology questions we've been discussing.

Cindy Woodley: Hello, my name is (Cindy Woodley). I am interested to know why Russia has not turned off the electricity supply to Ukraine. So much of their ability to function and communicate has to do with their tech infrastructure, which is supplied by electricity. And Russia is their major electricity supplier.

Zoe Thomas: Sam, I think this is important, because Ukraine did say the other day that one of its electric grids was targeted by a cyber attack. Do we know if critical infrastructure like electricity has been a big target for Russian hackers?

Sam Schechner: It seems like it may be becoming more of a target, that's for sure, especially as Russia is focusing its military attack on the Eastern part of the country. In the past, we know Russia's managed to cause blackouts in Ukraine via cyber attacks, so that is a danger. Although, Ukraine's cyber defense officials say that they've hardened their defenses since then, and they don't think that would be possible. But, that is a danger going forward.

Our reporting suggests that Russia thought it would triumph quickly when the war started, so that might explain why there wasn't an effort to cut off electricity at the beginning of the war. The invaders might have wanted to use that electricity shortly after they arrived. But, Ukraine also has significant domestic power generation. I mean, we've heard about the dangers around potential damage to their nuclear power plants. But, in other words, that means they have functioning nuclear power plants that generate electricity. And, Ukraine has been in the process of unplugging itself from the Russian power grid, and actually is now on the European electricity grid. So, from that point of view, they have electricity. The question is, obviously, if you bomb a power station or bomb supply lines, the electricity can go down, and there have been blackouts at times in parts of the country.

Zoe Thomas: All right. That's our reporter, Sam Schechner. Sam, thanks so much for joining us to answer these questions.

Sam Schechner: Thanks so much for having me. It's been really interesting answering all these questions. I always love hearing from our readers.

Zoe Thomas: And that's it for today's Tech News Briefing. If you want more tech stories, check out our website, [wsj.com](https://www.wsj.com). And if you like our show, please rate and review it. You can do that wherever you get your podcasts. I'm Zoe Thomas for the Wall Street Journal. Thanks for listening.

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HD **Russia, Ukraine Build Forces For a New Phase in the East**

BY By Michael R. Gordon and Daniel Michaels

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LP

Russia's expanding military deployments in and around eastern Ukraine in recent days are setting the stage for anew phase of Moscow's offensive -- one that is likely to be very different from the kind of fighting that has characterized the past two months.

This time, the two countries' militaries will be operating on open terrain well-suited for massed forces and armored thrusts. Russian forces will also be fighting in closer proximity to their bases in western Russia, giving them shorter supply lines, and on territory their commanders know better.

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In the initial weeks of the war, Ukraine managed to thwart a Russian push toward Kyiv and in other parts of the country's north by using small units armed with antitank weapons to ambush unprepared Russian columns. The battles to come are likely to be more conventional fights.

President Volodymyr Zelensky of Ukraine said this past week that Russian forces "are changing their strategy. They are strengthening their forces to push even harder" in the east.

"You could almost say it's a whole new war now," said retired Lt. Gen. Ben Hodges, a former commander of the U.S. Army in Europe, who predicts "a classic steel-on-steel, heavy firepower offensive" fight.

Western officials and military experts said that a major Russian goal is to try to cut off some of Ukraine's best forces, which are positioned opposite the Russian-occupied areas of the Donbas region in southeastern Ukraine.

To do so, Russian forces have been moving south from the area near Kharkiv and are also expected to push north from Mariupol, if they complete their seizure of that port city on the Sea of Azov.

Ukrainian forces have been working to thwart the Russian advance from the north, repeatedly hitting Russian forces around Izyum, and are desperately trying to hold on to Mariupol, even as supplies of ammunition and food dwindle.

If Russia gains control of Ukraine's east, it could then try to push west again. Taking Odessa, the last Black Sea port the Ukrainian government still controls, would turn Ukraine into a landlocked nation. Russian forces could also try to take Dnipro, the southeastern city on the Dnieper River, and attempt a renewed assault on Kyiv.

Both sides are preparing for tougher combat ahead. To bolster Ukraine's forces, the U.S. has expanded intelligence sharing with Kyiv to include targets in Russian-occupied Donbas and Crimea. For the first time, the U.S. is also sending 155-mm howitzers as part of a fresh infusion of weapons.

Ukrainian forces, however, are confronting a Russian military that has more long-range artillery and armored punch, despite the losses Moscow has suffered. The Ukrainians are also operating at the end of supply lines that stretch back to the country's western border, where weapons are arriving via Poland, Romania and other neighboring allies.

Kyiv is seeking supplies of heavy weaponry from former Soviet-bloc countries now in the North Atlantic Treaty Organization, including Soviet-era T-72 tanks, multiple-launch rocket systems, long-range air-defense systems and combat aircraft, to better counter the coming Russian offensive.

The U.S. has said it would supply 200 decades-old M-113 armored personnel carriers in addition to the howitzers.

"The terrain is much more wide open, which favors a heavy armor and mobile force as opposed to a skirmish or ambush styleforce," said Philip Breedlove, a retired Air Force general who was the top NATO commander when Russia first took Crimea and secured much of Donbas in 2014. "The M-113s are a good capability, but they are not going to stand up against modern weapons."

Russia, to build up its combat power and fill out units degraded in earlier fighting, is attempting to mobilize as many as 60,000 reservists. It has also been moving artillery, command-and-control units and helicopters in and around Donbas, which could support operations by the 65 Russian battalion tactical groups the Pentagon said are already fighting in Ukraine. Battalion tactical groups generally have from 700 to 1,000 troops each.

In preparation for a major attack, Russia has conducted airstrikes against Ukrainian weapon depots and logistics to try to hamper the Ukrainians' ability to resupply its combat forces -- what U.S. officials call "shaping operations." Moscow has also appointed a new commander, Army Gen. Aleksandr Dvornikov.

In the war's opening stage, poor logistics and coordination among Russia's ground and air forces contributed to Russia's failure to achieve its goals, military analysts said. Russia's supply lines in Donbas are more developed than those it had around Kyiv, said Mason Clark, an analyst at the Institute for the Study of War, a Washington think tank.

"Russia seems to have set out to improve its command-and-control," said Ben Barry, a former commander of a British armored infantry battalion now at the International Institute for Strategic Studies think tank in London. "A known unknown is whether Russia has sorted its logistics out," he said.

And while many factors favor the Russians on paper, they struggled to capitalize on superior weaponry and larger numbers during the war's early weeks. Sweeping maneuvers over flat terrain will require a degree of coordination that the Russian military hasn't consistently demonstrated. But it will also provide the Russians with an opportunity to try to envelop Ukrainian units and to mass forces to attempt to punch through Ukrainian lines.

To try to impede Russia's buildup, Ukrainian special operations forces recently carried out a daring raid in which they planted explosives under a bridge in the Kharkiv region and detonated the charges as a Russian convoy crossed. Details of the operation were posted Thursday by the Ukrainian Defense Ministry on its website.

The greater challenge for the Ukrainian forces will be replenishing their units if the conflict turns into a grinding war of attrition. Already, Ukrainian officials have said the country is using ammunition and supplies faster than it has been receiving them. Some important systems that Ukrainians have sought, such as substantial numbers of Eastern European-supplied T-72 tanks and Western antiship missiles to supplement Ukraine's modest inventory of Neptune missiles, have yet to appear on the battlefield.

"Given their advantages in combat power, I would expect the Russian forces to make some advances. The red blobs on the map are going to move," said Liam Collins, a retired U.S. Army colonel who helped mentor Ukraine's forces from 2016 to 2018. "So it will be absolutely critical to keep flowing weapons to the Ukrainians to replace their losses."

Pentagon officials said the intensity of the combat could well exceed the battles that have already transpired in the war.

"This will be a knife fight," said a senior U.S. defense official on Thursday. "This could be very ugly and very bloody."

Gordon Lubold contributed to this article.

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HD **U.S. News: War Views Fire Up Ohio Race --- A GOP candidate's unorthodox stance on Ukraine causes unease in his party**

BY By Joshua Jamerson

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TROY, Ohio -- Republican Senate candidate J.D. Vance was asked by a resident here whether he thought the political and media attention to the war in Ukraine was a "smokescreen to cover the disasters" in the U.S.

"So, I do actually," Mr. Vance replied, before criticizing television news outlets for dedicating so much airtime toward covering the conflict compared with inflation and surges of migrants from Mexico and Central America crossing the border illegally. Later in the Columbus suburb of Hilliard, Mr. Vance called the images coming out of Ukraine tragic, but "at the end of the day, the tragedies that we have to care most about as policy makers. . . is not what's going on 6,000 miles away from the tragedies closer to home."

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Mr. Vance, whose memoir "Hillbilly Elegy" became a bestseller for its unsparing look at poverty and economic malaise in the U.S., is a leading contender in one of the nation's most hotly contested GOP primaries. Largely because of Mr. Vance, the race is now the stage for a debate within the party about the role the U.S. should play in Ukraine.

Mr. Vance got a boost this past week when he was endorsed by former President Donald Trump. In the endorsement -- which candidates jockeyed for until the last minute -- Mr. Trump mentioned crime, taxes and the southern border, but not Ukraine. Mr. Trump has sparked debate with his own comments on the topic, calling Russian President Vladimir Putin's strategy leading up to the invasion "pretty smart" and criticizing NATO.

Recent national polling and interviews with more than a dozen Ohio Republicans suggest GOP voters here and around the country want to spur Washington to curb inflation and the flow of migrants at the southern border but also take the lead as the world responds to Ukraine. They generally supported a united Western effort with sanctions and military support -- without U.S. troops directly in the conflict.

Dee Braden, a sales account manager from North Canton, Ohio, who is supporting one of Mr. Vance's primary rivals, Jane Timken, said her top concerns were illegal immigration and rising costs, but that didn't mean she didn't care about Ukraine. "America has to continue to be a leader in supporting democracy and freedom," she said.

The Biden administration has said it won't send U.S. troops to Ukraine, while pursuing a policy of galvanizing NATO and supplying increasing amounts of arms and intelligence support to Ukrainian President Volodymyr Zelensky.

"Of course we need to be involved," said undecided GOP voter Shannon Wannemacher, a homemaker from Lima. The 33-year-old mother said inflation was a top concern of hers but she cared deeply about countering Mr. Putin. "I wish we would do more. I wish we were seen as more of a leader."

Most Republican lawmakers in Washington have called on President Biden to do more than he is doing, including some who say the U.S. should supply Ukrainians with warplanes. In contrast, Mr. Vance is one of the most prominent among a small group of Republican leaders who have questioned

American involvement at all. "I got to be honest with you, I don't really care what happens to Ukraine one way or the other," Mr. Vance said in mid-February.

During a campaign stop this past week in Troy, Mr. Vance said he had been attacked for his views, "but I'm not going to back down on it because I think it is the right position, which is very simple: that whatever is going on in Ukraine, we have to separate our personal reaction to it from. . .how we should respond as a country."

Mr. Vance called images from Ukraine "disgusting" while also calling the crisis itself a distraction. "I think it is a huge -- a catastrophic -- mistake for us to get more and more involved in what's going on in Russia and Ukraine, especially when we have our own problems right here at home."

Mr. Vance is one of five prominent GOP candidates running to succeed retiring fellow Republican Sen. Rob Portman. Public polling has been scant but suggests a tight race between former state treasurer Josh Mandel, investment banker Mike Gibbons and Mr. Vance, according to an average of polls compiled by Real Clear Politics. State lawmaker Matt Dolan and Ms. Timken, a former state party chair, are near the back of the pack in polling.

A Wall Street Journal poll of voters nationwide released in March showed that Mr. Putin is strongly disliked, with 88% of Republicans and 95% of Democrats holding an unfavorable opinion of him. The poll found 62% of Republicans thought the U.S. wasn't doing enough to help Ukraine compared with 35% of Democrats.

Many Republican voters interviewed around Ohio this past week, including those who said they were leaning toward supporting Mr. Vance, said they saw a role for the U.S. and its European allies to blunt Mr. Putin's aggression.

Mr. Biden doesn't appear to be winning over Republicans with his handling of Ukraine. The March WSJ poll found 94% of Republicans had an unfavorable view of him.

Mr. Vance's opponents have said Mr. Vance was being narrow-minded and inhumane. "I asked him to apologize on a human level because there's so many Ukrainians who live in the state," said Mr. Dolan. Tens of thousands of Ukrainian-Americans live in Ohio, according to the census.

Ms. Timken said senators can't have just one focus. "You have to be able to deal with international threats and the southern border," she said.

Mr. Gibbons declined to give an interview but has previously said Russia should be isolated globally and that Mr. Putin's actions "must not go unanswered" by the West.

Representatives of Mr. Mandel didn't return requests for comment but he previously played down Mr. Vance's statements. "There's a tiny sliver of the Republican Party, very small, that just says, 'Hey, who cares about Ukraine?' I think they're out of touch," he said at a debate last month.

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HD **The Ukraine Crisis: Debt Concerns Grow in Developing World --- Russia's invasion fuels angst in governments already struggling with inflation, rising rates**

BY By Yuka Hayashi, Jason Douglas and Chao Deng

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The war in Ukraine is making it tougher for many emerging-market governments to make debt payments to foreign creditors, fueling concerns of potential crises that could shake markets and weaken the global economic recovery.

Many of these countries accumulated mountains of debt during the past decade while inflation and interest rates were low and in the past two years when Covid-19-related costs were climbing.

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Then Russia's invasion of its neighbor and the West's sanctions sent food, energy and other prices soaring at a time when many major central banks are raising interest rates to tame inflation.

Now, from Islamabad to Cairo to Buenos Aires, government officials are struggling with rising import prices and debt bills on top of the continuing pandemic.

On Tuesday, Sri Lanka said it would suspend foreign debt payments and requested emergency financial assistance from the International Monetary Fund. Its finance ministry said the Ukraine war and the pandemic, which had hurt tourism revenue, left it unable to make the payments.

"There are going to be defaults. There are going to be crises. When we are hit by shocks like this, anything is possible," Kenneth Rogoff, a Harvard University economist, said during a recent IMF panel discussion. "The thing which has been weighing against having any systemic problem at the moment has been the interest rates globally remaining low. . . but it's less and less true for emerging markets and developing economies."

While the IMF isn't forecasting a global debt crisis at this point, "it is very much the risk that we are very concerned about," said Ceyla Pazarbasioglu, IMF director of strategy, policy and review.

Figuring out how to expand and accelerate the framework for debt resolution for troubled developing nations will be a priority for the Group of 20 major economies, whose finance ministers and central bankers will be attending the IMF and the World Bank spring meetings starting Monday in Washington, Ms. Pazarbasioglu said.

Combined global borrowing by governments, corporations and households jumped by 28 percentage points to 256% of gross domestic product in 2020. That is a level not seen since the two world wars during the first half of the 20th century, she said.

While rich nations have little problem coping with their growing debts thanks to still-low interest rates and solid economic growth, many developing economies are feeling more pressure. About 60% of low-income countries -- defined as the roughly 70 nations that qualified for a global debt-payment suspension program during the pandemic -- were at high risk of debt distress or already in distress in 2020, up from 30% in 2015, according to the IMF. Debt is considered distressed when a country is unable to fulfill its financial obligations and debt restructuring is required.

Efforts to help troubled debtor countries are complicated by the entry of new and less-experienced creditors in developing-world lending in recent years. Seeking to juice returns in a low-interest-rate

market, investors including pension and private-equity funds and government-owned financial entities piled into high-yield government debt.

China's share of external debts owed by the 73 highly indebted poor nations jumped to 18% in 2020 from 2% in 2006, while private-sector lending rose to 11% from 3%, according to the IMF. Meanwhile, the combined share of traditional lenders -- multilateral institutions such as the IMF and the World Bank and the "Paris Club" lenders of mostly wealthy Western governments -- fell to 58% from 83%.

"If you don't have a good understanding of who owns the debt, then it's very hard to do an efficient restructuring, to bring all of the people to the table," said Sonja Gibbs, managing director for global policy initiatives at the Institute of International Finance, a group representing global banks.

Two of the starkest examples of the risks that weaker developing countries face are Sri Lanka and Pakistan. Both are mired in widening political crises following the invasion of Ukraine.

Both countries' foreign exchange reserves have dwindled to the point where they can pay for only one or two months' worth of imports, according to central bank data, analysts and the IMF.

Egypt's economy also is struggling with the pandemic's hit to its tourism sector and now higher inflation and fleeing foreign investment since Russia's invasion.

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HD The Ukraine Crisis: Pope Warns Conflict Could Lead to Nuclear War

BY By Francis X. Rocca

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ROME -- Pope Francis on Sunday called for peace in Ukraine, warning that the conflict could lead to nuclear war.

He also continued his practice since the start of the war of lamenting the effects of the invasion on Ukraine without naming Russia as the aggressor.

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"May there be peace for war-torn Ukraine, so sorely tried by the violence and destruction of the cruel and senseless war into which it was dragged. In this terrible night of suffering and death, may a new dawn of hope soon appear," he said.

The pope made his remarks in his annual Easter message "to the city [of Rome] and the world," in which he typically surveys wars and humanitarian crises around the world.

In calling for peace in Ukraine, Pope Francis underscored the danger of a nuclear escalation, quoting from a 1955 manifesto by the philosopher Bertrand Russell and the scientist Albert Einstein that warned of the danger posed by nuclear weapons: "Shall we put an end to the human race, or shall mankind renounce war?"

The pope spoke from a balcony of St. Peter's Basilica to a crowd in the square below, where he had celebrated Mass earlier in the morning. It was his first such Easter celebration since 2019. In 2020 and 2021, he celebrated Easter Mass inside the Basilica, the first time with no congregation and the second time with a small group of the faithful, because of Covid-19 restrictions.

After Mass this year, the pope rode in an open-topped Popemobile to make the rounds of the cheering crowd in St. Peter's Square and the adjacent Via della Conciliazione.

In his remarks, Pope Francis contrasted this return to normalcy with the outbreak of the war.

"We emerged from two years of pandemic, which took a heavy toll. It was time to come out of the tunnel together, hand in hand, pooling our strengths and resources. Instead, we are showing that we still do not have within us the spirit of Jesus, we still have the spirit of Cain, who saw Abel not as a brother, but as a rival, and thought about how to eliminate him," the pope said.

Ukrainian Christians have in the past criticized the pope's description of their conflict with Russia as a "fratricidal" or civil war, which they say plays down Russian aggression. Last week, the leader of Ukraine's Catholic minority joined the country's ambassador to the Vatican in protesting a Good Friday ceremony led by Pope Francis, in which a Russian woman and a Ukrainian woman held a cross together while praying for peace.

On Sunday, the pope deplored the suffering of Ukrainians, including refugees and the elderly. He gave special attention to Ukrainian children, whose plight he said recalled that of children around the world suffering from abuse, hunger and lack of medical care, "and those denied the right to be born" by abortion.

Pope Francis touched briefly on other global hot spots, including Jerusalem, where Israeli police and Palestinian protesters clashed Friday and Sunday around the city's Al Aqsa mosque.

Tens of thousands of pilgrims have gone to Jerusalem's Old City as significant holy days for Jews, Christians and Muslims -- Passover, Easter and Ramadan -- overlap for the first time in about three decades.

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RE ukrn : Ukraine | vcan : Vatican City | russ : Russia | asiaz : Asia | bric : BRICS Countries | devgcoz :
Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | eurz :
Europe | ussrz : CIS Countries | weurz : Western Europe

IPC NND

PUB Dow Jones & Company, Inc.

AN Document J000000020220418ei4i0001b

HD The Ukraine Crisis: Biden Escalates Pressure With Genocide Claim

BY By Catherine Lucey

WC 540 words

PD 18 April 2022

SN The Wall Street Journal

SC J

PG A7

LA English

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LP

President Biden's accusation last week that Russia is seeking to commit genocide in Ukraine came at the start of a week in which the White House began escalating pressure on nations that remain neutral on the war to pick a side.

The next day, Treasury Secretary Janet Yellen delivered a speech warning that countries that maintain their ties to Russia after its invasion of Ukraine risked facing isolation from the global economy, calling their motivations "shortsighted." And White House press secretary Jen Psaki articulated a choice during a briefing, saying that countries must contemplate "what side of history you want to be on."

TD

Mr. Biden's use of the term genocide quickly attracted some criticism. French President Emmanuel Macron said in a television interview that he was concerned about an "escalation of words." Mr. Macron had said much the same when Mr. Biden earlier called Russian President Vladimir Putin a butcher and a war criminal.

"The biggest risk is the administration's message is at times muddled," said Republican consultant Alex Conant. "I think war is confusing enough without mixed messages."

Kremlin spokesman Dmitry Peskov said of Mr. Biden's comment, "we consider this kind of effort to distort the situation unacceptable," according to Reuters. The Russian Embassy in Washington didn't respond to a request for comment.

Ukrainian President Volodymyr Zelensky thanked Mr. Biden. On Wednesday the administration approved a further \$800 million in aid, including artillery, armored personnel carriers and helicopters, to aid Ukraine as the seven-week war enters a new phase focused on a large Russian land invasion of southeastern Ukraine.

"Yes, I called it genocide," Mr. Biden said shortly after first making the reference during a speech in Iowa Tuesday. "It has become clearer and clearer that Putin is just trying to wipe out the idea of even being, being able to be Ukrainian."

The United Nations defines genocide as acts committed "with intent to destroy, in whole or in part, a national, ethnical, racial or religious group."

U.S. officials have accused Russia of alleged war crimes in its actions though have made no formal assessment that a genocide has taken place. State Department spokesman Ned Price said this week that the U.S. is supporting an international effort to see if Russia's actions meet the legal threshold of genocide.

The U.S. has only formally determined genocide occurred eight times since the Holocaust during World War II.

Most recently, the Biden administration concluded that the Myanmar military's violence against the Rohingya Muslim minority amounts to genocide.

Use of the term in reference to Ukraine carried echoes, as well, of the holodomor, the starvation by famine that killed millions in Ukraine under Soviet Premier Joseph Stalin.

"When you say genocide, you're saying to Putin, 'I'm not screwing around with you any more.' When you say genocide, you're saying to Zelensky, 'I hear you,'" said Tara Sonenshine, a professor of public diplomacy at the Fletcher School of Law and Diplomacy at Tufts University, who served in the Obama and Clinton administrations. "Biden is setting the table with these comments."

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SE Letters to the Editor
HD Can Public Polls in **Russia**, A Police State, Be Trusted?
WC 154 words
PD 18 April 2022
SN The Wall Street Journal
SC J
PG A18
LA English
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LP

I was an exchange student in the law faculty of Leningrad State University, one year behind Vladimir Putin. I didn't know him, but I knew the social environment. When reading "Moscow Silences Dissenters: 'We Will Kill You Right Now'" (Page One, April 7), I was struck by the contrast between the vivid description of the harsh punishment meted out to dissenters and the results of a poll showing Mr. Putin's approval rating among Russians rose to 83% after the invasion. When I lived in Russia, people would unplug their home phones before speaking to me, for fear of hidden microphones. Criticizing the leader of a police state in a public poll during a war would be quite stupid, and the Russian people aren't stupid.

Logan Robinson

TD

Bloomfield Hills, Mich.

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IPC IGV
PUB Dow Jones & Company, Inc.
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THE WALL STREET JOURNAL.

CLM Review & Outlook (U.S.)
SE Opinion
HD **Cut Tariffs to Help Inflation and [Ukraine](#); A modest easing of border taxes could lower inflation by 1.3 points.**
BY By The Editorial Board
WC 525 words
PD 18 April 2022
ET 01:49
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SC WSJO
LA English
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LP

President Biden is deploying gimmicks to try to show the public that he is fighting 8.5% inflation, but here's something he could do that really would help: ease President Trump's destructive tariffs. This isn't a panacea. But while prices keep rising, the feds could at least stop making products more expensive on purpose.

[A recent paper](#) from the Peterson Institute for International Economics shows the tangible effect that smarter trade policies could have. "A feasible package of liberalization," it says, "could deliver a one-time reduction in consumer price index (CPI) inflation of around 1.3 percentage points."

TD

Last week's CPI report [shows that prices are up 8.5%](#) from a year ago. A modest easing of tariffs, in other words, could counteract a meaningful portion of that inflation, which is better than what Mr. Biden is doing. He is releasing oil from the Strategic Petroleum Reserve and permitting summer sales of E15 gasoline, neither of which will matter much. On the other hand, the trade remedy "would amount to \$797 per US household, about half the size of pandemic relief in 2021," the Peterson report says.

Tariffs are taxes. They're paid by consumers. They make U.S. manufacturing less competitive by driving up the price of inputs like steel. The Peterson report says Mr. Trump raised the cost of Chinese imports by \$81 billion. Mr. Biden could aim for overall tariff relief of two percentage points, which comes out to \$56 billion in savings. Imports "contribute to 12 percent of the CPI," and a share of those lower costs "would quickly reach consumers through lower prices at retail outlets," the authors say. Increased competition would put downward pressure on the prices of domestic goods.

Since the poor spend more of their money on consumption, the report adds, "trade liberalization counts as progressive policy in the same way that cutting a sales tax is progressive policy." This should also appeal to Republican Senators who claim to be the new tribunes of working people—unless their real trade-policy motivation is corporate welfare.

The White House could further target the tariff relief to staples like clothing and school supplies. Because the President has been granted broad trade power, Mr. Biden could act on at least some of this agenda with the stroke of an autopen.

Good trade policy is also good geopolitics. Sens. Pat Toomey and Dianne Feinstein wrote Mr. Biden this month [asking him to](#) "remove the 25 percent U.S. tariff on steel imports from Ukraine to help it eventually stabilize and rebuild its economy." The immediate effects might be muted, given how the Russian invasion has hampered Ukrainian industry.

But in the longer term it's a win-win-win: Let Americans buy Ukrainian steel without a hefty border tax, improving competitiveness for U.S. manufacturers. Trim inflation. And help a country struggling for freedom regain its economic footing. What is Mr. Biden waiting for?

[Cut Tariffs to Help Inflation and Ukraine](#)

CO ptsiem : Peter G. Peterson Institute for International Economics

NS e1103 : Inflation Figures/Price Indices | e11 : Economic Performance/Indicators | e211 : Government Budget/Taxation | ecat : Economic News | gdip : International Relations | gpir : Politics/International Relations | gpol : Domestic Politics | ncolu : Columns | nedc : Commentaries/Opinions | npred : Economic Predictions/Forecasts | gcat : Political/General News | e21 : Government Finance | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

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IPD Opinion |

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CLM World News
SE World
HD **Ukrainian Forces in Mariupol Rebuff Russian Ultimatum to Surrender; **Russia** on verge of capturing city; Zelensky warns 'elimination' of surrounded troops would endanger peace talks**
BY By Matthew Luxmoore
WC 1,289 words
PD 18 April 2022
ET 02:46
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SC WSJO
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LP

The last Ukrainian troops holding out in besieged Mariupol rejected Moscow's ultimatum on Sunday that they surrender or face destruction by Russian forces, as Ukrainian President Volodymyr Zelensky warned an all-out Russian assault on the troops would endanger further peace negotiations.

Russia had given the troops until noon local time to lay down arms and observe a seven-hour cease-fire that it said would allow them to leave the battlefield unscathed. Russian forces are close to capturing the strategic port after weeks of heavy bombardment that [has reduced much of the city to rubble](#) and left most of the remaining residents without access to food, water and power.

TD

Control of Mariupol would give Russia a land corridor to the Crimean Peninsula ahead of what [is expected to be an intense wave of fighting](#) in the eastern Donbas area. A Russian victory in the city would also free up its troops to focus on fighting Ukrainian forces in the east.

Ukrainian officials said Sunday that Mariupol hadn't yet fallen and that Ukrainian troops were hanging on despite the Russian threats.

"There [are] still our military forces, our soldiers, so they will fight until the end," Prime Minister Denys Shmyhal said in an interview with ABC News.

Russia has accused Kyiv of prohibiting its fighters in Mariupol from negotiating with Russian forces. But in an interview with Ukrainian journalists on Saturday, Mr. Zelensky said the troops defending the city wouldn't be judged if they choose to surrender or give up the fight.

"For what they have done, they are already heroes," he said. "And if they decide to make one move or another, believe me, no one will stop them. No one has the right to, because they have already done so much."

Mr. Zelensky in a late Saturday address called for further negotiations to resolve the situation in Mariupol and end the bloodshed, describing [conditions in the besieged city](#) as "just inhuman." But he said in his interview that further destruction by Russia would endanger any peace negotiations between the two sides.

"The elimination of our boys in Mariupol, which is what they're currently doing, could conclusively put an end to any kind of talks," he said.

Russian President Vladimir Putin this past week said that negotiations with Ukraine had reached a dead end. He has insisted that the "special military operation" he launched on Feb. 24 is going according to plan.

Russia also carried out fresh strikes in Ukraine, saying that it destroyed 68 military assets across the country, including a munitions factory close to the capital, Kyiv. Moscow has in recent weeks shifted its focus to the country's east as it gears up for a major offensive on the eastern Donbas region, after it failed to capture the Ukrainian capital in the early stages of the invasion.

Ukraine's remaining military troops in Mariupol are isolated at the Azovstal steelworks, and Russian forces have focused on dislodging them from the facility to claim control of the city. While outnumbered, the Ukrainian forces there still have snipers, antitank missiles and armor, and are conducting operations, according to reports by Russian journalists embedded with Russian forces in the city and videos uploaded by Ukrainian troops in the city. Much of Mariupol has been razed to the ground, making it more difficult for Russia to use mechanized weaponry to root out the Ukrainian fighters.

"We guarantee that all those who lay down arms will stay alive," Mikhail Mizintsev, the head of the National Defense Control Center of the Russian armed forces, said in an early morning briefing.

Mr. Mizintsev called for the Ukrainian and Russian sides to raise flags at 5 a.m. local time and announce the start of a cease-fire that would allow Kyiv's forces to leave the battlefield unharmed before noon the same day or face destruction by Russian forces.

"Do not test your fates by the example of the Mariupol tragedy," Mr. Mizintsev said, addressing Ukrainian defenders of the port city. "Make the only correct decision to stop fighting and lay down your arms now."

Russia has previously issued ultimatums to those defending Mariupol. Mr. Mizintsev said 1,464 Ukrainian service members had already surrendered to Russian forces.

"They are not being subjected to any violence or psychological pressure. Each of them is given the right to connect with relatives," he said.

Ukraine's Ministry of Defense said Sunday it was investigating reports that units of Russia's marine forces were preparing a naval assault on Mariupol.

The city, where some 100,000 residents out of a prewar population of 450,000 remain, has seen some of the war's most intense shelling. The humanitarian situation has become catastrophic after weeks of bombardment, said Petro Andriushchenko, an adviser to Mariupol's mayor. Mr. Andriushchenko said Russian occupying forces were forcing local residents to stand in long lines for special passes needed to move between areas of the city.

Ukrainian Deputy Prime Minister Irina Vereshchuk said Kyiv had been unable to agree on humanitarian corridors with Moscow that could allow the safe passage of civilians on Sunday from areas of fighting including Mariupol. She said 1,449 people had successfully evacuated through such corridors on Saturday. Russia said that it had so far facilitated the evacuation from Mariupol of 168,000 civilians, of which 139,678 had gone to Russia.

Russian officials on Saturday said [a general in the 8th Army](#), which had been deployed to the Mariupol offensive, was killed in combat. Maj. Gen. Vladimir Frolov was a deputy commander in the 8th Army, they said. No further details were provided. Several other generals have already been killed in the conflict, particularly in the early days in the campaign.



An Orthodox Palm Sunday mass at St. Michael's Golden-Domed Monastery in Kyiv on April 17. Most Ukrainians will celebrate Orthodox Easter on April 24th. PHOTO: Adrienne Surprenant /MYOP for The Wall Street Journal

Pope Francis on Sunday called for peace in Ukraine in [his annual Easter message](#), warning that the conflict could lead to nuclear war. He also continued his practice since the start of the

war of lamenting the effects of the invasion on Ukraine without naming Russia as the aggressor.

"May there be peace for war-torn Ukraine, so sorely tried by the violence and destruction of the cruel and senseless war into which it was dragged," he said.

Russia's Defense Ministry on Saturday published video of a military ceremony in Sevastopol, Crimea, featuring what it said were crew members of the Moskva, the Russian Black Sea Fleet flagship that U.S. defense officials and Ukraine say was hit and [sunk by two Ukrainian Neptune missiles](#) on Thursday. The video appeared to show Moskva Capt. Anton Kuprin, who Ukrainian officials have said was killed aboard the cruiser.

There has been no independent confirmation of the use of Neptune cruise missiles, which have thus far been under development.

Russia has said the vessel sank from damage suffered from a fire that caused ammunition stores to explode. It said the source of the fire was unknown and that the ship sank in stormy weather as it was towed to port.

"The traditions of the Moskva guided missile cruiser will be carefully safeguarded and continued, as has always been the case in the Navy," the Defense Ministry said in a post on Telegram.

Yaroslav Trofimov contributed to this article.

Write to Matthew Luxmoore at Matthew.Luxmoore@wsj.com

[Ukrainian Forces in Mariupol Rebuff Russian Ultimatum to Surrender](#)

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AN	Document WSJO000020220417ei4h0008d

HD **The Ukraine Crisis: Port City Holds Off Russian Forces --- Mykolaiv -- key to Moscow's plans to control the south -- has been hard to capture**

BY By Brett Forrest

WC 830 words

PD 16 April 2022

SN The Wall Street Journal

SC J

PG A6

LA English

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LP

MYKOLAIV, Ukraine -- After Ukraine's military repelled successive waves of Russian attacks since the war's outbreak, this front-line port city still stands in the way of Moscow's plans for a renewed offensive.

Shock waves of Russian shelling rattle windows in Mykolaiv nearly every night. Ukrainian forces in recent weeks have moved out, covered by their own artillery barrages, driving Russian troops back toward the occupied city of Kherson and battling along a contested line of control.

TD

"The enemy is defensive now and is digging in," said Roman Kostenko, a Ukrainian parliamentarian and special-operations commander in the region.

After withdrawing forces that encountered stiff resistance in Ukraine's north, Russia is regrouping and recalibrating for a renewed battle in the east and south. Mykolaiv remains a top objective, key to controlling Ukraine's Black Sea rim and a gateway to the strategic port of Odessa.

Russian forces are trying to hold their lines east of Mykolaiv and flying reconnaissance drones as they resupply their troops with ammunition and fuel, said the General Staff of the Armed Forces of Ukraine. Their aim, Mr. Kostenko said, "is to hold our offensive and create favorable conditions for a further offensive to the south."

In a setback, the flagship of Russia's Black Sea Fleet, the warship Moskva, sank Thursday following what the Ukrainian military said was a cruise-missile strike.

Sitting at the deltas of the Dnieper and Southern Bug rivers, Mykolaiv in peacetime handles a considerable portion of Ukraine's seaborne exports. Workers here built aircraft carriers when Ukraine was part of the Soviet Union. Eleven Ukrainian army brigades stationed in Mykolaiv make the city the most militarized in the southern district, and no easy target.

At the start of the war, Russia marked Mykolaiv for quick capture. On the war's opening day, Feb. 24, Russian forces poured north from Crimea and before long seized Kherson.

"They want to close the sea," said Mykolaiv Mayor Oleksandr Syenkevych. "From Kherson, they need to move to Mykolaiv and then to Odessa."

Mykolaiv proved harder to take. Rolling into the city, Russian tanks were repulsed. Ukraine captured a high-ranking airborne officer. "He told us that he was given the task of capturing Mykolaiv at any cost," said Gen. Dmytro Marchenko, Mykolaiv's garrison commander.

With communications jammed, Ukraine relied on an ad hoc civilian network to report Russian positions and inflicted heavy losses on a second attempted assault by forces trying to cross the Bug River north of Mykolaiv.

Moscow tried a third time last month, sending troops and tanks west from Kherson to strike Mykolaiv from its south. Ukraine's General Staff resolved to make a stand at the village of Oleksandrivka, and its troops fended off the attackers.

"Their plan was to capture the city and use the landing force that they have in Odessa, in order to carry out a naval operation in parallel with the land operation," said Mr. Kostenko, the special-operations commander who took part in the operation. "Mykolaiv did not allow this. We did not let them through."

"The enemy can't move forward," Andrei Rolya, a mechanized-battalion sergeant, said last month after Ukrainian forces repulsed the attack and recaptured territory.

Russian forces claimed to have seized parts of Oleksandrivka. From Kherson and surrounding villages they control, they have bombarded Mykolaiv nearly every night and often during the days.

On March 19, Russia struck a military barracks. On March 29, a cruise missile hit the Mykolaiv regional administration building, effectively destroying it. On April 4, shells hit a children's hospital, said Mykolaiv's regional administration, and on Sunday, a bomb set off the largest explosion the city has seen. On Monday, Ukraine's Defense Ministry said it shot down a Russian SU-34 fighter-bomber.

The repeated barrages have filled Mykolaiv's hospitals, where doctors amputate limbs crushed by collapsing buildings and tend to faces disfigured by shrapnel. "Two months ago we had a normal life," said a surgeon. "Everyone here is working in fear they'll hit this building."

Mr. Syenkevych, the Mykolaiv mayor, arrives at meetings with a Kalashnikov rifle strapped across his midsection. "All people who can carry a gun are ready to defend our city," he said. "And they will stay for sure to the last man."

Sgt. Rolya drove a pickup to ferry soldiers and U.S.-made Javelin antitank weapons to the front south of Mykolaiv. The truck is one of four that a group of graduates of the Columbia Business School said they bought with funds they raised.

"Whatever we can do to help these guys," said Gregory Ovsianynkov, a Columbia graduate and entrepreneur from Odessa who coordinated the purchase. "They are essentially protecting Odessa and this whole region."



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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Russian Forces Closer to Taking Mariupol as They Expand Eastern **Ukraine** Footprint; Ukrainian resistance now isolated at iron and steel works plant in the strategically important port city**
BY By Brett Forrest and Thomas Grove
WC 1,364 words
PD 17 April 2022
ET 04:46
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

The Russian Defense Ministry said Saturday that the urban areas of the besieged city of Mariupol had been cleared of Ukrainian troops, with local military resistance isolated at a metallurgical plant in an industrial area.

Russian forces have been trying to establish full control over Mariupol, Ukraine's armed forces said, ahead of what is expected to be an [intense wave of fighting](#) in the country's east as [Moscow strengthens its positions](#) there.

TD

The fate of Mariupol, a port city on the Sea of Azov that has been the site of some of the [war's most intense shelling](#), carries strategic and psychological importance. If Russia takes full control of the city, that would be a significant mark of progress as it expands out from areas it already controls in the Donbas region toward the Crimean Peninsula, which it [annexed in 2014](#).

A Russian Defense Ministry spokesman, Maj. Gen. Igor Konashenkov, said Saturday that the remaining Ukrainian resistance had been blocked at the Azovstal metallurgical plant and that the "only chance to save their lives is to voluntarily lay down their arms and surrender."

In an interview Saturday with Ukrainian media, Ukrainian President Volodymyr Zelensky appeared to acknowledge that Russia controlled most of the city. "The situation in Mariupol is not improving," he said. "Our military is blocked, the wounded are blocked, there are many of them, who have been killed unfortunately."

Ukraine's armed forces said Saturday that Russian naval forces in the Sea of Azov were continuing to blockade the port and provide fire support for their offensive. The day before, Ukrainian Deputy Prime Minister Iryna Vereshchuk said nine humanitarian corridors had been opened in the area, allowing 2,864 people to escape, with the evacuation effort expected to continue Saturday.

The General Staff of the Ukrainian Armed Forces on Saturday said Russian forces were also continuing to blockade and shell the city of Kharkiv, toward Ukraine's northeast border with Russia, as they regroup in Donbas, where two pro-Russian regions broke away from Ukrainian control in 2014 and which Moscow now recognizes as independent republics.

Fierce Ukrainian resistance stalled Russian President Vladimir Putin's initial attempt to topple the Ukrainian government in Kyiv in February. Since then, extending Russian control over the Donbas region has become a primary objective, partly because it would enable the Kremlin to claim it has successfully defended the predominantly Russian-speaking area from Ukrainian nationalists it says control the government in Kyiv.

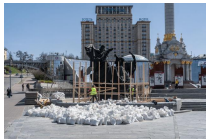
The general staff of Ukraine's armed forces drew a picture of continued Russian withdrawal and consolidation in preparation for presumed renewed offenses in the country's east and south.

Near the city of Izyum, Russia placed up to 22 battalion tactical groups charged with consolidating positions. In Toretsk, Russian forces fired periodically on Ukraine's diminishing troops and resources, further softening up targets in advance of an effort near Avdiivka.

In a televised address Friday, Severodonetsk Mayor Oleksandr Striuk said the city was being subjected to sustained shelling, with roughly 20,000 people remaining from a population of 135,000.

Chernihiv Gov. Vyacheslav Chaus said Russia had been launching intense attacks on the region.

Russian forces, meanwhile, are continuing their long-range strikes on strategic targets in Kyiv and the surrounding area. Gen. Konashenkov, the Russian Defense Ministry spokesman, said precision long-range air-based weapons destroyed parts of a military manufacturing plant in the capital, in addition to a repair facility in Mykolaiv.



Volunteers cover a monument to the founders of Kyiv in an attempt to protect it from Russian strikes. PHOTO: Serhii Korovayny for The Wall Street Journal



People walking in central Kyiv. PHOTO: Serhii Korovayny for The Wall Street Journal

On Saturday, Russian officials said that another of its generals, deputy commander of the 8th Army Maj. Gen. Vladimir Frolov, was killed in combat in Ukraine. It didn't provide details. Several Russian generals have been killed in the conflict. The 8th Army had been deployed to the Mariupol offensive.

The United Nations' human-rights agency said it has recorded 1,982 civilian deaths between Feb. 24, when the invasion began, and midnight April 14, with the majority killed by shelling, rockets, missiles and airstrikes. It warned that the actual figures could be considerably higher as the numbers from areas facing some of the heaviest bombardments, including Mariupol, Izyum, Popasna and Borodyanka, are still being corroborated. The Ukrainian government has counted at least 2,700 civilian deaths, though these refer only to cases where criminal proceedings have been initiated.

Kyiv Mayor Vitali Klitschko said there had been strikes on the outskirts of the city, in the Darnytskyi district. He urged Kyiv residents who had left the city to avoid returning to it. "I ask you to refrain from this and stay in safer places," he said on social media.

In a Friday evening video, Mr. Zelensky said local authorities around the country were returning basic services to areas vacated by Russian forces. "Normal life is being restored in the regions and areas from which the occupiers were expelled," he said.

Andrii Niebytov, Kyiv's regional police chief, warned residents in a Friday briefing to be wary of mines on the roads and in houses left by occupying Russians. He said on Facebook that at least five people had been injured and one person had died as a result of mines.

Mr. Niebytov said authorities had recovered more than 900 bodies since Russian forces withdrew from the region. Investigations into alleged war crimes have begun in several locations, including Bucha, a town near the capital where the [bodies of more than 400 people](#) have been found. Bucha Mayor Anatoliy Fedoruk said 85% of them had sustained bullet wounds.

Moscow has denied targeting civilians in its assault on Ukraine.

In the midst of significant damage to its infrastructure and economy, Ukraine's prime minister, finance minister and central-bank governor are expected to attend the spring meetings of the World Bank and the International Monetary Fund for a series of bilateral and multilateral meetings, a World Bank official confirmed.

The U.K.'s Ministry of Defense said Russia was destroying civilian infrastructure as it continues its withdrawal from areas around Kyiv and the north to consolidate toward the east. "The destruction of river crossings in and around Chernihiv has left only one pedestrian bridge in the city itself across the Desna River. Prior to the war, the city had approximately 285,000 residents," it said. "Damage to Ukraine's transport infrastructure now presents a significant challenge in delivering humanitarian aid to areas formerly besieged by Russia."

In the south, Russia was restoring its combat readiness and replenishing reserves for an expected push to the boundary of the Kherson region and further west, Ukraine's General Staff said. A spokeswoman for the military in Ukraine's south said it expected Russian missile and artillery attacks to increase in response to the sinking of the Moskva, Russia's Black Sea Fleet flagship, [which went down Thursday](#) in a significant setback for the Kremlin's war effort.

A senior U.S. defense official said Friday that the ship had been hit and sunk by two Ukrainian Neptune missiles, a claim also made by Ukraine. There was no independent confirmation of the use of Neptune cruise missiles, which have thus far been under development. Russia has said the vessel sank from damage suffered from a fire that caused ammunition stores to explode. It said the source of the fire was unknown and that it sank in stormy weather as it was towed to port.

Ukraine's General Staff said Russia was taking "measures to restore combat capability and replenish ammunition" to improve its tactical position, while continuing to shell in most directions.

Mauro Orru contributed to this article.

Write to Brett Forrest at brett.forrest@wsj.com and Thomas Grove at thomas.grove@wsj.com
[Russian Forces Closer to Taking Mariupol as They Expand Eastern Ukraine Footprint](#)

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THE WALL STREET JOURNAL.

CLM Europe News
SE World
HD **Ukraine's Jews Celebrate Wartime Passover in Defiance of Russian Invasion; U.S. charities helped organize communal Seders in war-torn regions, for Ukrainian refugees abroad**
BY By Bojan Pancevski |Photographs by Serhii Korovayny for The Wall Street Journal
WC 932 words
PD 16 April 2022
ET 19:10
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

Ukrainian Rabbi Moshe Azman began this year's Passover, normally a celebratory holiday, with a funeral: He buried a member of his congregation shot dead by Russian occupiers on the street near Kyiv.

Rabbi Azman then rushed back to the capital to preside over a wartime Seder in the basement of the main synagogue, one of the few that has stayed open throughout [the Russian invasion](#).

TD

On Friday, Ukrainian Jews across the country, like the small group around Rabbi Azman, as well as those now [living as refugees in Europe](#), celebrated Passover with supplies of kosher food and online services provided by American charities.

Before the war, Ukraine was home to one of the world's largest Jewish communities of [around 200,000 people](#), of which nearly 10,000 had survived the Holocaust. Now, many thousands of Jews [have fled the Russian assault](#), while Jewish sites, including schools, have been damaged or destroyed by Russian shelling.

Passover celebrates freedom by recalling the Old Testament story of the Jews escaping enslavement in Egypt. Rabbi Azman said there is a parallel this year in Ukraine's struggle to repel Russia's invading army.

"I, like many, was born in the Soviet Union, and Russia wants to drag us back there, to enslave Ukraine like Egypt enslaved the people of Israel," Rabbi Azman said. "Our community is proud of our Jewish president, who united all of Ukraine's nationalities in the fight for our freedom."

Like Rabbi Azman, Ukrainian President Volodymyr Zelensky is a [Russian-speaking Jew](#).

Some 16 tons of matzo, the unleavened flatbread, as well as other products such as grape juice and kosher wine needed for Passover celebrations, were shipped to communities across Ukraine by the American Jewish Joint Distribution Committee, with support from United Jewish Appeal-Federation of New York, among others.

Adel Kontorovich, a 20-year-old volunteer who helped organize the Kyiv Seder, said Russian President Vladimir Putin's claims that Moscow's offensive is aimed at "de-Nazifying" Ukraine are an insult to Jews.

"Jews know something about Nazis," she said. "We used to live safely and freely before the invasion, and I wish these times to be back."

Some Jews in the Ukrainian armed forces celebrated Passover in uniform, at the front line or in their barracks.

"This year, there is no time for proper celebration—we will do that next time, after we defeat the Russian invaders," said Pavlo Khazan, a Kharkiv native who joined the country's territorial defense forces.

Nearly [five million people have fled](#) Ukraine since Russia invaded. The American Jewish Joint Distribution Committee and its partners evacuated around 12,000 Jews. The organization says it believes many more—mainly women, children and older people—have left on their own.

Men aged between 18 and 60 have been banned from leaving Ukraine, barring some exceptions, such as fathers of more than three children.

Ana Sazonov of the Jewish Federations of North America, which is assisting Jewish and non-Jewish refugees from Ukraine in Poland, helped arrange a Seder dinner at a Warsaw hotel. Around 300 people attended, including many mothers with babies.

"Every day, I see moms with young children crossing the border with no idea where to go next," Ms. Sazonov said.

In many Jewish communities inside Ukraine, Seder was organized online because of early curfews aimed at minimizing civilian casualties during nighttime shelling and airstrikes.

Inna Vdovichenko, a representative of the American Jewish Joint Distribution Committee in Odessa, helped set up an online Passover gathering in the Black Sea port city, which [has frequently come under fire](#) from missiles launched by Russian warships.

She said many Jews of the city's thriving, 35,000-strong community have escaped since the war started, while others remain holed up in their homes.

"February 24 has divided our life into before and after...We are constantly anxious: When will the next bombing happen?" Ms. Vdovichenko said in reference to the day the Russian invasion started.

Among the participants of the virtual Seder—all Russian speakers who were provided matzo and other foodstuffs by the group—was Yelena Sorokina. Ms. Sorokina's siblings and many other family members were killed by the Nazis in World War II.

Homebound because of walking difficulties, Ms. Sorokina relies on the organization for food, medicine and home care, and was able to join the Seder by using a smartphone provided by the charity.

"I can't physically get away, but the smartphone is my salvation—without it I would have been all alone," Ms. Sorokina said.

SHARE YOUR THOUGHTS

What organizations have you supported to help the people of Ukraine? Join the conversation below.

The event, held over Zoom, included a lecture about the origins and the rituals of Passover. Jewish songs were sung in Russian and Hebrew, and a Holocaust survivor recited a poem. An elderly man hugged his small dog as the audience—most of whom were pensioners dressed in festive clothing—applauded enthusiastically after a woman played a tune on her piano.

Rima Avanesova, 80, told how she feared for the life of her son who was battling Russian invaders on the front line.

"My heart is broken but my soul is with him," she said.

Write to Bojan Pancevski at bojan.pancevski@wsj.com

[Ukraine's Jews Celebrate Wartime Passover in Defiance of Russian Invasion](#)

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IPD Wires

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CLM Business World
HD **Why the Ukraine War Hasn't Crashed the Stock Market**
BY By Holman W. Jenkins, Jr.
WC 863 words
PD 16 April 2022
SN The Wall Street Journal
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LP

To paraphrase JP Morgan banker Jamie Dimon's advice to investors and analysts this week, everything looks pretty good except the possibility that something really bad could happen.

The stock market, so far, has largely recapitulated its pattern from past wars: sell the rumor, buy the news. The S&P 500 hit a recent low on Feb. 23, the day before Russia's invasion. It's up 167 points since then.

TD

A Canadian fund manager made news by advising his investors to keep buying stocks because in an all-out nuclear war their portfolio allocation would be irrelevant anyway. Looking back and trying to explain a modest 7% drop during the Cuban missile crisis, economists reached for a similar explanation: There's no point discounting a worst-case outcome because nobody will be around to benefit from a wise investment decision.

Fritz Todt, who built the autobahn, told Hitler in November 1941 the war could not be won and must be ended politically. Hitler responded: "I can scarcely still see a way of coming politically to an end."

The fuhrer was talking his book. Negotiated endings are always on the cards, as they now could be for Vladimir Putin. There was no "existential" risk for Germany. Even under the rigorous terms actually imposed -- unconditional surrender -- Germany survived and quickly was on its way to becoming the leading state in Europe. The "existential" risk belonged to Hitler; under any settlement that might be envisaged, he would have had to leave power and accept accountability for his crimes.

Mr. Putin, in astonishingly short order, has turned his Ukraine lark into a similar risk not for Russia but for Mr. Putin. Hence a heating up of the rhetoric recently. RIA Novosti, an official Moscow news service, issued a bloodcurdling call for the liquidation of Ukraine. Sergey Karaganov, a leading Putin intellectual, told a Western interviewer, "The stakes of the Russian elite are very high -- for them it is an existential war," and gave voice to a hail Mary scenario in which nuclear threats cause the U.S. to abandon NATO.

And despite Washington having supplied Ukraine's military for years, a demarche this week from the Russian Embassy demands the U.S. stop and warns of "unpredictable consequences."

I first mentioned the Hitler-Todt episode in this column in 2014, in anticipation of Mr. Putin bringing the world to such moment. It is difficult not to imagine him now fingering his weapons of mass destruction, particularly his tactical nuclear warheads, and wondering if they might offer a way out of his dilemma -- a concern publicly aired this week by CIA Director William Burns.

Only one answer would seem to fit the situation: a clear signal to Mr. Putin that, in such a case, NATO airpower will join the war on Ukraine's side and reduce most of his standing army to a smoldering wreck. Where the decisive ground battle is now shaping up in eastern Ukraine, the open terrain is especially conducive to such an aerial campaign.

The logic of preserving his army to fight another day will be hard for Mr. Putin to ignore if he hopes to stay in his job. Seven weeks of war have also been useful: He and his domestic allies have had a chance to wrap their heads around the possibility of defeat. For his colleagues, moreover, an easy

decision is not to see everything they value destroyed for the sake of a man they've come to loathe personally.

One way or another, the U.S. is likely to find itself moving closer to center stage in the conflict and its endgame. Germany and others resist cutting Mr. Putin's vital energy dollars not just out of concern for their own economies; they don't crave the risks and uncertainties that come with making Mr. Putin's position in Moscow terminally untenable. Probably Mr. Biden's advisers, except a few militants, agree. And if anything can get China's Xi Jinping off the sidelines and working with the U.S. and Europe in Ukraine, it will be a desire not to see Mr. Putin humiliated.

Only the Ukrainians themselves, having experienced Russian occupation and seen that it means acquiescing in the mass murder of civilians, are a likely voice of realism and spine-stiffening. Lately recalled have been JFK's words about the necessity of leaving Khrushchev an exit route. In Mr. Putin's case, the advice is too late. With his blunders and miscalculations, his survival is now in his own hands; he has left the allies nothing to work with. Joe Biden's alleged rhetorical excesses may be all that -- calling Mr. Putin a war criminal, referring to genocide (not an unreasonable interpretation of recent Russian rhetoric), saying Mr. Putin should not remain in power.

My guess is these out-of-school expostulations pop out for a reason -- because the consensus after so many hours of White House discussion is that Mr. Putin is likely beyond saving no matter what the U.S. does.

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HD **The Ukraine Crisis: Negative Views of U.S. Rise In Russia, Poll Finds**

BY By Matthew Luxmoore

WC 283 words

PD 16 April 2022

SN The Wall Street Journal

SC J

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LA English

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LP

Russians' attitude toward the U.S. has dramatically worsened since the start of the war in Ukraine, shows a survey by the independent Russian pollster Levada Center.

The poll shows that 72% of Russians hold a negative view of the U.S., up from 55% in February. Only 17% say they have a favorable view, according to the poll, which was published on April 15 based on answers from 1,632 respondents surveyed nationwide in late March.

TD

The survey also shows that attitudes toward the European Union have worsened, while Russians' view of China, Moscow's ally, has markedly improved in the past six months, with 83% of Russians having a favorable view of the country.

The war in Ukraine has given a boost to President Vladimir Putin's popularity, according to Levada. A recent survey found Mr. Putin's approval rose to 83% in March, from 71% in February.

Russian state TV has portrayed the war in Ukraine as a "special military operation" to defend Russian speakers in the country from nationalists backed by the U.S. and EU, pushing the narrative that the real standoff in Ukraine is between Moscow and the West.

The results from Russia echo a Pew poll showing a similarly dramatic shift in how U.S. citizens view their Russian counterparts. A Pew Research Center poll published April 6 found 70% of Americans consider Russia an enemy of the U.S., up from 41% in January. The view appears to cross party lines, with 72% of Democrats and 69% of Republicans holding it.

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HD **OFF DUTY --- Design & Decorating -- Love Story: My Hunt for Easter Eggs --- How one writer brought new meaning to her holiday and found a symbol of Ukraine's resilience in the nation's intricately patterned eggshells, called pysanky, a centuries-old tradition**

BY By Maile Pingel

WC 972 words

PD 16 April 2022

SN The Wall Street Journal

SC J

PG D10

LA English

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LP

Every year I put up an Easter tree. It's a humble thing, just a few branches gathered on dog walks and adorned with pastel papier-mache eggs my mother gave me. But this year, as my garden in Los Angeles frothed daffodils and peach blossoms, Russian troops invaded Ukraine. I recalled that on a 2005 trip to Eastern Europe I had seen pysanky, the traditional, artful eggs of Ukraine, and I thought that if I could find a few online, they might serve as timely, resonant objects to hang on my tree.

An Etsy search for "Ukrainian eggs" revealed countless other people had hit on the same idea. Pysanky were selling out, so I quickly placed an order. Too quickly, perhaps. As I researched I learned that what I'd bought weren't Ukrainian pysanky but rather eggs in a similar (albeit prettily painted) folkloric style. Down the rabbit hole I went. And what a joyful -- and poignant -- journey it has been.

TD

True Ukrainian pysanky are not painted but dyed with a wax-resist process. Using a stylus called a kistka to deliver an ink-like flow of melted beeswax, artists -- traditionally women -- "write" the design onto the egg. (The term pysanky, plural for pysanka, comes from the verb pysaty, which means "to write.") The initial wax lines resist the first dye and remain white. As more wax designs are added, the egg is dyed with successively darker dyes. Many colors, or just a few, can be used. (Historically, families handed down plant-based dye recipes.)

The wax is then melted away, revealing myriad patterns: wheat, fire, animals, the tree of life. Some are purely geometric, almost Op Art in style. Others have an Art Nouveau or Japanese-woodblock look. "All of the symbols are good wishes," said Andrea Kulish, an artist in Asheville, N.C., and a first-generation Ukrainian-American whose mother taught her the method. "Each egg is a connection to my family and a link to Ukraine."

Pysanky began as pagan folk art celebrating spring. When Christianity made inroads in Ukraine in the 10th century, attempts to squelch the craft failed, so symbology was reassigned: A ladder to thatch the roof became a ladder to heaven, fish representing water gods became symbolic of Christ, the fisher of men, and so on. "They became Easter eggs," said Lisa McDonald, a schoolteacher and pysanky instructor in Cody, Wyo. "Whether pagan or Christian, they're about rebirth." For artist Jennifer Santa Maria in Farmingdale, N.J., they are also about magic. "You're bestowing meaning into an object; if you're practicing prayer or song while doing it, your work has that potency," she said, adding that eggs were buried in fields or tucked into coops to encourage fertility. So powerful was the ritual of creating pysanky that Stalin outlawed it in the 1940s. Not until 1991, when Ukraine gained independence, could the decorated eggs be made again. National pride swelled and the Pysanka Museum in Kolomyia was born. Its egg-shaped gift shop (some 45-feet-high) was declared a landmark in 2007.

Now there is a resurgence. "I can't keep up with demand," said Ms. Kulish, who has asked fellow makers (or pysankarka) to send pysanky for her fundraising sales. (To date, she has helped raise some \$25,000 for Ukraine through local events.) To augment workshops organized by Ukrainian museums and churches, artists are offering private and virtual classes. "This is the most I've ever taught -- my classes have sold out," said Wendy Hallstrom of Clinton, N.J.

With this revival comes hope. In Ukrainian legend, evil is a monster chained to the mountainside whose chains tighten when pysanky are written. As Tamara Fedorenko -- a fifth-generation Kyivite who is still

running her Etsy store, Pysanka Shop -- will tell you, "Life-affirming images are necessary now." A practice she recently adopted drives home the point. "I started writing the date and 'Kyiv' on my eggs, because if I die tomorrow, it will be a chronology of my art," she wrote via email. "My pysanky are part of the history of this war. And this is my personal front." (Her box supplier in Zaporizhzhia was bombed; the fate of the Mariupol farmer who provided her goose eggs is unknown.)

Ms. Fedorenko's fortitude resonates with Sarah Bachinger, a Round Lake, N.Y., artist who founded the fundraising effort Pysanky for Peace. "There's something a bit defiant about pysanky -- but in a positive way," she said.

Pysanky Very Much

Where to buy exquisitely decorated shells

Pysanky by Basia: In Bucks County, Penn., Basia Andrusko's traditional methods include the drop-pull technique (a pin is used to pull a drop of wax and create a tail) from Ukraine's Lemko region. From \$25, [PysankyByBasia.com](#)

Shannon Wallis Designs: Shannon Wallis, in Norwich, Vt., "writes" traditional Ukrainian symbols, as well as other cultures' motifs, including Celtic knots and henna-inspired flowers. From \$25, [ShannonWallisDesigns.com](#)

Sofika: The pysanky by New York City ethnographer Sofika Zielyk show in museum collections around the world and are currently at Manhattan's Ukrainian Institute of America. From \$35, [Sofika.com](#)

DandyLion Eggs: From her Seattle-area studio, Sarah Armstrong sometimes modifies traditional motifs to develop contemporary patterns. From \$22, [DandyLionEggs.com](#)

Pysanka by Adriana: The website of Adriana Wrzesniewski often sells out, but her eggs can be found at festivals across Southern California. As well as colorful pysanky, she makes sophisticated black-and-white versions. From \$40, [Pysanka.com](#)

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THE WALL STREET JOURNAL.

CLM Heard on the Street

SE Markets

HD **Globalization Isn't Unraveling. It's Changing. The flow of trade, people and ideas among countries isn't inevitably headed toward decline following [Russia's](#) invasion of [Ukraine](#). But it could be reshaped.**

BY By Justin Lahart

WC 1,024 words

PD 15 April 2022

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LP

"Globalization is not something we can hold off or turn off," former President Bill Clinton told an audience in Vietnam in 2000. "It is the economic equivalent of a force of nature—like wind or water."

After Russia's invasion of Ukraine, it is an unwinding of globalization that gets spoken of with the same air of inevitability. The steady increases in the flows of trade, money, people and ideas among countries since the end of World War II seems destined to go into reverse during an extended period of Balkanization, with Russia and its allies operating in one sphere, China in another and the U.S. and its allies in a third. In short, the world could be in for something like what happened just over a century ago, when World War I, the Russian Revolution and, yes, a global pandemic provoked countries to turn inward.

TD

For investors, this prospect is unsettling. They have been some of globalization's biggest winners, particularly during the period of hyperglobalization that began in the 1990s, with the dissolution of the former Soviet Union, the transformation of China into an economic powerhouse and the advent of the internet. Increased trade allowed countries to focus on making the goods and services they were best equipped to produce, and provided multinational companies with new customers and new pools of low-cost labor to tap. Transformative technologies that during the Cold War might have been kept locked away by governments and militaries instead made their way to the marketplace. Many of the benefits flowed to companies' bottom lines: In the U.S. for example, after-tax corporate profits as a percentage of gross domestic product went from 5% in 1990 to 10.5% last year.

Just as the path toward a more globalized world isn't inevitable, however, neither is globalization inevitably going into retreat. True, the invasion of Ukraine could be characterized as Russian President Vladimir Putin [lashing out](#) at the cosmopolitan, globalized Western world. On the other hand, the vigor with which Ukrainians are defending their country, and their desire to become more integrated with the rest of Europe, serve as a reminder that globalization's benefits can extend beyond mere economics. Perhaps what the coming years might bring is not an end to globalization, but a reshaping of some of its terms, with investors continuing to enjoy its benefits, but also bearing more of its costs.

Russia's isolation, in itself, does not count as anything like the blow against globalization struck in World War I, when "[m]oved by insane delusion and reckless self-regard, the German people overturned the foundations on which we all lived and built," as the economist John Maynard Keynes put it in "[The Economics Consequences of the Peace](#)," the 1919 book where he warned of what the collapse of European integration might portend.

Adjusting for the differing costs of goods and services across countries, Germany's economy in 1913 accounted for 8.7% of global GDP, according to [estimates by economic historian Angus Maddison](#). Russia's share of global GDP last year was just 3.1% on that basis, estimates the International Monetary Fund, and an even smaller 1.7% in dollar terms. More important, Germany before World War I was at the nexus of European trade. "Round Germany as a central support the rest of the European economic system grouped itself, and on the prosperity and enterprise of Germany the prosperity of the rest of the

Continent mainly depended," wrote Mr. Keynes. Russia's role in the European economy, in contrast, is primarily as a provider of oil and other commodities, and it plays a minor role in global supply chains.

China is, of course, a far more important global economic player than Russia. In dollar terms it accounted for more than a sixth of global GDP last year, according to IMF estimates, and the importance of its role in global supply chains has been made painfully apparent over the course of the pandemic. Its economy is also hugely dependent on trade with the rest of the world, and particularly with developed economies such as the U.S. Were it to decide to somehow unshackle itself from the global system, perhaps due to a future conflict over Taiwan, the economic and societal impacts on its own domestic system would be huge. The hope is that, seeing the fallout from Russia's invasion of Ukraine, this is something its leaders would prefer not to countenance.

The bigger threat to globalization, and the more important lesson from Russia, might be that in its more recent stages it has left too many people behind. Many Russians went from embracing free markets following the collapse of the Soviet Union in 1991 to feeling betrayed by them by the time of the 1998 Russian debt crisis—a change that helped lay the groundwork for Mr. Putin's rise to power. In the U.S. and elsewhere in the developed world, many of the benefits from globalization that companies and their investors accrued haven't been sufficiently passed on to much of the general population, worsening inequality and breeding contempt. The wage gains that are now raising companies' labor costs, and [beginning to pressure profit margins](#), might be difficult for investors to swallow, but might also help foster a broader recognition of what globalization is good for.

There might be other changes to globalization's dynamics coming. Both the shortages the pandemic induced and the Russian invasion bring home how becoming over-reliant on a single country's production, be it of microprocessors or of natural gas, can be dangerous, for example. More broadly, perhaps there will be a recognition that globalization is neither a *fait accompli* nor a magic wand that can in and of itself lead to a more prosperous future.

Write to Justin Lahart at justin.lahart@wsj.com

[Globalization Isn't Unraveling. It's Changing.](#)

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Russia's Sunken Warship Moskva Recalls Great World War II Naval Battles; The Russian missile cruiser is the biggest by tonnage to fall in wartime since Japan's legendary battleship the Yamato**
BY By Alastair Gale
WC 705 words
PD 15 April 2022
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LP

The Russian missile cruiser Moskva, which was over 600 feet long and more than 12,000 tons, was the biggest warship by tonnage to sink during conflict since World War II. As the flagship of Russia's Black Sea Fleet, it carried symbolic significance in addition to its military role, and its demise recalled great naval battles of the past that are remembered as turning points.

The last time Russia lost a flagship in wartime was the [Russo-Japanese War](#) of 1904-05, when Japan sank the battleship Prince Suvorov during the battle of Tsushima that secured Russia's defeat. Here's a look at other major sinkings in 20th-century history:

TD

World War II: the Japanese battleships Yamato and Musashi

The Yamato and its sister ship, the Musashi, were the biggest and most heavily armed battleships ever built, and both were sunk by U.S. attacks in the final year of World War II. The Yamato was over 70,000 tons when fully loaded and more than 800 feet long. The ship's name means "Japan," giving its demise added symbolism, just as that of Moskva, Russian for "Moscow."

The Yamato was sunk on April 7, 1945, while sailing from the Japanese mainland toward the southern island of Okinawa on a desperate mission to defend the island from American invasion. Japan's air force had already been decimated, giving American dive bombers and torpedo-launching aircraft freedom to attack Japanese ships with little opposition.

More than a dozen torpedoes and bombs from American aircraft crippled the Yamato, and it sank rapidly, killing most of its crew of over 3,000. Four Japanese destroyers and a light cruiser were also sunk. The Musashi was sunk by American aircraft in the Philippines six months earlier during the battle of Leyte Gulf, the largest naval battle in World War II.

The Yamato's sinking marked the end of the last major naval battle in the Pacific. Following the atomic bombings of Hiroshima and Nagasaki, the war ended four months later.

World War II: the German battleships Bismarck and Tirpitz

Germany's Bismarck and Tirpitz were sister battleships and the largest used by a European nation in World War II, weighing over 50,000 tons at full load. The Bismarck was given the role of attacking supply convoys heading to Europe from America, but it only survived one operation.

British warships damaged the Bismarck near Iceland on May 24, 1941, and the ship sank after being crippled by other British ships and aircraft during a three-day chase that followed. Around 2,000 crew members died. The Tirpitz was sunk by British bombers while in port in Norway in November 1944, without playing a major role in the war.

Falklands War: the Argentinian cruiser General Belgrano

The Moskva was slightly larger than the General Belgrano, previously the largest warship to sink during conflict since World War II. The General Belgrano was sunk on May 2, 1982, during the Falklands War, when the U.K. repelled an attempt by Argentina to seize the British-controlled islands in the southern Atlantic.

A British submarine hit the General Belgrano with two torpedoes, sinking the ship and killing more than 300 sailors. The attack was controversial because it occurred outside the 200-nautical-mile exclusion zone for Argentinian ships imposed by the U.K. around the Falklands, but it ensured British naval dominance for the remainder of the conflict.

In contrast to the air attacks and torpedoes used in earlier battles, Ukrainian officials say Neptune cruise missiles were responsible for the Moskva's demise. Russia hasn't given a detailed account of what happened. Dozens of ships smaller than the Moskva have been severely damaged or sunk by guided missiles since World War II, including the Iranian frigate Sahand, which sank after being hit by U.S. laser-guided and cruise missiles in 1988.

Write to Alastair Gale at alastair.gale@wsj.com

[Russia's Sunken Warship Moskva Recalls Great World War II Naval Battles](#)

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The Biden Administration has approved another \$800 million in military assistance to help Ukraine prepare for the next phase of Vladimir Putin's invasion. But will these weapons get into the right hands in time for them to be effective? Plus, Twitter enacts a "poison pill" provision in an effort to stop Elon Musk from buying out the social-media giant.

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Speaker 1: From the opinion pages of the Wall Street Journal, this is Potomac Watch.

Kyle Peterson: President Biden approves \$800 million in new weapons and security aid for Ukraine as Elon Musk makes a \$43 billion bid to buy out Twitter. Welcome I'm Kyle Peterson with the Wall Street Journal. We're joined today by my colleague columnist, Kim Strassel. Hi, Kim.

Kim Strassel: Hi, Kyle.

Kyle Peterson: On Wednesday, President Biden said he had spoken to Ukraine's president Volodymyr Zelensky and authorized a new security aid package that includes weapons that Biden said were, "Tailored to the wider assault we expect Russia to launch in Eastern Ukraine." And the dollar figure on that assistance is about \$800 million. It reportedly includes 18 howitzers with 40,000 rounds, some radar systems, 200 armored personnel carriers, 11 helicopters. So Kim, is this the kind of heavier weaponry that Ukraine needs as it goes into the next phase of this war to repel the Russian invaders?

Kim Strassel: Next phase is a really important term here. And I think that this marks an important moment in the United States' help with Ukraine. Because we've sent a lot of gear to Ukraine already, by some estimates about \$3.2 billion worth. But we've been reluctant up until now to send them some of the heavy duty things that they've been asking for. So this is a switch in that. It seems to be a recognition as well by the administration that the war in Ukraine is also entering a new phase. Up until now, obviously the Russians had been trying to capture big areas of Ukraine, there've been a lot of urban warfare, wooded area warfare.

This is now going to be a fight in the East, a lot of it is open plains, a lot of it's on the coast. So these are the kind of weapons designed to arm the Ukrainians to deal with that changing environment. I think the other thing that's important too is that not getting as much attention, but some of these heavy equipment and systems that we are sending are things that are going to need some training by Ukrainians to learn how to operate. And the administration is now suddenly signal as openness to having that happen maybe even on NATO territory, sending these folks back in with better knowledge of how to use the equipment that's come.

Kyle Peterson: But the speed of this aid or lack thereof is still a little perplexing to me. And the Journal's editorial today includes this detail, it says, "The White House announced the US would send 100 switch blade loitering munitions on March 16th. The Pentagon said on Wednesday, April 13th that the last of these would enter Ukraine over the course of the next day." And if you think about these switch blade drones, they're basically drones that are also bombs. They fly into a target and explode. In the grand scheme of weaponry, they're relatively small, light, they're compact weapons, at least compared with howitzers, the thing that Biden is now talking about sending, which would take more effort to get in to the

right hands quickly. So, Kim, I wish when they announced these transfers, the White House, the administration would be a little bit more clear about how fast it is committing to get these weapons into the right hands while they're still needed.

Kim Strassel: It's been appalling so far. And to give another example of that, it took, I would say close to a month after Zelensky made his plea for better help with air defense for the United States to complete its negotiations with Slovakia. Slovakia had a number of these S300 systems that Zelensky put by name as something that he really wanted. Slovakia had been ready and willing to give them right away and yet it took ages for the United States to end up pledging a Patriot system to Slovakia to backfill its own air defenses so that it could get these systems over into Ukraine.

At a time of war, you don't have the ability or the luxury to just sit around in the State Department with long term negotiations, it needs to be a lot faster. So I think that puts a lot of focus, as you just said, on some of these heavier duty systems. Those howitzers you mentioned, these are really important, they're long range artillery, they're going to give Ukraine the ability to match Russia in that field. That's a big deal. But if they don't come for a month, like we saw what happened with the S 300, there's going to be a lot of life lost in the meantime.

Kyle Peterson: But Russia is now issuing some diplomatic protests about this aid. It sent the State Department a diplomatic message saying that these shipments of weapons were, "Adding fuel to the conflict and could bring, 'Unpredictable consequences.'" Kim, how seriously do you think American leaders should take those kinds of warnings? Or maybe put it in a different way, how seriously should that warning be taken in the context of all the other threats that Russia has been making since this war started?

Kim Strassel: Well, bingo, that's the point. I'm surprised that it actually took Russia as long as it did to actually issue this red line as it were. But I think that in a way, it's really lost a lot of credibility. It's been making threats since the beginning. You go all the way back to February, which is when Putin suggested that if United States in any way actively engaged in combat that there would be terrible repercussions and in essence was holding out the potential to use, for instance, a nuclear weapon. But this in a way I think is bad for Russia because it's another threat like this. It comes later in the game when we're already sending things. It's very difficult for it to argue for prohibitions on certain kinds of weapons and not others when the United States has been openly and actively arming Ukraine from the beginning. So to now come in with this ultimatum, I don't think it's going to necessarily stop any of this from happening.

In fact, you United States would look incredibly weak if it were to give into that. And that's another reason why the west most likely won't. One thing though that is interesting is what he means by those unpredictable consequences. Along with that note, also was signaled a new Russian willingness to go after convoys of US weapons that are coming in. They haven't done that up until now. But they have now said that such things would be a legitimate target. And what the risks that analysts are speaking of is if they were to attempt some attack on a convoy that for instance was very near to or even accidentally fell into NATO territory or in fact was deliberately on NATO territory, that would be enormously escalatory, especially in light of Biden recommitment recently that an attack on any NATO country would be an attack on all.

Kyle Peterson: But it is remarkable how effective the Ukrainian forces have been with the weapons that Western countries have been sending them, but also with some of their own weapons. The big operational news out of Ukraine this week was the sinking of Russia's flagship in the Black Sea. In the immediate aftermath of this, the Russians were claiming that there had been an accidental fire on board and that caused an explosion and then it was being towed and there were some stormy seas and the ship sank. The Ukrainians meanwhile said that they hit ship with two of their own Neptune missiles. And there's now some reporting on Friday of US officials backing up the Ukrainian story.

But it seems of a piece with these struggles that Russian forces have had all along. And the New York Times has a nice quote from an American Admiral, former commander of the US Sixth Fleet. And he says, "This not supposed to happen to a modern warship. If this was a Neptune missile strike, it's indicative of complacency and lack of an effective integrated air and missile defense capability." Of course that doesn't mean that Russian forces and the accumulation of them, it's a much larger country compared to Ukraine, can't have effect that Vladimir Putin wants, it can be incredibly destructive. But it continues to be remarkable how poorly a lot of these Russian forces are faring.

Kim Strassel: This is a huge blow to Russia on a couple of fronts. One is simply, it's going to be a shock to the Russian public. This is the first major cruise ship of this size that has been sunk since World War II, and that's just remarkable. It undercuts Putin's big attempt, which he's been doing for years, to suggest that he has revitalized and modernized the Russian military to turn it into this successful fierce fighting machine. Clearly, that is not the case.

But one thing that's also really important that's, I think, been a little overlooked is that this is only one of three Slava class cruisers in the Russian fleet and it was in the Black Sea. Under something called the Montreux Convention, Turkey keeps the Bosphorus and Dardanelles straits closed to warships in time of conflict. And that means Russia cannot send a replacement in there at the moment to backfill that ship that sunk. Which gives it a big capability problem, especially there have been a lot of worry about Russia launching an amphibious landing for instance on Odesa, which would be very vital if they want to continue to try to reestablish or establish this land bridge between Crimea and areas that were already under its control. That suddenly becomes a whole lot harder.

Kyle Peterson: The other Ukraine news out of Washington this week was a couple of more instances of President Biden apparently speaking from his gut. On Tuesday, he said that Russia's conduct in Ukraine constitutes genocide then he doubled down on that. There was an exchange with some reporters at the Des Moines Airport, the question was, "Mr. President, have you seen enough evidence to declare genocide in Ukraine, sir?" And he said, "Yes, I called it genocide. It has become clear and clear that Putin is just trying to wipe out the idea of even being able to be Ukraine." And then he added, "We'll let the lawyers decide internationally whether or not it qualifies."

Press Secretary Jen Psaki was pressed on whether that's the administration's position, whether the president misspoke and she said, "He is the president of the United States and the leader of the free world. He's allowed to make his own views known at any point he would like." Not exactly answering the question. And then on Thursday there was another exchange on a tarmac and Biden said that he himself was ready to go to Ukraine. Here's the exchange, the reporter says, "Will you send senior officials to Ukraine?" Biden says, "We're making that decision now." The reporter asks, "Who would you send?" And Biden asks, "Are you ready to go?" The reporter says, "Are you?" And Biden says, "Yeah." And now we have another answer here from Press Secretary, Jen Psaki. Here's what she said on the Pod Save America podcast.

Jen Psaki: He's ready for anything. The man likes a fast car, some aviators, he's ready to go to Ukraine. It's true, he does. We are not sending the president to Ukraine. What I will tell you is that what Boris Johnson did is he took, I believe, an eight hour train through a war zone to get to the middle of Ukraine. So know that that is not in the plans for the president of the United States. We should all be maybe relieved about that.

Speaker 5: Good, I am relieved.

Jen Psaki: He's got a few other things to do.

Speaker 6: I was going to say thank you.

Jen Psaki: Yes, you're welcome. You're welcome, America. We need him to do a lot of things.

Kyle Peterson: So Kim, to me, that looks like pretty deaf cleanup by the press secretary, but still cleanup. And a couple of more instances, it seems to me, of President Biden stepping on the work that his own administration is doing.

Kim Strassel: And it does matter because you don't want to have to be cleaning up. Look, this is a big deal, Kyle. We're in the middle of an international conflict and language does matter. This is now, as you note, just one of many times that the president has got out in front of his skis. He did it by getting ahead of anybody by calling what was on in Ukraine war crimes now genocide. Again, everyone can make their determination on that. Many people may in fact agree with that as a description is what is happening. There is no question that Russia has had a long, long issue with the very existence of Ukraine and a Ukrainian national identity. And the rhetoric that it has used in this, calling all Ukrainians Nazis in essence, it's despicable.

But there's a reason that the president doesn't come out and do this, because he can poo-poo the lawyers. But there are very intentional definitions of these acts, whether it's war crimes or genocide, that matter. Because we also don't want to dilute that language, it's important to let people make a determination so that it has force when there is an official pronouncement. And you water down the force of that pronouncement when you just start throwing the words around. It's also a big deal whether or not the president goes to Ukraine. It's a show of support, et cetera. And to just toss that out there is, "Yeah, well I will" and then have to walk back, "Well, I won't." That doesn't help anyone at the moment. And this White House has a problem, they really need to get their own chief on the same page as everybody who's working so hard to make progress there.

Kyle Peterson: Well, the visit is where I was going to go next. How important do you think that diplomatic visit, whether it is the president or the defense secretary or somebody from the Biden administration, how important is that? This comes in the context of the first visit by US officials this week. It was a visit to Ukraine by Republican Senator, Steve Danes of Montana and Republican Congressman Victoria Sparks

of Indiana and Sparks is originally from... She was born in Ukraine. And to Psaki's point, it looks like according to the reporting that they took a train to the capital of Kiev from Western Ukraine. How important do you think it is for somebody in the executive branch to get on the ground there in the coming weeks?

Kim Strassel: It's very important. Because when you look at war, it has a couple of pieces. One is the actual fight on the ground. And the United States, even if it's been a bit slow, has been a solid supporter of that with all the military equipment, attempting to give Ukrainians the weapons they need to win this war. But the other side of it is morale and the country's spirit to maintain in these horrible, horrible circumstances. And to do that, you also need shows of support. Sometimes that is images. It was remarkable, I think, and very stirring to watch Boris Johnson walk through the streets of Kyiv with Zelensky. That is being broadcast out to Ukrainians and it renews them with hope. I think this matters even more given that it's very clear Russia's ambition here, at least one of them, is to where the civilian population down with these attacks and bombards. So yes, it would be great. Now, I can understand that maybe the White House does not think it is secure or safe to send the president. But I think it would be really important if somebody of some importance did take that trip.

Kyle Peterson: Hang tight, we'll be right back. You're listening to Potomac Watch from the Wall Street Journal.

Speaker 1: From the opinion pages of the Wall Street Journal, this is Potomac Watch.

Kyle Peterson: Welcome back. Onto Elon Musk and his bid for Twitter. And I'm thinking about this as a play in three acts. And the first one is that a week ago, Elon Musk disclosed this 9.2% stake that he had purchased in Twitter. It looked like he was going to join the board. Act two is then he decided not to join the board, he was tweeting jokey things like this poll about whether he should turn Twitter headquarters into a homeless shelter. Kim, I said a couple of days ago that I thought maybe Elon decided that not being a fiduciary of Twitter would be more fun than being a fiduciary of Twitter. That might limit what he could say, the bombs he could throw from the outside. And you suggested that maybe this was the beginning of a broader move by Musk. And it seems like you were right here. He has now made a \$43 billion offer to buy the social media company. On Friday, Twitter adopted a poison pill to make that harder. So maybe the place to start would be to just have you explain the dynamics here and what the poison pill actually means.

Kim Strassel: Well, we were both right, Kyle. Because I think that the reason that he ended up going for the whole Tamale as it were is that he realized that he'd be very limited, especially with those fiduciary responsibilities that you mentioned, in what he could actually affect in terms of change at the company. So now we've got this offer. And here's what's interesting. So Twitter came out today and said that it's adopted what informal terms is called a limited duration shareholder rights plan. They adopted it unanimously. It's important to note that it doesn't necessarily mean that they are outright rejecting Elon Musk bid. What it does is it basically, if anyone goes out and begins to buy shares of Twitter and they get their ownership above 15% without board approval, it allows the other shareholders and Twitter to buy additional shares at a discount. Now, what does that mean in reality? It means that as the hostile bidder is attempting to run up control of the company by buy more shares, other people are allowed to buy them in a discount, which essentially dilutes that other person's steak.

It dilutes everyone's steak, but it dilutes his as well, making it much harder for him to get to a controlling stake. And this is often adopted simply as a way of buying time. Because what Twitter's clearly concerned about is that let's just say that they decide that they need a couple of weeks to think about this but Elon Musk at some point says, "You have my offer, you're not responding to me. So I'm just going to engage in a hostile takeover." So this is a means of pushing him off, it could be a mean of pushing him off entirely, we don't know that yet. It did also say, as part of this announcement, that it doesn't mean that it isn't open to having a discussion with any perspective buyer. It didn't say anything about Musk or anyone else. So it might also be Twitter signal, look, hey, if somebody else wants to come in and match this bid that isn't Elon Musk, give us a call. But for now it's a way to buy some time and prevent him from engaging in a hostile takeover.

Kyle Peterson: Well, what about the economics of this bid? Because Twitter lost money last year, it lost money the year before that. Musk is offering in his bid \$54.20 a share. And before the public news came that he had purchased a stake, the stock was trading about \$39. On the other hand, some shareholders say they think it's worth more. Last summer, Twitter stock was trading around \$70. And part of the argument seems to be that it's a growing business, a growing social media site. But we remember when MySpace was the growing social media site. And now we have TikTok that's come along and is challenging Twitter for users, for people's attention. And it's notable that Musk says he doesn't even care about this as a money making project. Here's what he said Thursday at the Ted 22 conference in Vancouver.

Elon Musk: This is not a way to make money. My strong intuitive sense is that having a public platform that is maximally trusted and broadly inclusive is extremely important to the future of civilization.

Speaker 7: But you've, you've described yourself.

Elon Musk: I don't care about the economics at all.

Kyle Peterson: So Kim, what do you make of that? Is this a compelling offer? And I grant that maybe Elon Musk thinks he has enough money. But even if he doesn't want to make money, I assume he doesn't want to lose what would be a pretty good chunk of his net worth.

Kim Strassel: So this is what I love about this story, is because it's actually highlighted the economics of Twitter and reminded us all that for as much as we talk about these tech behemoths, and by the way, this country has a long history of that. I remember when we were talking about antitrust suits against Microsoft, et cetera, many over the years. But what we've often seen is that these giants get huge, they get challenged, competition prevails. One of the things about Twitter, it's 16 years old, I think that will surprise some people to know that, and it's got some real growth problems and it's lost money. And there are some people, not that necessarily challenge the entire premise of it as a money maker, but Twitter itself has been attempting to engage in some new experiments over the last couple of years, not with a great deal of success in terms of upping its revenue and its profits.

When it comes to Elon Musk, I have very little doubt that when he says that what is primarily motivating him here is free speech and sending a message, I do believe he probably cares about that. I do find it hard to believe that he doesn't care about the economic prospect at all. Because a lot of those things that you mentioned that he was tweeting are changes that he clearly thinks might help Twitter or make it a better place, attract more people, make more money. And I never write Elon Musk out. He's a very daring entrepreneur and he does inject a lot of animation and new thinking into a lot of the venture he's involved with. So he can talk about the free speech part, I do think that is the prime reason. But I would doubt very much that he'd be happy to just subsidize \$43 billion for free speech and never see anything come back out of it.

Kyle Peterson: Musk also reiterated his free speech principles at this Ted 22 conference and was pressed on what that might look like specifically at Twitter. And here's part of what he said.

Elon Musk: If it's a gray area, I would say let the tweet exist. But obviously in a case where there's perhaps a lot of controversy that you would not want to necessarily promote that to tweet. And I'm not saying I have all the answers here, but I do think that we want to be just very reluctant to delete things and just be very cautious with permanent bans. Timeouts, I think are better.

Kyle Peterson: I appreciate him saying that he doesn't think he has all of the answers to this question. But saying that if it's a gray area, leave it up, just moves the question to, what is a gray area? And I'll pick a couple of examples that have been in the discussion. Iran's supreme leader is on Twitter and there has been an argument about whether it's good for people in the west to see what Iran's leader is saying. The other argument is that some of his tweets are saying things like calling Israelis a cancerous tumor in the Middle East. And if a regular user said that, they'd probably be taken down. So do you have an exception for content guidelines if somebody is a newsmaker?

Another example I think of is Alex Jones. He was banned from Twitter. He's the conspiracy theorist who has said that the Sandy Hook shooting was a hoax. He's been sued by relatives of people who were killed in that shooting and a judge has found him liable for damages. There's supposed to be a trial in August. So the specific question again becomes, what is a gray area? Should Alex Jones be allowed back on Twitter? What if he promises that he's not going to tweet about Sandy Hook? And from Twitter's standpoint, under the current liability laws, it's not liable for those kinds of things if Alex Jones tweets them. But it's a business question of what the people who own the platform want to allow on their service and what other users want to tolerate. So to my eye, Kim, I think we're still waiting to hear exactly what the Elon Musk vision for Twitter would be.

Kim Strassel: I actually really appreciated Musk's humility there. Because if you think about it, Kyle, we have a Supreme Court for hundreds of years that has been trying to sort through the incredibly complicated and thorny issues that come up all the time about what count as free speech and what is and isn't allowed under the First Amendment. It generally has aired on the side of allowing more not to less, which I agree with as a general principal. I hope Elon Musk understands, if he were to be successful in here, that this would need to be his number one priority. I think he'd do a great service to the country if he really thought it through and came up with a new model. Because the problem with Twitter at the moment is that it's not a working model or at least it's problematic in terms of free speech.

And not because I appreciate your argument about, well, businesses don't want to have certain things on there because advertisers won't like it and users won't like it. I'm sure that is part of Twitter's calculation.

But the bigger problem, the far bigger problem for Twitter is that it has actually chosen sides in a political and cultural debate. And what it chooses to censor isn't really necessarily about what its advertisers are happy with. It's about silencing one side of the debate and having extraordinary pressure to just shut out contrarian views. They don't have anything to do with the violence, they don't have anything to do, but rather they have to do with people who push back against liberal prevailing wisdom. So I think that that is also what Elon Musk dislikes and has a real problem with on Twitter. I'd love it if he did get this and manage to make us think about it in a new way. But he'll have to think that through first.

Kyle Peterson: But even if he doesn't, even if the bid fails, it does seem to me that this is a good pressure on Twitter to think hard about the moderating decisions it's making and to realize that there are a lot of users who value a more open debate than is taking place on the platform right now. We'll leave it there today. Thank you, Kim. Thank you all for listening. You can email us at pwpodcast@wsj.com. If you like the show, please hit that subscribe button on your favorite podcast app. And we'll be back next week with another addition of Potomac Watch.

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The Ukraine war is coming to Wall Street as a new earnings season gets underway and more companies write down their Russia investments. Which should prompt a question for CEOs and shareholders: What about China?

The financial losses from sanctions and broader public pressure to leave Russia are mounting. JPMorgan, Goldman Sachs and Citigroup combined have set aside \$3.36 billion as reserves against credit losses, according to a tally by Reuters, much of that related to concerns over Russia.

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Shell, the London-based oil company, [has warned](#) it may take charges of \$5 billion to write down Russian assets. Exxon faces substantial costs associated with exiting its Russian investments, as do a range of consumer-goods and service companies such as McDonald's.

Executives are quick to blame geopolitical risk. And to his credit JPMorgan CEO Jamie Dimon—who estimates his bank's Russia-related losses could reach \$1 billion—this month told shareholders he thinks further sanctions might be necessary on national-security grounds despite the cost.

But shareholders across the market, and in markets around the world, would be justified in asking corporate-governance questions about many companies now rethinking their Russia operations on the fly. Vladimir Putin's strategic ambitions have been well-known for many years, and the question to ask companies is whether they ignored too many warnings. Many politicians did, too, but managers owe their shareholders better than to shelter behind the government on risk management.

Especially since Mr. Putin's aggression calls new attention to other autocrats, notably those in Beijing. President Xi Jinping isn't hiding his territorial ambitions in Taiwan. CEOs ought to be calculating their supply-chain and investment risk now in case of a conflict in Asia.

There are signs some managers have thought anew about China risk in recent years, amid trade tensions with Washington and the political risks from Mr. Xi's growing hostility to private enterprise. Foreign-direct investment as a share of Chinese GDP has shrunk to 1.4% in 2020 from as high as 4.6% in 2005, [according to the World Bank](#).

Yet there are still signs of complacency. As of 2021, 83% of American companies operating in China weren't considering or weren't in the process of relocating their manufacturing or sourcing out of China, according to the most recent American Chamber of Commerce in China business-climate survey.

That figure is unchanged since 2019, despite the supply-chain chaos wrought by Beijing's zero-Covid policies and rising geopolitical tensions. For service companies, 97% of respondents reported their plan to stay put, though service providers have been targets of some of Mr. Xi's boldest crackdowns.

China is a much larger economy than Russia, and Western executives might conclude it would be a disservice to shareholders not to compete in that market. Yet precisely because of China's size, the

economic risks associated with a possible conflict would be much greater. Russia write-downs are a warning to Western executives to start preparing now for the possibility that danger is ahead.

[A China Warning From Russia in Earnings Season](#)

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IPD Opinion |

IPC C

PUB Dow Jones & Company, Inc.

AN Document WSJO000020220415ei4f0060p

HD **The Ukraine Crisis: U.S. Support Shifts to Offensive Weapons --- A new military assistance package is intended to help Kyiv repel Russia's forces**

BY By Courtney McBride

WC 742 words

PD 15 April 2022

SN The Wall Street Journal

SC J

PG A7

LA English

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LP

As Ukraine prepares to resist a new Russian military assault in the east, it likely will be doing so with weapons and equipment the U.S. once considered too risky to provide to Kyiv, highlighting how the line between offensive and defensive assistance recently has blurred.

The shift in weaponry comes as Kyiv makes increasing pleas for military assistance, warning of potential Russian escalation and the potential for mass civilian casualties amid Russia's expected offensive in the Donbas area. It also follows President Biden's allegation that Russia is conducting "genocide" in Ukraine.

TD

Mr. Biden on Wednesday announced \$800 million in additional security assistance for Ukraine, bringing total military aid committed to Ukraine since he took office to more than \$3 billion. The new package includes heavier weaponry than the U.S. previously provided and -- for the first time -- American-made artillery pieces.

While U.S. officials have debated whether the government should limit itself to providing Kyiv with weapons designed to defend the country, that distinction appears to have grown fuzzier as Russia moved its forces deeper into Ukraine. Any weapons designed to push Moscow's forces out of the country arguably could be considered defensive, so long as it doesn't involve hitting targets inside Russia, say U.S. officials and outside experts.

William Taylor, vice president for Russia and Europe at the United States Institute of Peace, said given the state of conflict in Ukraine, "there's no distinction to be made between offensive and defensive weapons."

After failing to take Kyiv, Russian forces have pulled back from the Ukrainian capital and other northern cities and begun redeploying to southern and eastern Ukraine, where Moscow made early gains in the first weeks of the invasion. The latest arms package, which comes in parallel with greater intelligence sharing, is meant to help Ukrainian forces in the expected battle there.

Mr. Taylor, a former U.S. ambassador to Ukraine, welcomed the decision to send additional weapons to Ukraine. While the antiarmor and anti-aircraft missiles provided to date have proved effective at repelling Russian forces near Kyiv, Mr. Taylor said "the big battle that's coming in the east is on different terrain" and will require longer-range systems.

As with weapons, when it comes to intelligence, the distinction between "offensive" and "defensive" intelligence is an artificial one, says Jeffrey Edmonds, a Russia specialist who served at the Central Intelligence Agency and the National Security Council. He argues it would make little sense to withhold detailed information -- such as the position of Russian artillery -- as the U.S. is shipping hundreds of millions of dollars in advanced weaponry to the Ukrainian government.

Mr. Edmonds, who was in government during Russia's 2014 annexation of Crimea and is now at CNA, a Virginia-based nonprofit research group, said there is little risk that wider intelligence-sharing would escalate the conflict. "The Russians assume we're providing all the intelligence we can," he said.

The argument about the lack of distinction between offensive and defensive assistance amid an invasion is one Ukrainian officials have been making since the invasion started. Speaking last week in Brussels, Ukrainian Foreign Minister Dmytro Kuleba blasted what he called the hypocrisy of those countries that would provide only what they labeled defensive weapons. "Every weapon used in the territory of Ukraine, by the Ukrainian army, against a foreign aggressor is defensive by definition," he said.

That said, the administration still appears to be drawing the line at certain types of support, such as a no-fly zone, which could draw the North Atlantic Treaty Organization directly into an armed conflict with Russia.

It isn't just conventional weapons that still face limits. While the Biden administration has been open about the kind of defensive cybersecurity assistance it has provided Kyiv -- deploying technical teams to Ukraine to help identify and patch vulnerabilities Russian hackers could exploit, for example -- it continues to draw lines on the kind of cyber operations against Moscow it is willing to engage in, officials and experts have said.

Some of those hesitations are rooted in a longstanding policy doctrine in Washington to not engage in destructive hacking that could prompt escalatory retaliation from an adversary, especially because the U.S. is highly digitized and therefore vulnerable to counterattack.

IN i364 : Aerospace Products/Parts | iindstrls : Industrial Goods | iaer : Aerospace/Defense

NS gweap : Weapons Programs | gdef : Armed Forces | gvio : Military Action | reqrad : Suggested Reading Aerospace/Defense | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | redit : Selection of Top Stories/Trends/Analysis | reqr : Suggested Reading Industry News

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Russian Navy Ship Moskva Sunk by Ukrainian Missiles, U.S. Confirms; Missile cruiser was major element of **Russia's** naval strategy in the Black Sea**
BY By Gordon Lubold
WC 534 words
PD 16 April 2022
ET 00:41
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

WASHINGTON—The U.S. confirmed the flagship of Russia's Black Sea fleet was struck and sunk by a pair of Ukrainian missiles, a military feat seen as a significant blow to [Moscow's Ukraine campaign](#).

The missile cruiser Moskva was critically damaged in an explosion Thursday in the Black Sea south of Odessa and later sank as it was being towed to Crimea for repairs. The [12,000-ton warship](#), which was more than 600 feet long, is thought to have had a crew of nearly 500 and was a major element of Russia's naval strategy in the Black Sea, U.S. officials said.

TD

On Thursday, Ukrainian officials said the ship was hit by their missiles. Russia said the source of the fire was unknown, but said it had touched off explosions of ammunition on board. A statement by the Russian Defense Ministry, reported by state agencies, said the ship sank in stormy weather due to structural damage.

A senior defense official said Friday that the U.S. was able to confirm that Neptune missiles were the source of the explosion on the ship and that it had sank as a result of the strikes. There had been some casualties from the twin missiles, the official said.

The Russian Defense Ministry said Thursday the Moskva's crew was rescued, but a Russian lawmaker and U.S. defense officials have said it was likely some perished. Some survivors are known to have evacuated the ship, as lifeboats were deployed, but it isn't known if any of the ship's crew went down with it, the official said.

The loss of the Moskva compromises security for Russia's Black Sea fleet. Russian ships in the Black Sea have been firing cruise missiles at Ukrainian cities [since the war began Feb. 24](#), targeting infrastructure, fuel depots, military bases and civilian administrative buildings.

The ship had sophisticated air defense as well as offensive missile capabilities that are no longer available to the Russian navy, the official said. The Russians have few ships of that class, adding to the Russian navy's challenge.

"It is a significant loss, the loss of a major surface combatant like that," the official said. "It's going to be a blow to their pride, and we would expect it will be a blow to their morale."

Other Russian ships that had been patrolling in the north Black Sea have since retreated further from shore, military officials said Thursday.

The Moskva led the Russian naval group that seized Ukraine's Snake Island early after the initial invasion of Ukraine Feb. 24. According to the Kyiv government, Ukrainian forces refused an ultimatum to surrender, broadcasting a profane reply that has become a rallying cry for the resistance to the Russian invasion. Moscow disputes this version of events.

Ukraine issued a postage stamp on Tuesday commemorating the now-legendary response from one defender.

Write to Gordon Lubold at Gordon.Lubold@wsj.com

[Russian Navy Ship Moskva Sunk by Ukrainian Missiles, U.S. Confirms](#)

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NS	gnavy : Navy gdef : Armed Forces gvio : Military Action ncolu : Columns gcat : Political/General News gcns : National/Public Security grisk : Risk News ncat : Content Types
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THE WALL STREET JOURNAL.

CLM	World News
SE	World
HD	The Orbit of Sanctions Around Vladimir Putin; Meet several of Russia's richest and most politically connected elites sanctioned by the U.S., U.K. and EU
BY	By Betsy McKay and Danny Dougherty
WC	57 words
PD	15 April 2022
ET	15:00
SN	The Wall Street Journal Online
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WSJ Podcasts

CLM WSJ Podcast Minute Briefing
HD **Russia** Says Moskva Warship Sank After Suffering Fire Damage
WC 398 words
PD 15 April 2022
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SC WSJPOD
LA English
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LP

In Jerusalem, clashes between Israeli police and Palestinians at a holy site injure dozens. China's localized Covid-19 lockdowns spread beyond Shanghai. President Biden plans to nominate Michael Barr to serve as the Federal Reserve's top banking regulator. Keith Collins hosts.

[Click here to listen to the podcast](#)

TD

Keith Collins: Here's your Morning Brief for Friday, April 15th. I'm Keith Collins for The Wall Street Journal.

Russia says the flagship of its Black Sea fleet, the warship Moskva, sank after suffering fire damage, dealing a significant blow to Moscow's military. This came after Ukrainian officials claimed that a cruise missile had struck the ship. The Russian Defense Ministry said a fire on the ship caused by an unknown source set off explosions of its ammunition.

A new US military aid package for Ukraine includes weapons and equipment Washington previously considered too risky to provide to Kyiv. This is reflecting a recent blurring of the line between offensive and defensive assistance. The new US aid includes heavier weaponry than previously provided, and for the first time American made artillery pieces.

Clashes between Israeli security forces and Palestinians around the Al-Aqsa Mosque compound, the most sensitive holy site in Jerusalem, left dozens injured according to authorities. Tensions are rising as overlapping religious holidays are expected to bring tens of thousands of worshippers to the city.

In China, localized COVID-19 lockdowns are spreading beyond Shanghai to other parts of the country. By one unofficial tally, 45 cities that account for a quarter of China's population and 40% of its economic output, had implemented either full or partial lockdowns as of early this week.

President Biden plans to nominate Michael Barr to serve as the Federal Reserve's top banking regulator. White House officials said they believe Barr, a former Treasury Department official, can attract enough support to be confirmed.

Stocks in Asia ended mixed with some markets shut for holiday observance. In Europe and the US, financial markets are closed for Good Friday and the Fed is scheduled to release industrial production figures this morning.

We've a lot more coverage of the day's news on the WSJ's What's News podcast. You can add it to your playlist on your smart speaker or listen and subscribe wherever you get your podcasts.

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THE WALL STREET JOURNAL.

CLM CFO Journal
SE C Suite
HD **Lack of Access Could Hinder Audits of Companies With Ties to [Russia](#); Auditors are worried they may have spotty access to information or insufficient evidence to support a company's financials**
BY By Mark Maurer
WC 1,098 words
PD 15 April 2022
ET 15:00
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

Auditors that assess the financial statements of U.S.-listed companies operating in Russia and Ukraine face a complicated web of difficulties—including possible lack of access to key documents or people.

Western accounting firms, among them Big Four Ernst & Young, KPMG, PricewaterhouseCoopers and Deloitte, last month said [they would be cutting ties](#) with their local network firms in Russia after its onslaught on Ukraine.

TD

As a result, U.S.-based or international auditors could be unable to access companies' books and records from either of those countries, said Sara Lord, chief auditor at RSM US LLP, a professional-services firm. Records might have been destroyed, or unavailable for other reasons, she said.

Also, due to government sanctions accounting firms will likely have less access to auditors in Russia than they previously did, audit experts say. In Ukraine, the firms might have to work with local auditors who can't track down certain records due to damage to servers or storage locations from bombings, they say.

That complicates matters for companies in getting their financial statements reviewed and verified. "Scope limitations," or constraints on an audit when information is out of reach or evidence is insufficient, typically result in an audit opinion with a disclaimer. The Securities and Exchange Commission doesn't accept opinions with disclaimers, which can prompt stock exchanges [to delist a company's shares](#).

More than 600 international businesses [have curtailed operations](#) in Russia, some of them closing completely, since the invasion of Ukraine began in late February, according to the Yale School of Management. Still, over 200 companies from around the world continue to operate there, the data showed.

Companies can take other steps to avoid scope limitations. Auditors have to work closely with company executives and audit committees to, for example, to determine whether legal rights to ownership of certain physical assets have changed based on Russian government decree, Ms. Lord said. Auditors would have to fully grasp why executives decided they no longer have legal rights to these assets and have written them off, she said.

The Public Company Accounting Oversight Board, which regulates audits of companies listed on U.S. exchanges, [last month warned of scope limitations](#) related to audits of businesses with large operations in Russia or Ukraine. Some lead auditors working for an international network who rely on former member firms in Russia for audit work might have trouble communicating with them, the U.S. audit watchdog said. Auditors might need to come up with an alternative plan to supervise their local partners' work, the PCAOB said.

The Big Four are in the process of unwinding their ties to their Russian units. Firms in the Big Four networks operate as separate legal entities in each country, using a common global brand, and are bound by an agreement that governs certain arrangements. Soon, the Russian members of those global networks will no longer be part of their brands. The local firms pay annual fees to the global network for shared technology and branding—an arrangement that will further delay the severing of ties.

Levi Strauss & Co., which is based in San Francisco, in March suspended sales of its jeans in Russia. Now it is evaluating how to deal with those accounts as its auditor, PwC, has announced its exit from the country.

"We are waiting to see how things evolve and we will figure this out," Chief Financial Officer Harmit Singh said. "We have time to do this, because our accounts for the previous year are close to finalization."

Levi's, which before the invasion generated about 2% of its annual revenue in Russia, has about 800 employees there and will continue to pay them, Mr. Singh said.

Audit Risks

Auditors of companies with continuing operations in Russia will likely rely on the former member of their network to audit financial results in the country, said Jim Peterson, a corporate-securities lawyer and former partner at the defunct accounting firm Arthur Andersen.

Auditors, however, should exercise more caution than they might have in the past when they rely on information they cannot verify directly, which they frequently must do, said W. Robert Knechel, director of the international accounting and auditing center at the University of Florida.

"It seems like it's an impossible situation for the audit firms potentially and there could be very, very strong situations to support a scope limitation," he said.

U.S. audit standards for cooperating with an unaffiliated firm are a higher bar than with an affiliated firm, for example, in verifying the independence of its partner on an audit, Mr. Knechel said.

Several professional-services firms, including the Big Four, Grant Thornton LLP, BDO USA LLP and Marcum LLP declined to comment.

The war poses other pitfalls for auditors. They will have to study companies' exposure to new risks, for example, boycotts of suppliers, suspended sales to certain customers or halted investments in Russia.

Companies also face reputational risk for continuing to do business in Russia. Some of their customers might choose to go to a rival that has cut ties with Russia.

Auditors will have to wade through company [estimates of write-downs](#) on divestments of Russian assets and joint ventures. Companies under U.S. and international reporting standards have to take impairment charges, or write-downs, when the sum of estimated future cash flows from an asset is less than its book value.

Auditors of companies on a calendar year have several months to gather the materials they need for their 2022 work. Those issues might be solved because companies [deem their level of activity in Russia to be insignificant](#) after writing off their operations there, or because auditors determine they can rely on information provided by companies' local auditors, experts said.

Auditors will have to keep an eye out for many of the same risks associated with the coronavirus pandemic: fraud, supply-chain snarls and economic volatility.

"The last two years has been a perfect opportunity to hone our skills in uncertainty," Ms. Lord said. "We have a level of uncertainty that's unusual. We have to make sure we're doing our best to evaluate the estimations management has done and determine whether it's reasonable."

Nina Trentmann contributed to this article.

Write to Mark Maurer at Mark.Maurer@wsj.com

[Lack of Access Could Hinder Audits of Companies With Ties to Russia](#)

CO pullam : RSM US LLP

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IPD Wires

IPC BDO.XX

PUB Dow Jones & Company, Inc.

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HD **The Ukraine Crisis: Warship Featured On Postage Stamp**

BY By Daniel Michaels

WC 135 words

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SN The Wall Street Journal

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LA English

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LP

An explosion aboard the Russian missile cruiser the Moskva came shortly after the issue of a new Ukrainian postage stamp that highlights the warship in an image celebrating national resistance to Moscow's invasion.

Soon after Russian forces launched their Feb. 24 invasion the ship sailed to Ukraine's Snake Island and ordered Ukrainian border guards to surrender. Ukraine has issued the stamp depicting the legendary response of one defender who addressed the warship with an expletive, as reported in a recording released by the government. The phrase has become a symbol of Ukrainian resistance. Russian forces captured the soldier along with other Ukrainian forces, and later released them in a prisoner swap, Ukrainian authorities said.

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HD The **Ukraine** Crisis: Sanctions Hurt Oil Industry, Putin Says

BY By Georgi Kantchev

WC 308 words

PD 15 April 2022

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LP

President Vladimir Putin acknowledged that Western sanctions have stymied Russia's energy industry, the country's economic engine, and that it will need to reorient oil and gas sales from markets in Europe to Asia.

Russia's biggest energy customers by far are in Europe. While the EU hasn't banned Russian oil and gas deliveries, sanctions have blocked some funding, technology and equipment necessary for the development of the sector. Some traders have avoided Russian oil, which is currently offered at a heavy discount to international benchmarks. The U.S. and Canada have both announced embargoes on Russian crude.

TD

Difficulties selling oil have backed up through Russia's energy supply chain, leading to a drop in crude-oil production that analysts say will intensify in coming months.

The challenges Russia's energy industry is facing underscore the impact of Western sanctions on the country's economy. Economists are predicting a brutal recession, coupled with a rise in unemployment and inflation.

The oil-and-gas industry is the backbone of the Russian economy, with sales making up 45% of the federal budget in 2021. Beyond customers shunning its oil, Russia is also facing infrastructure problems at its more than 150,000 oil fields, many of which are old and need investment and equipment to be maintained, analysts say.

The International Energy Agency forecast that, starting in May, nearly three million barrels a day in Russian production will be turned off. That would reduce output to fewer than nine million barrels a day, a larger pullback than other analysts have predicted.

Mr. Putin warned that attempts by the West "to squeeze out Russian suppliers, to replace our energy resources with alternative supplies will inevitably affect the entire world economy."

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IPC NRG

PUB Dow Jones & Company, Inc.

CLM REVIEW & OUTLOOK (Editorial)
HD **Arming for the Next Fight in Ukraine**
WC 777 words
PD 15 April 2022
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LP

Ukraine won the battle of Kyiv in heroic fashion, but the war is set to enter a bloody new phase as Vladimir Putin prepares an offensive in the east. The question is whether President Biden will summon the mettle to make sure America's friends win.

The Biden Administration on Wednesday announced \$800 million more in weapons, ammunition and other security assistance for Ukraine, calling it "tailored to the wider assault we expect Russia to launch in eastern Ukraine." The awful images coming out of Mariupol are a sign of what is to come, and the miracle is that the city's defenders have managed to hold out as long as they have. Mr. Putin said this week that peace talks have reached a dead end.

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The terrain in the eastern part of the country is a "bit like Kansas," as the Pentagon put it, more open and less amenable to, say, the supply ambushes the Ukrainians have been running in the north. The Russians are reinforcing their combat power, and they can concentrate it in a smaller area. The Russian supply and morale problems won't disappear overnight, but Mr. Putin has appointed a single commander with experience in Syria. Expect him to organize a ruthless campaign.

This means tougher fighting, long on artillery and missiles, and the Ukrainians will need heavier weapons and equipment. Wednesday's package includes 18 155mm Howitzers and 40,000 rounds, and this artillery will be put to productive use. Ditto for 10 counter-artillery radars, two air surveillance radars and 200 armored personnel carriers.

One bad sign is that the Biden Team wobbled before deciding to send 11 Mi-17 helicopters, though the U.S. has provided this type of aircraft before. Ukraine also wants and needs multiple-launch rocket systems, which don't appear on the U.S. list. This suggests U.S. decisions are still governed to a puzzling extent by fear of crossing Mr. Putin.

Ukrainian antiship capabilities need upgrading, but the latest Biden package includes only unmanned coastal defense vessels. The Ukrainians claim to have hit the Russian cruiser Moskva, though the Russians blame a fire aboard the ship. The smoking ship is a humiliation to the Russian navy, and Ukraine is doing the U.S. and NATO a great favor by offering to sink these Black Sea assets.

The Ukrainians still need long-range air defenses, and these deals need to move faster than the weeks it took to deliver Slovakia's S-300. There is a question of urgency and will about U.S. deliveries. The White House announced the U.S. would send 100 Switchblade loitering munitions on March 16. The Pentagon said on Wednesday -- April 13 -- that the last of these would enter Ukraine "over the course of the next day."

The Biden package this week promises more Switchblades, which may be helpful in the east because they can strike targets from a distance. But they'll be less useful if they arrive in a month. And it'll take much more effort to get heavier stuff like artillery to the front fast.

More broadly, the U.S. and NATO need to shift from sending Ukraine whatever is on the shelf to a more coordinated effort to train and equip a Ukrainian military that may be fighting for years. This

means training the Ukrainians on more complex NATO weapons, such as Patriot missile defenses and fighter aircraft.

The Ukrainians need to prevent Russian domination of the skies. The American military trains plenty of foreign military pilots, and starting now means the Ukrainian pilots could fly NATO aircraft as the war drags on.

Western training since Russia's seizure of Crimea in 2014 has been crucial in helping the Ukrainians mount the impressive defense they have so far, and this is no time to slow down. That ought to include setting up maintenance and repair shops in NATO countries, as facilities in Ukraine are Russian targets.

The paradox of President Biden's response in Ukraine is that he has been too casual with words like "genocide," as he was again this week, while he's also too hesitant to offer the lethal weapons Ukrainians need to win.

Mr. Putin could still succeed in swallowing parts of Ukraine, and he'll use his gains to keep threatening the country's existence. The fastest end to the human suffering is to confront the Russian dictator with the gradual destruction of his military if he continues this war of conquest. Mr. Putin cares more about that than he does moral denunciations.

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IPC	IGV
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HD **The Ukraine Crisis: Developing World Quiet on Putin --- Nations fearful of repercussions decline to join sanctions or voice their criticism**

BY By Joe Parkinson, David Luhnnow and Juan Forero

WC 1,590 words

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SN The Wall Street Journal

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Western leaders seeking to build a global coalition to isolate Russia over its war on Ukraine are facing pushback from the world's largest developing nations, including the democracies of India, Brazil and South Africa.

The resistance, much of it from economic self-interest, limits the pressure on President Vladimir Putin and spotlights factions in the global community that recall the Cold War, when many countries tried to steer clear of the rivalry between the U.S. and Soviet Union.

TD

The U.S. and its allies in Europe and elsewhere have imposed economic sanctions against Russia and provided billions of dollars in military aid to Ukraine since the Feb. 24 invasion. The united front was praised for rejuvenating a flagging Western alliance.

Yet even after the massacre of civilians in Bucha, Ukraine, 24 countries of the 141 United Nations member states voted last week against removing Russia from the United Nations Human Rights Council; 58 member states abstained, including India, Brazil, Mexico, Indonesia and South Africa.

While U.S. and European leaders have accused Mr. Putin of war crimes in Ukraine, leaders in the developing world, from Mexico's Andres Manuel Lopez Obrador to India's Narendra Modi, have refused to criticize the Russian leader.

The bulk of the economic sanctions on Russia are being shouldered by members of the North Atlantic Treaty Organization and other close U.S. allies such as Australia, Japan and South Korea.

"One of the consequences of this is the Biden administration is going to come back to a recognition that our real buddies, our real fellow travelers, are in Europe and northern Asia," said John Feeley, a former U.S. ambassador and diplomat. "It will be to the detriment of perhaps Africa and Latin America where this was an opportunity for those regions and India, especially, to say, 'Look we may have our differences . . . but we stand for some very clear democratic, sovereignty-based, international rules-based principles.' "

The split opens avenues for Russia to circumvent Western sanctions and allows Moscow to say it retains the support of nations around the world. Saudi Arabia, which has a historic security partnership with the U.S., has refrained from condemning Russia's invasion and rebuffed Washington's call to pump more oil to both tame surging prices.

A day before President Biden landed in Europe last month to shore up international support for Ukraine, ambassadors from what are known as the Brics economies -- Brazil, India, China and South Africa -- smiled for photos with Russian Foreign Minister Sergei Lavrov and then met for talks on enhancing mutual cooperation. In the hourlong meeting, covered by Russian state TV, Mr. Lavrov told the ambassadors that Moscow was a victim of an "unprecedented economic war." None criticized the Russian invasion or Mr. Putin.

"Our position is not that this is not our problem. Our position is that we are for peace," said India Foreign Minister Subrahmanyam Jaishankar on the day his country abstained from the U.N. vote against

Russia. "Indian foreign-policy decisions are made in Indian national interest, and we are guided by our thinking, our views, our interests."

India, a longtime Russia ally, doesn't want to alienate Moscow and drive it closer to Beijing, a regional rival.

New Delhi hosted top U.S. and U.K. officials for talks on Ukraine this month and meantime held separate meetings with Mr. Lavrov on a proposal to pay for Russian oil in rubles instead of dollars, a way for Moscow to evade sanctions. India in recent days bought millions of barrels of Russian crude at a hefty discount, Indian officials said, and could buy more.

"Now is the time to stand on the right side of history," said U.S. Commerce Secretary Gina Raimondo, "not funding and fueling and aiding President Putin's war."

Chinese leaders have positioned themselves as speaking for developing nations about Russia's invasion of Ukraine. After meeting with African and Asian foreign ministers, China's foreign minister, Wang Yi, spoke of a disquiet among developing nations at being pressured to take moral positions on complex international questions.

China sees Russia as an ally in countering the U.S. and its Western allies. The two neighbors seek to dismantle the U.S.-led world order and allow Beijing and Moscow to hold sway over their regions.

The past two decades have seen a shift in how the developing world views the U.S., Russia and China. Moscow has spent billions on expanding trade, diplomatic ties and military ties, from selling weapons to Venezuela and India to delivering wheat exports to much of Africa. Beijing has been flexing its economic muscle with the building of dams, roads, bridges, pipelines and railways in dozens of countries world-wide through its Belt and Road Initiative.

The U.S.-led invasion of Iraq in 2003, and the subsequent images of Iraqi prisoners tortured at Abu Ghraib prison, fed perceptions in some countries that the U.S. was guilty of the same violations of sovereignty it claimed to oppose. "This is part of the legacy of the 2000s and the war on terror," said Odd Arne Westad, a professor of history at Yale University.

Officials in emerging economies trying to recover from the Covid-19 pandemic fear Western sanctions will make things worse. In Sudan, which imports around 80% of its wheat from Russia and Ukraine, the price of bread has nearly doubled over import disruptions. Reliance on Russian and Ukrainian crops stretches from Turkey to North Africa. Agricultural producers depend on Russian fertilizers.

Egypt, a military ally of the U.S., condemned Russia's invasion at the U.N., and then criticized the Western sanctions. Analysts said the mixed response reflected worries that Washington could ease its decadeslong security ties in the Middle East and force greater reliance on Moscow as an arms supplier.

For some nations, refusal to criticize Russia reflects a desire to please China. Demand for such goods as Brazilian iron-ore and Argentine soybeans boosted China past the U.S. as the top trading partner in most South American countries. Beijing's bilateral trade with Africa rose 35% last year to a record \$254 billion, far higher than the continent's trade with the U.S.

New Delhi, meantime, seeks help from Moscow to defend its nearly 2,200-mile border with China, where Indian and Chinese troops have skirmished in the past. Russia provides half of India's weapon imports, according to the Stockholm International Peace Research Institute, as well as a majority of the component parts to repair existing equipment.

Indian officials in December signed a deal to buy Russian S-400 surface-to-air missile systems. The two countries also signed a contract for a joint venture to manufacture more than 600,000 Russian-designed AK-203 assault rifles in India.

Some developing countries view the war in Ukraine as Europe's problem. Others don't want to be used as proxies in a fight between great powers. During the Cold War, as many as 120 countries formed a nonaligned movement to navigate the U.S.-Soviet rivalry.

"There is a feeling of anxiety that this situation may become a permanent one, where you would have permanent divisions between, on the one side, the West, the U.S. and its allies, and on the other side Russia and China," said Rubens Ricupero, a former Brazilian ambassador to the U.S. and Italy.

With a few exceptions, governments in Latin America voted in favor of the U.N. resolution condemning the invasion but refused to join in sanctions.

The nonaligned approach is rooted in the sentiment that it wouldn't be beneficial to pick sides if the war were to spill over into the battle over global influence being waged by the U.S. and China, said Brian Winter, editor of Americas Quarterly, a nonpartisan journal about Latin America.

"If we're entering a new era of great power conflict, most Latin American governments would prefer to sit this one out," Mr. Winter said. "These governments remember that the Cold War had terrible consequences for them, that the region was used as a chess board."

In Africa, nearly half the governments either abstained or didn't cast a vote last month to condemn Russia for the invasion of Ukraine. Many countries on the continent are ruled by parties that had been supported by Moscow during national struggles for independence from colonial or white-minority rule. Party leaders in South Africa, Zimbabwe, Angola and Mozambique remember how Soviet weapons, cash and advisers helped win freedom in the 1960s through 1980s

Russia dispatched senior diplomats to lobby for support from defense and foreign ministries in Uganda, South Sudan and Ethiopia. The delegations pledged investment and infrastructure aid in return for backing -- or at least not voting to condemn -- Russia at the U.N.

Uganda's longtime leader and a key U.S. security partner Yoweri Museveni said Russia should be viewed as the center of gravity in Eastern Europe. His son and heir apparent, Lt. Gen. Muhoozi Kainerugaba, went further.

"The majority of mankind (that are nonwhite) support Russia's stand in Ukraine," he wrote on Twitter.

Shan Li in New Delhi, Jose de Cordoba in Mexico City and David S. Cloud in Dubai contributed to this article.

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CO nato : North Atlantic Treaty Organization | unhrc : United Nations Human Rights Council | utdnat : United Nations

NS gdip : International Relations | gvexe : Executive Branch | gcat : Political/General News | gesanc : International Sanctions | c13 : Regulation/Government Policy | gtrade : Trade Barriers/Restrictions | gvcom : Commerce Department | gvio : Military Action | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gcns : National/Public Security | gpir : Politics/International Relations | gpol : Domestic Politics | grisk : Risk News | gvbod : Government Bodies | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

RE russ : Russia | ukrn : Ukraine | india : India | braz : Brazil | egypt : Egypt | ethpa : Ethiopia | indon : Indonesia | mex : Mexico | ndelh : New Delhi | saarab : Saudi Arabia | safr : South Africa | sudan : Sudan | uganda : Uganda | usa : United States | delhi : Delhi | africaz : Africa | apacz : Asia Pacific | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcos : Developing Economies | eafz : East Africa | eeurz : Central/Eastern Europe | eurz : Europe | gulfstz : Persian Gulf Region | indsubz : Indian Subcontinent | lamz : Latin America | meastz : Middle East | medz : Mediterranean | nafz : North Africa | namz : North America | samz : South America | sasiaz : Southern Asia | seasiaz : Southeast Asia | souafz : Southern Africa | ussrz : CIS Countries | wasiaz : Western Asia

IPC COM

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HD Let **Ukraine** or Even **Russia**, Not the ICC, Prosecute War Crimes

BY By John Bolton

WC 910 words

PD 15 April 2022

SN The Wall Street Journal

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PG A15

LA English

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LP

Harrowing images of slain Ukrainian civilians add to the evidence of Russian war crimes. While many Europeans favor hauling the perpetrators into the International Criminal Court, Washington has largely ignored the ICC since removing its signature from its foundational Rome Statute in 2002.

That may be changing. The Biden administration has made noises about cooperating with the ICC, and on March 3 a bipartisan group of senators introduced a resolution that "encourages member states to petition the ICC and the ICJ [International Court of Justice] to authorize any and all pending investigations into war crimes and crimes against humanity" committed by Russia.

TD

Many Americans seem unaware that aiding the ICC has significant implications. The ICC is a fundamentally illegitimate assertion of power, thoroughly lawless in purportedly exercising jurisdiction over countries (and their individual citizens) not parties to the statute. The court and its prosecutor, who decides what cases to launch, aren't part of any coherent governance structure and are under no restraining constitutional checks and balances or democratic controls. These and many other defects are unfixable, as I told Congress in 1998. ICC proponents say its 123 state parties govern the court, but this is laughable. The ICC governs itself. The prosecutor is selected by the court, which may not trouble Europeans but contravenes America's separation of executive and judicial powers to protect liberty. It lacks jury trials, traditionally important to Americans.

The ICC's existence, therefore, is potentially threatening. Fortunately, its record is negligible, largely because its pretensions to authority mirror those of the equally impotent ICJ. That neither has yet become dangerous to America's democratic, constitutional sovereignty is cause for relief, not complacency.

European Union members seem fine with surrendering their sovereign powers to supranational bodies and appear ever ready to surrender ours as well. What they and others do is their business, but it shouldn't be ours. The imperative some Americans now feel to "do something" risks putting the U.S. in the hypocritical position of invoking the ICC when it suits us, but not otherwise. We should continue ignoring the ICC because of its fundamental flaws from America's perspective, and instead support sounder alternatives.

Ukraine provides an excellent test case. The crimes were committed there; the overwhelming mass of evidence is there; and Ukraine remains a viable state whose prosecutors have already begun their work. ICC supporters, for their own ideological reasons, say Ukrainian courts are biased and unable to administer evenhanded justice. Even some Ukrainians favor washing their hands of this burden. Nations don't mature politically, however, by ducking responsibility, fearing they might be imperfect. Neither America nor Ukraine should succumb to these temptations. When national courts afford equal justice to all, they validate constitutional, democratic legitimacy and sovereignty. If colonial courts in 1770 could conduct fair trials of the Boston Massacre's perpetrators, represented by John Adams no less, why should we assume today's Ukrainian courts can't also measure up?

ICC supporters say Ukrainian courts can render only mundane judgments, whereas Russian defendants should be charged with "war crimes" and "crimes against humanity" -- offenses within the ICC's jurisdiction. "Mundane" crimes like murder, rape, torture, arson and destruction of property are insufficiently condemnatory of Russia's behavior, they say. This is a fundamentally political argument,

revealing precisely why the ICC is in key respects a political and not a judicial body, devoid of effective constitutional or democratic control. Clear-eyed people world-wide can see and understand what Ukrainian courts will reveal. We need no schooling by Platonic Guardians in The Hague.

Even better would be a new Russia conducting criminal prosecutions. Vladimir Putin's rule won't last forever. How countries handle war crimes and human-rights abuses committed in their names is the truest test of, and the best way to achieve, real political maturity. Allowing a successor regime to shrug off moral responsibility for reckoning with the nation's past is erroneous. Ceding authority to a distant international body is cowardice, not enhanced maturity.

Certainly, risk of mistake and failure is ever present, but without taking that risk, there is no easy national path back to trustworthiness and honor. Even worse, shirking enables future autocrats to assert that Russia was sold out by traitors and foreigners. Read "Mein Kampf" for the road map.

Especially if very few defendants come into Ukrainian custody, a new Russian government would have considerable work to do. Post-1989 regime change across the former Soviet bloc required successor authorities to confront their nations' unsavory pasts. Some, such as former East Germany and Hungary, responded with prosecutions; others, such as Czechoslovakia, with procedures similar to the truth-and-reconciliation model South Africa followed after apartheid, or a mixture of approaches. The victors in 1945 began Germany's de-Nazification, but elected German governments continued it.

Choosing the right judicial decision-maker isn't an arcane jurisdictional issue, nor is it deferrable to the vague future. American leadership can significantly enhance Ukraine's principled national sovereignty and remind Russians that their ultimate place in history is in their hands, not in a distant international court.

Mr. Bolton is author of "The Room Where It Happened: A White House Memoir." He served as the president's national security adviser, 2018-19, and ambassador to the United Nations, 2005-06.

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CO iccou : International Criminal Court

NS gwar : War Crimes | gcrim : Crime/Legal Action | gvio : Military Action | nedc : Commentaries/Opinions | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

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IPC IGV

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AN Document J000000020220415ei4f00018

HD The Ukraine Crisis: Companies Add Up Russian Business Losses

BY By Jean Eaglesham and Thomas Gryta

WC 655 words

PD 15 April 2022

SN The Wall Street Journal

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LA English

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LP

Global businesses are tallying up tens of billions in losses from their Russian operations as they grapple with the impact of asset sales, shutdowns and sanctions, according to public statements and securities filings.

The cost to shareholders of Western companies' exodus from Russia will become clearer in coming weeks, as companies make their first earnings announcements since the invasion of Ukraine.

TD

More than 600 Western companies have said they would exit or cut back operations in Russia, say researchers at Yale University.

Losses stemming from the pullout include the expected write-down, or complete write-off, of assets ranging from oil wells to car factories and consumer loans, according to statements by the companies.

The effects will be felt well beyond the announcements that have come mostly from energy companies. A fifth of the companies in the S&P 500 listed Russia subsidiaries for 2021, says data provider Calcbench.

The biggest hit so far is expected to come from British oil giant BP PLC, which faces a potential loss of as much as \$25 billion from exiting its nearly 20% stake in Kremlin-controlled oil producer Rosneft.

At the other end of the scale, Swedish telecom company Ericsson AB this week made a provision of 900 million Swedish kronor, equivalent to around \$95 million, for asset-impairment and other costs stemming from the indefinite suspension of its Russian operations. An Ericsson spokeswoman declined to comment beyond the disclosure.

Russia-related impairments are likely to have the biggest impact on earnings of European companies, said Carla Nunes, a managing director at risk-consulting firm Kroll LLC. "In the U.S., inflation and global supply-chain disruption are together likely to have a bigger impact," she said.

The question of whether a company has to take a Russia-related earnings hit depends partly on whether it is disposing of assets, mothballing them, or just stopping sales in Russia, according to John McInnis, an accounting professor at the University of Texas at Austin.

Under international and U.S. accounting rules, decisions about whether to impair an asset are based on its expected value over its lifetime. For assets that are being idled temporarily, that may mean companies "could ride out for quite some time" without taking impairments, Mr. McInnis said.

McDonald's Corp. hasn't said whether it will take an accounting charge related to the closure of its 847 restaurants in Russia. Russia and Ukraine together contributed around 9% of the company's \$23 billion global revenue last year. The burger chain has said the closures are temporary and it is keeping its 62,000 employees in Russia on the payroll. McDonald's didn't respond to requests to comment.

Some companies are disposing of their Russian assets, rather than waiting. Heineken NV and Carlsberg A/S, the world's second- and third-largest global brewers, respectively, said last month they intend to exit Russia entirely.

French bank Societe Generale SA has said its income would decline by more than \$3 billion after it sells its stake in lender Rosbank and its Russian insurance units to one of the country's richest people.

Societe Generale didn't disclose how much it is selling Rosbank for, but the French bank said the disposals would lead to a roughly 2 billion euros (\$2.18 billion) write-off of the net book value of the sold assets, and a one-off noncash charge of about 1.1 billion euros. A company spokeswoman declined to comment beyond the previous disclosure.

Oil-and-gas companies that have pledged to exit Russia typically are preparing to write off all the value of their assets. Exxon Mobil Corp. intends to exit its 30% stake in a massive oil-and-gas project it runs on Sakhalin Island in Russia's Far East.

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IPC ABO

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HD The Ukraine Crisis: U.S. Firms Relocate Workers In Russia To U.A.E.

BY By Rory Jones and Stephen Kalin

WC 569 words

PD 15 April 2022

SN The Wall Street Journal

SC J

PG A8

LA English

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LP

DUBAI -- U.S. companies, tapping one of the few flight corridors out of Moscow, are moving employees from Russia to the United Arab Emirates, a boon for the Gulf nation as it seeks to cement its place as a global commercial hub.

The U.A.E. is one of the few U.S. partners willing to provide visas to Russians not under sanctions, even while Russia remains at war with Ukraine.

TD

The companies include Wall Street banks such as JPMorgan Chase & Co. and Goldman Sachs Group Inc., professional-services firms McKinsey & Co. and Boston Consulting Group, as well as Alphabet Inc.'s Google, people familiar with the relocations said.

The influx of workers comes as the U.A.E. has largely avoided criticizing Russia's invasion and hasn't enforced sanctions imposed by the U.S. and other Western nations. Flights between Dubai and cities in Russia operated by Emirati carriers have continued, even as European airspace has largely been closed to Russia's airlines.

The flow of Russians and people of other nationalities working for international firms is likely to further boost Dubai's status as a global commercial hub. The city became one of the few globally during the coronavirus pandemic to loosen visa rules and welcome foreign talent.

"Most companies are simply giving Moscow-based talent the option to work from anywhere, with some choosing Dubai, while others are relocating entire offices to the U.A.E.," said Trevor McFarlane, the founder of Emerging Markets Intelligence and Research, which runs networking events for executives and government officials.

The country, whose legal system is based on Islamic law, recently decriminalized alcohol and the cohabitation of unmarried couples, and introduced other policy measures designed to give Western expatriates a lifestyle akin to those in their home countries. Those changes have made the U.A.E. an easier sell for multinationals relocating staff, Mr. McFarlane said, declining to offer specific names of companies.

A spokeswoman for the U.A.E. Foreign Ministry didn't respond to requests to comment about how it was helping companies move employees from Russia.

Visa Inc., which has offered relocation to all of its 210 Russia-based employees, is moving some of those to its offices in Dubai, as well as Ukrainians who have fled the conflict, people familiar with the company said.

Consulting firms such as Kearney and Alvarez & Marsal, which have expanded in the Persian Gulf in recent years, are offering staff the option to relocate, people familiar with their operations said. Goldman has moved roughly 40 members of staff to Dubai from Russia, said people familiar with the bank's shifts. Banks outside the U.S., such as Paris-based Rothschild & Co., also have moved employees to Dubai.

U.K.-based law firm Linklaters LLP is relocating 120 people, including lawyers and support staff, from Russia, with some moving to Dubai, a person familiar with the firm said.

A smaller number of companies are moving their employees to Qatar, another Gulf state that has remained open to Russians. Consulting firm Oliver Wyman has long sought to win business in Qatar, and is moving a half a dozen or so employees there to help meet that goal, two people aware of those changes said.

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IPC ABO

PUB Dow Jones & Company, Inc.

AN Document J000000020220415ei4f00015

HD Business News: Publicis Posts Solid Growth but Takes **Russia Loss**

BY By Megan Graham

WC 429 words

PD 15 April 2022

SN The Wall Street Journal

SC J

PG B3

LA English

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LP

Publicis Groupe SA said organic revenue grew about 11% in the first quarter, as marketers increasingly seek its help in the areas of first-party data, digital media and commerce. That beat analysts' estimate of 5.6% organic growth for the quarter, according to FactSet.

The Paris-based advertising holding company, which owns agencies such as Saatchi & Saatchi, Leo Burnett and Zenith, said it expects to deliver organic growth at the high end of its target of 4% to 5% in 2022.

TD

That is despite the continuing pandemic, the conflict in Ukraine and the consequences of inflation for its clients, Publicis said. It said its first-quarter performance would ordinarily have led it to upgrade its expectations for the year, but those factors are creating too much uncertainty to do so now.

Publicis's decision last month to stop doing business in Russia and to transfer ownership of its agencies there to local management resulted in an 87 million euro exceptional disposal loss, equivalent to \$94.2 million, in the first quarter.

"We are still very confident in our ability to deliver what we have promised in February," Chief Executive Arthur Sadoun said.

The company expects to see organic growth, which strips out the effects of currency fluctuations, acquisitions and disposals, of 5% in the current quarter, he said.

Mr. Sadoun last week said in a video to staff that he had undergone surgery for a cancerous tumor, but that the tumor was identified early and that there was no reason to worry. Mr. Sadoun said he was back to work and in the office. He plans to stay in Paris in May and June to continue treatment.

Publicis reported net revenue of 2.8 billion euros, equivalent to more than \$3 billion, in the first quarter, up 17% from 2.4 billion euros in 2020.

The company said a third of its net revenue is coming from its Epsilon and Publicis Sapient businesses, which it says are helping marketers shift away from tracking cookies and invest more in "owned" media such as brands' social-media feeds.

Alphabet Inc.'s Google plans to block the user-tracking technology called third-party cookies in its Chrome browser starting next year, driving many marketers to seek other ways of targeting customers.

Social media, commerce platforms and branded content have given brands new potential paths to reach customers, as audiences are declining for some paid ad channels such as traditional TV commercials.

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CO publis : Publicis Groupe SA | ssaci : Saatchi & Saatchi Group Ltd

IN i838 : Advertising Services | ibcs : Business/Consumer Services | iadv : Advertising/Marketing/Public Relations | imark : Marketing

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THE WALL STREET JOURNAL.

CLM National Security
SE Politics
HD **U.S. Support for [Ukraine](#) Moves Further Into Offensive Assistance; A new American military aid package is intended to help Kyiv push back Russian forces**
BY By Courtney McBride
WC 1,083 words
PD 15 April 2022
ET 03:01
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

As Ukraine prepares to resist a new Russian military [assault in the east](#), it likely will be doing so with weapons and equipment the U.S. once considered too risky to provide to Kyiv, highlighting how the line between offensive and defensive assistance has blurred in recent weeks.

The shift in weaponry comes as Kyiv has made increasing pleas for military assistance in recent days, warning of potential Russian escalation and the potential for mass civilian casualties amid Russia's [expected offensive in the Donbas](#) area. It also follows President Biden's allegation that Russia was conducting "genocide" in Ukraine.

TD

Mr. Biden on Wednesday announced \$800 million in additional security assistance for Ukraine, including artillery, armored personnel carriers, and Humvees, bringing total military aid committed to Ukraine since he took office to more than \$3 billion. [The new package](#) includes heavier weaponry than the U.S. previously had provided and—for the first time—American-made artillery pieces.

While U.S. officials in the past have debated whether the U.S. government should limit itself to providing Kyiv with weapons designed to defend the country from attack, that distinction appears to have grown fuzzier as Russia moved its forces deeper into Ukraine. Any weapons designed to push Moscow's forces out of the country arguably could be considered defensive, so long as it doesn't involve hitting targets inside Russia, say U.S. officials and outside experts.

William Taylor, vice president for Russia and Europe at the United States Institute of Peace, said that given the current state of conflict in Ukraine, "there's no distinction to be made between offensive and defensive weapons."

After failing to take Kyiv, Russian forces in recent days have pulled back from the Ukrainian capital and other northern cities and begun redeploying to southern and eastern Ukraine, where Moscow made early gains in the first weeks of the invasion. The latest arms package, which [comes in parallel with greater intelligence sharing](#), is meant to help Ukrainian forces in the expected battle there.

Mr. Taylor, a former U.S. ambassador to Ukraine, welcomed the decision to send additional weapons to Ukraine. While the anti-armor and antiaircraft missiles provided to date have proved effective at repelling Russian forces near Kyiv, Mr. Taylor said "the big battle that's coming in the east is on different terrain" and will require longer-range systems.

As with weapons, when it comes to intelligence, the distinction between "offensive" and "defensive" intelligence is an artificial one, says Jeffrey Edmonds, a Russia specialist who served at the Central Intelligence Agency and the National Security Council. He argues it would make little sense to withhold detailed information—such as the position of Russian artillery—as the U.S. is shipping hundreds of millions of dollars in advanced weaponry to the Ukrainian government.

"That's no different in my mind from providing Javelins," he said, referring to anti-tank missiles the U.S. has sent to Ukraine.

Mr. Edmonds, who was in government during Russia's 2014 annexation of Crimea and is now at CNA, a Virginia-based nonprofit research group, said there is little risk that wider intelligence-sharing would escalate the conflict. "The Russians assume we're providing all the intelligence we can," he said.

The argument about the lack of distinction between offensive and defensive assistance amid an invasion is one Ukrainian officials have been making since the invasion started. Speaking last week in Brussels, Ukrainian Foreign Minister Dmytro Kuleba blasted what he called the hypocrisy of those countries that would provide only what they labeled defensive weapons.

"When it comes to Ukraine, there should be no such difference as between defensive weapons and offensive weapons," he said. "Because every weapon used in the territory of Ukraine, by the Ukrainian army, against a foreign aggressor is defensive by definition."

That said, the administration still appears to be drawing the line at certain types of support, such as a no-fly zone, which could draw the North Atlantic Treaty Organization directly into an armed conflict with Russia. Fears of escalation into a full-scale war between Russia and NATO members were key to [U.S. rejection of a plan](#) to provide Polish MiG-29 jet fighters to Ukraine.

It isn't just conventional weapons that still face limits. While the Biden administration has been open about the kind of defensive cybersecurity assistance it has provided Kyiv—deploying technical teams to Ukraine to help identify and patch vulnerabilities Russian hackers could exploit, for example—it continues to draw lines on the kind of cyber operations against Moscow it is willing to engage in, officials and experts have said.

Some of those hesitations are rooted in a longstanding policy doctrine in Washington to not engage in destructive hacking that could prompt escalatory retaliation from an adversary, especially because the U.S. is highly digitized and therefore vulnerable to counterattack.

Pentagon press secretary John Kirby on Wednesday challenged the notion that Washington's provision of new equipment and plans to train Ukrainian forces on their use amount to escalatory moves, though he declined to speculate how Moscow might interpret them.

"We committed from the very beginning, even before the invasion, to helping Ukraine be able to defend itself," he said. "This is a piece of that, and this is representative of the kinds of capabilities that the Ukrainians themselves have asked for and said they need as this fighting now gets focused on the eastern part of the country."

The United Kingdom also has taken the position that providing an increasingly sophisticated complement of weapons to Ukraine isn't escalatory, because those weapons are being deployed in defense of the country.

James Cleverly, U.K. minister of state for European and North America, said Monday that from his government's perspective, providing Ukraine with the means to defend itself against Russia isn't escalatory.

"I totally understand the concerns about escalation, and they are meaningful and we need to be conscious of those," he said, but the Ukrainians should have the equipment required "to fight effectively."

"We need to give them the tools to finish the job," he added.

Dustin Volz and Warren Strobel contributed to this article.

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[U.S. Support for Ukraine Moves Further Into Offensive Assistance](#)

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Russia's Black Sea Flagship Sinks After Ukraine Claims Missile Strike; Moscow says sailors aboard missile cruiser Moskva were rescued**
BY By Yaroslav Trofimov and Thomas Grove
WC 1,418 words
PD 15 April 2022
ET 04:14
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LA English
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LP

KYIV, Ukraine—The flagship of Russia's Black Sea Fleet, the warship Moskva, sank Thursday from damage suffered from a fire following what the Ukrainian military said was a cruise missile strike targeting the vessel.

Russia said the source of the fire was unknown but had set off explosions of ammunition on board. A statement by the Russian Defense Ministry, reported by state agencies, said the ship sank in stormy weather due to structural damage as it was being towed to port.

TD

The loss of the Moskva represents a significant blow to Russia's military and compromises security for its entire Black Sea Fleet. Russian ships in the Black Sea have been [used to fire cruise missiles](#) at Ukrainian cities since the war began on Feb. 24, targeting infrastructure, fuel depots, military bases and civilian administrative buildings.

A Ukrainian military spokesman said earlier in the day the boat had capsized and started to sink as a result of the attack.

The Russian Defense Ministry, in an earlier statement, said the Moskva's crew, which usually numbers some 500 sailors, was rescued after a fire that led to the explosion.

Konstantin Zatulin, a senior Russian lawmaker, said some sailors had likely died in the attack.

U.S. military officials said there had been a major explosion but [couldn't confirm reports](#) that a Ukrainian missile had damaged the Moskva. The Pentagon believed it was heading to Crimea for repairs.

A spokesman for Ukraine's Operational Command South said the ship was struck with [Ukrainian-developed Neptune missiles](#), causing ammunition on board to explode. Maksym Marchenko, the governor of Ukraine's coastal region of Odessa, also said the Moskva was hit by Neptune missiles. This would represent the first known use by Kyiv of the Neptune, an extension of the Soviet-designed KH-35 missile that can strike from truck-based platforms at both land and sea targets within a 200-mile range. Its main prey would be cruisers such as the Moskva, along with destroyers and other warships.

There was no independent confirmation of the type of weapons used.

"It's a hugely important military event and the biggest defeat of the Russian Navy since World War II," Ukrainian presidential adviser Oleksiy Arestovych wrote on social media. The sinking of the cruiser, he added, is particularly important because "Moskva" is Russian for Moscow, and it would be the biggest warship by tonnage sunk since 1945.

In his nightly address, Ukrainian President Volodymyr Zelensky recognized Ukrainians of various professions who have fought Russian forces, including "those who have shown that Russian ships can go...to the bottom only."

The claimed strike on the Moskva came as Russian and Ukrainian forces exchanged artillery fire in the country's east after Moscow's attempt to take the capital, Kyiv, failed. Russian President Vladimir Putin said this week that peace talks with Kyiv [had reached a dead end](#).

Mr. Putin [also acknowledged](#) Thursday that [Western sanctions](#) are dragging on the country's economic engine, the energy industry, and that it would need to reorient oil and gas sales from markets in Europe to Asia. Mr. Putin said banks from "unfriendly countries," which includes the European Union, are delaying the transfer of payments.

"The most acute [problem] is associated with a disruption of the logistics of export deliveries," Mr. Putin said during a government meeting.

EU officials in Brussels have been seeking to make oil the focus of the bloc's next set of economic measures against Russia, after deciding earlier to phase out purchases of coal.

The sinking of Russia's flagship war vessel punctuated the string of setbacks the Russian military campaign has suffered in recent days.

The Moskva, which was commissioned in 1982 and over 600 feet long, carried S-300 air-defense systems and P-1000 supersonic cruise missiles. It was also outfitted with the multiple-rocket-launching system Smerch-2.

A demonstrated ability by Ukraine to hit Russian warships would make it much harder, if not outright impossible, for Moscow to launch an amphibious assault on Odessa, Ukraine's main port, military analysts say.

Douglas Barrie, a defense fellow at the International Institute for Strategic Studies, a London think tank, said such a capability would "force Russian naval units to consider operating at greater ranges from shore."

Ukraine [last month successfully hit another Russian warship](#), the large landing ship Saratov, in a missile attack on the occupied Azov Sea port of Berdyansk. That ship caught fire and sank, according to satellite images, with the attack [frustrating Russia's plans](#) to use Berdyansk as a logistics hub for its military offensive in southeastern Ukraine. Russia never officially acknowledged that attack.

The claimed attack could change how the rest of the Russian navy operates in the Black Sea. The U.K. and other countries have recently promised to bolster Ukraine's coastal defenses with additional antiship missile capabilities.

The Moskva led the Russian naval group that seized Ukraine's Snake Island at the beginning of the war. According to Kyiv, its Ukrainian defenders refused an ultimatum to surrender, broadcasting the reply that is now emblazoned on countless billboards across Ukraine and has become a symbol of the country's resistance: "Russian military ship, go screw yourself." Moscow disputes this version of events and says the Ukrainian troops on the island surrendered.

U.S. officials said as many as a half-dozen other Russian ships have moved further out into the northern Black Sea. They declined to speculate on a connection between the incident aboard the Moskva and the redeployment of the other Russian ships.

Cross-border violence between Russia and Ukraine has also intensified in recent days. Russia's Federal Security Service said that a border checkpoint in the Bryansk region was fired on by Ukrainian forces. Russia's Investigative Committee said Ukraine carried out at least six airstrikes. Seven people, including a pregnant woman and a child, were injured as a result of the shelling, Russian state news agency TASS reported.

The governor of Ukraine's Sumy province, Dmytro Zhyvytsky, said Thursday the region had been under Russian fire. The head of Ukraine's border guard service said that Ukraine's Chernihiv region also had been fired on from the Russian side of the border in areas near Bryansk.

Russia's Defense Ministry spokesman Maj. Gen. Igor Konashenkov said earlier in the week that Moscow would strike control centers, including in the capital, if Ukraine continued to carry out attacks on Russian territory. Ukraine has denied carrying out attacks there.

Russia is redeploying troops from around the Kyiv area to southern and eastern Ukraine, where it made early gains in the first weeks of [the invasion](#). Ukraine has used the lull in fighting to boost appeals to the West for more weapons and sanctions on Russia as several European leaders visited Kyiv on Wednesday.

The Biden administration said [it would expand the intelligence](#) it is providing to Ukraine's forces and send \$800 million in additional weapons to Kyiv, including artillery, armored personnel carriers and helicopters, to help Ukrainian forces hold off what is expected to be a major Russian offensive in the eastern part of the country.

Russia late Wednesday said it had taken control of the sea port in Mariupol; Ukraine hasn't confirmed the move.

Russian focus on Mariupol has remained steady as forces have worked to establish full control over the city to establish a land corridor from occupied regions in the east to the Crimean Peninsula, which Russia annexed from Ukraine in 2014. Earlier this week troop movements in the city centered on Ukraine's 36th Marine Brigade, the fate of which was unclear amid conflicting accounts between officials in Moscow and Kyiv.

After authorities in Kyiv said they were investigating allegations that Russia used chemical weapons against Ukrainian troops in Mariupol, the U.S. ambassador to the Organization for Security and Cooperation in Europe said the U.S. also was looking into these accusations.

The Russian government hasn't commented publicly about the alleged use of chemical weapons in Mariupol.

Brett Forrest, Georgi Kantchev, Matthew Walls, Matthew Luxmoore, Dan Michaels and Gordon Lubold contributed to this article.

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[Russia's Black Sea Flagship Sinks After Ukraine Claims Missile Strike](#)

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THE WALL STREET JOURNAL.

CLM Business
SE Business
HD **Companies Size Up Their Losses on Russian Operations; Global businesses get ready to report the impact of the war in [Ukraine](#) on profits**
BY By Jean Eaglesham and Thomas Gryta
WC 1,120 words
PD 14 April 2022
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LA English
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LP

Global businesses are tallying up tens of billions in losses from their Russian operations as they grapple with the [impact of asset sales](#), shutdowns and sanctions, according to public statements and securities filings.

The cost to shareholders of [Western companies' exodus from Russia](#) will become clearer in coming weeks, as companies make their first earnings announcements since the [invasion of Ukraine](#).

TD

More than 600 Western companies have said they would exit or cut back operations in Russia, according to researchers at Yale University.

Losses stemming from the pullout include the expected write-down, or complete write-off, of assets ranging from oil wells to car factories and consumer loans, according to statements by the companies.

The impact will be felt well beyond the big announcements that have already come mostly from energy companies. A fifth of the companies in the S&P 500 listed Russia subsidiaries for 2021, according to data provider Calcbench.

The biggest hit so far is expected to come from British oil giant BP PLC, which [faces a potential loss](#) of as much as \$25 billion from exiting its nearly 20% stake in Russian government-controlled oil producer Rosneft.

At the other end of the scale, Swedish telecom company Ericsson AB this week made a provision of 900 million Swedish kronor, equivalent to around \$95 million, for asset-impairment and other costs stemming from the indefinite suspension of its Russian operations. An Ericsson spokeswoman declined to comment beyond the disclosure.

Russia-related impairments are likely to have the biggest impact on earnings of European companies, according to Carla Nunes, a managing director at risk-consulting firm Kroll LLC. "In the U.S., inflation and global supply-chain disruption are together likely to have a bigger impact," she said.

The question of whether a company has to take a Russia-related earnings hit depends partly on whether it is disposing of assets, mothballing them, or just stopping sales in Russia, according to John McInnis, an accounting professor at the University of Texas at Austin.

Under international and U.S. accounting rules, decisions about whether to impair an asset are based on its expected value over its lifetime. For assets that are being idled temporarily, that may mean companies "could ride out for quite some time" without taking impairments, Mr. McInnis said.

McDonald's Corp. hasn't said whether it will take an accounting charge related to the closure of its 847 restaurants in Russia. Russia and Ukraine together contributed around 9% of the company's \$23 billion global revenue last year. The burger chain has said the closures are temporary and it is keeping its 62,000 employees in Russia on the payroll. McDonald's didn't respond to requests for comment.

"Companies are always reluctant to take a hit to the bottom line," said D. Larry Crumbley, an accounting professor at Texas A&M University

Some companies are disposing of their Russian assets, rather than waiting. Heineken NV and Carlsberg A/S, the world's second- and third-largest global brewers respectively, said last month [intend to exit Russia entirely](#). Carlsberg, among the Western companies with the biggest exposure to Russia, said its Russian business will be treated as an asset awaiting sale and reassessed at its fair value. That will result in a substantial noncash impairment charge, the Danish brewer said. Its Dutch rival Heineken said its exit would result in a one-time €400 million (\$435.3 million) charge.

Asset values are depressed in Russia, and companies might struggle to find a buyer for their business or joint-venture investment, or be forced to sell for a knockdown price, according to analysts.

French bank Société Générale SA this week said its income would decline by more than \$3 billion after it sells its stake in lender Rosbank and its Russian insurance units to one of the country's richest people. Société Générale didn't disclose how much it is selling Rosbank for. But the French bank said the disposals would lead to a roughly €2 billion (\$2.18 billion) write-off of the net book value of the sold assets, and a one-off noncash charge of about €1.1 billion. A company spokeswoman declined to comment beyond the previous disclosure.

Oil-and-gas companies that have pledged to exit Russia typically are preparing to write off the entire value of their assets. Exxon Mobil Corp. intends to exit its 30% stake in a massive oil-and-gas project it runs on Sakhalin Island in Russia's Far East. Depending on the terms of the exit, Exxon may have to write off the full \$4 billion book value of the stake, the Texas company said in a securities filing this month.

Energy giant Shell PLC is going further. The London-listed company expects to book \$4 billion to \$5 billion of accounting charges related to its exit from its Russia operations, including joint ventures with energy giant Gazprom PJSC. That is more than the roughly \$3 billion noncurrent book value of those assets. The earnings hit could include potential knock-on costs from the exit, such as expected credit losses, in subsequent quarters, Shell said.

Companies that have to take a financial hit on Russian disposals may try to include as many potential losses as they can in the write-down, accounting professor Mr. Crumbley said. This "kitchen sink" approach opens the door to a potential future bump in earnings, should the losses in practice prove less severe than the company has made provisions for.

SHARE YOUR THOUGHTS

What will be the long-term impact of sanctions on companies that have pulled out of Russia? Join the conversation below.

"Any time you have a company that has a major loss, it's going to try and make the loss larger in that year, so the next year will [potentially] be better," Mr. Crumbley said.

Russia-related write-downs will almost certainly extend beyond this round of earnings reports, with the level of future losses depending in part on whether the country's economy recovers later this year.

Citigroup Inc. last month said that in a "severe stress" scenario, it could face nearly \$5 billion in losses in Russia, or almost half its \$10 billion exposure to the country. Executives at the New York bank said it was more likely that losses would be a lot less than that.

Write to Jean Eaglesham at jean.eaglesham@wsj.com and Thomas Gryta at thomas.gryta@wsj.com

[Companies Size Up Their Losses on Russian Operations](#)

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Google, JPMorgan, Other U.S. Firms Flee Russia for Dubai; U.A.E., which hasn't imposed sanctions, is one of a few U.S. partners willing to give visas to Russians**
BY By Rory Jones and Stephen Kalin
WC 835 words
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CX

Corrections & Amplifications

A photo that appeared in an earlier version of this article showed Abu Dhabi and was incorrectly labeled as Dubai. (Corrected on April 14)

LP

DUBAI—U.S. companies, tapping one of the few flight corridors out of Moscow, are moving employees from Russia to the United Arab Emirates, a boon for the Gulf nation as it seeks to cement its place as [a global commercial hub](#).

The U.A.E. is one of the few U.S. partners willing to provide visas to non-sanctioned Russians, even while [Russia remains at war with Ukraine](#).

TD

The companies include Wall Street banks such as JPMorgan Chase & Co. and Goldman Sachs Group Inc., professional services firms McKinsey & Co. and Boston Consulting Group, as well as Alphabet Inc.'s Google, according to people familiar with the relocations.

The influx of workers comes as the U.A.E. has largely avoided criticizing Russia's invasion and hasn't enforced sanctions imposed by the U.S. and other Western nations. Flights between Dubai and cities in Russia operated by Emirati carriers have continued, even as European airspace has largely been closed to Russia's airlines.

The flow of Russians and people of other nationalities working for international firms is likely to further boost Dubai's status as a global commercial hub. The city became one of the few globally during the coronavirus pandemic to loosen visa rules and [welcome foreign talent](#).

"Most companies are simply giving Moscow-based talent the option to work from anywhere, with some choosing Dubai, while others are relocating entire offices to the U.A.E.," said Trevor McFarlane, the founder of Emerging Markets Intelligence and Research, which runs networking events for executives and government officials.

SHARE YOUR THOUGHTS

Can Dubai replace Moscow as a business hub? Why or why not? Join the conversation below.

The country, whose legal system is based on Islamic law, recently decriminalized alcohol and the cohabitation of unmarried couples, and introduced other policy measures designed to give Western expatriates a lifestyle akin to those in their home countries. Those changes have made the U.A.E. an easier sell for multinationals relocating staff, Mr. McFarlane said, declining to offer specific names of companies.

A spokeswoman for the U.A.E. Foreign Ministry didn't respond to requests for comment about how it was helping companies move employees from Russia.

Visa Inc., which has offered relocation to all of its 210 Russia-based employees, is moving some of those to its offices in Dubai, as well as Ukrainians who have fled the conflict, people familiar with the company said.

Consulting firms such as Kearney and Alvarez & Marsal, which have expanded in the Persian Gulf in recent years, are offering staff the option to relocate, people familiar with their operations said. Goldman has moved roughly 40 members of staff to Dubai from Russia, said people familiar with the bank's shifts. Banks outside the U.S., such as Paris-based Rothschild & Co., also have moved employees to Dubai.

U.K.-based law firm Linklaters LLP is relocating 120 people, including lawyers and support staff, from Russia, with some moving to Dubai, a person familiar with the firm said.

The movements recall other times when turmoil elsewhere benefited the business-focused city. Economists say money was poured into the hub from around the Middle East following the Arab Spring uprisings that began in 2011, helping Dubai overcome a major real-estate market slump caused by the global financial crisis. More recently, an aggressive Covid-19 vaccination campaign and largely open border drew millionaires seeking a bolthole away from lockdowns in their home countries.

A smaller number of companies are moving their employees to Qatar, another Gulf state that has remained open to Russians. Consulting firm Oliver Wyman has long sought to win business in Qatar, and is moving a half a dozen or so employees there to help meet that goal, two people aware of those changes said.

A wave of Western companies have announced plans to suspend or scale back their operations in Russia following President Vladimir Putin's invasion of Ukraine and sanctions imposed by Western governments. More than 350 foreign companies have said they are leaving or temporarily suspending work in Russia, according to the Yale School of Management.

Many companies, particularly retailers and manufacturers, have said their decisions to stop operations are temporary. Some said they were necessitated by the disruption that sanctions have had on supply chains.

Some of those relocating staff to Dubai and Doha are in industries where Russians can easily transfer their skills to projects on the ground. Russians also feel more welcome in the Gulf states than Western capitals, which have sanctioned oligarchs with links to Mr. Putin and cut airspace to regular Russians.

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[Google, JPMorgan, Other U.S. Firms Flee Russia for Dubai](#)

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THE WALL STREET JOURNAL.

CLM Cultural Commentary

SE Opinion

HD **Protecting Cultural Heritage in Ukraine and Beyond; Amid the horrid destruction of human life in Ukraine, cultural heritage is also at risk; there are ways to save it.**

BY By James Cuno and Thomas G. Weiss

WC 967 words

PD 15 April 2022

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LP

Bodies lay piled in Bucha's streets—more than 100 were found in a communal grave at the city's cemetery alone. In the Russian invasion of Ukraine, the United Nations counts 3,393 civilians killed, 14,000 deaths total and over 4.5 million refugees and perhaps twice as many internally displaced Ukrainians.

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At the same time, Der Spiegel reports Polish Culture Minister Piotr Gliński warning that Russia is destroying Ukraine's national heritage. Unesco recently published a list of 53 damaged and destroyed sites in that country—religious sites, historic buildings, museums and monuments. These include the Ivankiv Historical & Local History Museum and its collection of folk art and paintings by the self-taught artist Maria Prymachenko; the Holocaust memorials in Drobitsky Yar on the outskirts of Kharkiv, and Babyn Yar in Kyiv; a Gothic revival building in Chernikhiv that had once served as a museum and is now a library; and a museum in Mariupol dedicated to the 19th-century landscape painter Arkhip Kuindzhi.

Still at risk are seven Unesco World Heritage sites dating to the Byzantine era. Arguably the most spectacular are Kyiv's Saint-Sophia Cathedral and monastic buildings, dating from the Middle Ages and Early Modern period and built to rival Istanbul's Hagia Sophia in a "new Constantinople."

The assaults on cultural heritage are not only a tragedy but also a step toward what then-Unesco director general Irina Bokova, speaking in 2015, termed "cultural cleansing"—actions intended to destroy a society by eradicating its history and memory.

We've been here before. The destruction of the Mostar Bridge in Bosnia and Herzegovina, the Bamiyan Buddhas in Afghanistan, shrines and libraries in Mali, Uyghur mosques in China, and the Great Mosque of Aleppo in Syria represented one ethnic or religious group's efforts to make another "disappear." These atrocities, in fact, resemble Russia's continuing campaign since 2014 to eliminate Tatar traces in occupied Crimea with the aim of eliminating any evidence of the Ottoman Empire.

The 1954 Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict has been the primary means of protecting the world's cultural heritage. Its distinctive "Blue Shield" is attached to buildings and sites as a warning to combatants to respect those sites covered by the convention. But this is not enough.

It is now essential to lay the foundations of an independent international consortium of art museums, cultural institutions, universities, intergovernmental and nongovernmental organizations, and government agencies—including, for instance, the U.S. State Department and Defense Department—that would raise consciousness about the vulnerability of tangible cultural heritage and those who work to preserve it. Such a consortium would be modeled on the World War II Monuments Men—military and civilian personnel who worked to safeguard and, in some cases, rescue cultural heritage.

The consortium would have a double mission. The first part would be to ensure the enforcement of public international law vigorously and across the board. Since the entry into force of the Rome Statute in 2002, the International Criminal Court in The Hague has successfully prosecuted destruction of

cultural heritage as a war crime. It convicted Ahmad al-Mahdi for destroying in 2012 nine mausoleums and a mosque in one world heritage site. But the unprecedented scale of destruction in Ukraine poses such challenges in terms of evidence gathering, documentation and the like that, without the assistance of an outside entity like the consortium we propose, there's the danger that many of these crimes could go unpunished. This cannot be allowed to happen.

The second part would involve dedicated military personnel. Their mandate would be similar to the U.N.'s in Mali and NATO's in Kosovo, where in addition to safeguarding humans and fostering rebuilding, peacekeepers protected cultural heritage. Such efforts can constitute a "force multiplier" by removing hazards, suppressing looting, and deterring politically motivated attacks. In fact NATO insiders speak increasingly of the "security-heritage nexus."

The international entity for the protection of cultural heritage and museum professionals that we envision would help mitigate the grave threats to cultural heritage in conflict zones. At the moment, officials in the private and public sectors are expressing concern, and museums and other entities in the U.S. and elsewhere are working with their counterparts in Ukraine on these issues. But the network is loose-knit and ill-prepared at best. This consortium would pull together and foster cooperation among the various and sundry actors for protecting cultural heritage in political crises like Ukraine's with significant humanitarian dimensions. While the temporary relocation of cultural objects remains fraught, the protection of trained and knowledgeable local cultural custodians is less so. By establishing a network of organizations that can assist with documentation, travel and placement, such colleagues could continue their work with temporarily stored treasures, even while displaced.

As the 19th-century German poet Heinrich Heine observed, "Where they burn books, they also burn people." While missing from Ukrainian President Volodymyr Zelensky's plea to the U.S. Congress and other parliaments, the war crime of destroying cultural heritage is yet another reason to say "nyet" to Russian recolonization. Last week's vote by the U.N. General Assembly to suspend Russia from the Human Rights Council is a promising first step.

Mr. Cuno is president and CEO of the J. Paul Getty Trust and Mr. Weiss is Presidential Professor of Political Science at the CUNY Graduate Center. They are editors of the forthcoming "Cultural Heritage and Mass Atrocities" (Getty Publications, 2022).

[Protecting Cultural Heritage in Ukraine and Beyond](#)

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HD **Citigroup's First-Quarter Earnings Fell 46%; Bank set aside \$1.9 billion for potential losses tied to **Russia** and the war in **Ukraine****
BY By David Benoit
WC 728 words
PD 14 April 2022
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Citigroup's quarterly per-share earnings topped analyst expectations. PHOTO: GABBY JONES for The Wall Street Journal

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Citigroup Inc.'s first-quarter profit fell 46%, dragged down by higher expenses and potential losses from its exposure to Russia.

Profit fell to \$4.31 billion, or \$2.02 per share, compared with analysts' forecast for \$1.43 per share. A year ago, Citigroup posted [a profit of \\$7.94 billion](#), or \$3.62 per share.

Revenue fell 2% to \$19.19 billion but topped Wall Street's expectations for \$18.19 billion, according to FactSet.

The bank had \$755 million in net credit charges for souring or potentially souring loans, a reversal from the prior year, when it had a \$2.1 billion benefit.

Citigroup set aside \$1.9 billion for potential loan losses from its exposures in Russia and the broader impact of [the war in Ukraine](#). Chief Financial Officer Mark Mason said \$1 billion of that is directly tied to Russia and the rest is to account for upheaval in international finance caused by the war.

Citigroup has a bigger presence in Russia, including a retail bank, than other U.S. banks. It has been racing to reduce the exposure to Russia, cutting it to \$7.8 billion [from \\$9.8 billion in December](#). Its most up-to-date forecast shows it expects to lose a maximum of \$2.5 billion to \$3 billion, down from the nearly \$5 billion it had earlier warned was possible.

Mr. Mason said the bank had been able to shift part of its remaining exposure into likely safer assets, including deposits at the Russian central bank, and is working to reduce it further.

The bank also said it would exit commercial banking in Russia, but said it would continue working for large corporate clients there. About 85% of those clients are based outside of Russia, it said.

JPMorgan Chase & Co. said Wednesday [it was budgeting for higher losses](#) because of the war in Ukraine. JPMorgan also took some losses related to commodities such as nickel, [which have been volatile](#) since the invasion.

Citigroup Chief Executive Jane Fraser is pushing [a new strategy](#) that includes selling international consumer businesses while expanding wealth management and business banking. The changes required shuffling some business reporting lines, and Thursday is the first period with its new internal structure.

Revenue in the institutional clients group, which includes investment banking and trading, fell 2% to \$11.16 billion and profit dropped 51% on expenses and the Russian credit charges.

Trading revenue dropped 2%, with fixed-income down 1% and equity trading down 4%. Total investment banking fees fell 43%, as equity and debt underwriting declined but fees from advisory work rose.

Revenue from the central Citigroup business helping global companies manage and move cash rose 18%, largely due to increased borrowing and the rejiggering of supply chains.

The consumer side, now named personal banking and global wealth management, reported revenue of \$5.91 billion, down 1% from a year ago. Its profit fell 23%.

Consumer spending on credit cards increased 23% and credit-card loans rose 7%. Banks have been anxious to see consumer-card use turn into lending to help lift profits.

The quality of consumer loans remained strong and the bank released funds it had set aside for potential loan losses.

Revenue from the wealth-management operation slipped 1%.

Total expenses rose 15% to \$13.17 billion. The bank [is under regulatory orders](#) to complete a costly internal project to strengthen its risk systems.

Citigroup has been trading at a discount to other big U.S. banks because investors have been concerned about its costs and profit margins. The stock rose 1.9% on Thursday morning, outperforming rivals on the day.

Bank Earnings

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Write to David Benoit at david.benoit@wsj.com

[Citigroup's First-Quarter Earnings Fell 46%](#)

CO

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IN

ibnk : Banking/Credit | i814 : Banking | ifinal : Financial Services | iinv : Investing/Securities | i81402 : Commercial Banking | iibnk : Integrated Banks

NS

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WSJ Podcasts

CLM WSJ Podcast Minute Briefing
HD **Ukraine Claims Missile Strike Sank Russian Warship**
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Texas Gov. Greg Abbott plans to halt police inspections on one bridge linking the city of Laredo with Mexico. Starbucks prepares to expand worker benefits that might exclude unionized staff. Keith Collins hosts.

[Click here to listen to the podcast](#)

TD

Keith Collins : Here's your Morning Brief for Thursday, April 14th. I'm Keith Collins for The Wall Street Journal. Ukrainian officials, and a person close to Russia's Defense Ministry say Ukraine struck a Russian warship with cruise missiles, sinking it. The Russian Defense Ministry says the Moskva missile cruiser, the flagship of its Black Sea fleet, was seriously damaged after a fire led to an explosion of its ammunition. It didn't say what caused the fire. The ministry said all of the Moskva's crew were rescued.

In Texas, Governor Greg Abbott says he will halt state police inspections of commercial trucks on one of the bridges linking the city of Laredo with Mexico. The inspections on Texas international bridges have snarled traffic and prompted blockades on the Mexican side of the border in protests of the searches. Abbott said the inspections would continue on the state's other international bridges.

Starbucks is stepping up its campaign against a growing unionization push at its US stores. CEO, Howard Schultz, has told store leaders that expanded employee benefits being developed by the company cannot legally be extended to unionize Starbucks locations. Starbucks has said a union would create a barrier between workers and the company. Pro-union employees are calling for better pay and benefits as well as more influence over Starbucks's policy.

Markets in Asia ended mostly higher, and European shares mostly rose in early trading. In the US, investors will be watching retail sales figures and weekly jobless numbers due out this morning. On the earnings front, big banks, including Citigroup, Goldman Sachs, Morgan Stanley and Wells Fargo are expected to report today. And the bond market is scheduled for an early close ahead of the Good Friday holiday. We have a lot more coverage of the day's news on the WSJ's What's News Podcast. You can add it to your playlist on your smart speaker or listen and subscribe wherever you get your podcasts.

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RE russ : Russia | ustx : Texas | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | mex : Mexico | uk : United Kingdom | ukrn : Ukraine | ussrz : CIS Countries | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | lamz : Latin America | namz : North America | usa : United States | uss : Southern U.S. | weurz : Western Europe

IPD SYND

IPC R/ASI
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HD **U.S. to Boost Security Aid for Kyiv --- Biden administration plans to provide more intelligence, heavier arms to fight Russia**

BY By Michael R. Gordon, Warren P. Strobel and Vivian Salama

WC 1,118 words

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LP

The Biden administration is moving to significantly expand the intelligence it is providing to Ukraine's forces so they can target Moscow's military units in Russian-occupied Donbas and Crimea, part of a shift in U.S. support that includes a new security-assistance package with heavier weaponry.

The new intelligence guidance comes as the White House said it will send \$800 million in additional weapons to Kyiv, including artillery, armored personnel carriers and helicopters, to help Ukrainian forces hold off a major Russian offensive in the eastern part of the country that is expected in the coming days.

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The decision to share more intelligence and provide artillery marks a shift in the Biden's administration's approach to the conflict, and comes after weeks of Kyiv asking the U.S. and North Atlantic Treaty Organization allies to provide tanks, aircraft and other heavy weaponry to push back Russia, which invaded Ukraine in February.

Russia is redeploying troops to southern and eastern Ukraine, where it made early gains in the first weeks of the invasion. Ukraine has used the lull in fighting to boost appeals to the West for more weapons and sanctions on Russia.

The Biden administration has provided thousands of Javelin antitank weapons, Stinger anti-aircraft systems and other battlefield arms. The administration, however, has drawn the line at sending Ukraine combat aircraft, which the White House fears could lead Russia to consider Washington as a belligerent in the conflict. The administration also hasn't agreed to Ukraine's appeals that the U.S. and NATO nations establish a no-fly zone over the country.

But Moscow's military strategy has shifted recently, with Russian forces pulling back from around the Ukrainian capital and other cities in the north to focus on an expected offensive in the Donbas and other areas in eastern Ukraine.

Russian forces launched airstrikes on Ukrainian positions inside the besieged port city of Mariupol early Wednesday, a day after President Vladimir Putin of Russia said peace talks had reached a dead end.

Russia's strategic shift contributed to the U.S. decision late last week to step up intelligence sharing to help Kyiv's forces better identify how the Russian military plans to attack and to enable the Ukrainians to respond with artillery, drone attacks and other weapons in occupied parts of the country.

The U.S., however, will still refrain from providing intelligence that would enable the Ukrainians to strike targets in Russian territory under the new policy, a constraint Washington has imposed to reduce the risk of broadening the conflict, U.S. officials added.

"As the conflict evolves, we continue to adjust to ensure that operators have the flexibility to share detailed, timely intelligence with the Ukrainians," a U.S. intelligence official said, when asked about the changes.

Director of National Intelligence Avril Haines's office drafts intelligence-sharing guidance for U.S. spy agencies, and the defense secretary's office issues a parallel document on how to implement that guidance for military operators, officials have said.

The prior U.S. intelligence arrangements were devised when American officials projected that the major Russian attack would be directed against Kyiv with the aim of toppling President Volodymyr Zelensky of Ukraine, and the administration was worried about the risk of an escalating conflict with Moscow.

Operating on those assumptions, the U.S. shared intelligence with Kyiv about Russian capabilities in Donbas and Crimea, but stopped short of providing targeting data that would enable the Ukrainians to take offensive action to recapture those territories, which Moscow's forces occupied in 2014.

As Russia positioned its forces for a major offensive in eastern Ukraine, Republican lawmakers urged more intelligence be shared with Kyiv, and the administration started to reconsider the intelligence-sharing arrangements, officials said.

Defense Secretary Lloyd Austin alluded to the impending change on intelligence sharing in an appearance before the Senate Armed Services Committee last Thursday, telling lawmakers that the administration was planning to issue "updated guidance."

When questioned by Sen. Tom Cotton (R., Ark.), Mr. Austin said the old guidance "was not clear" that such intelligence could be provided to help the Ukrainians reclaim territory in Donbas and Crimea.

U.S. intelligence and Pentagon officials moved to update the intelligence guidance the next day. Pentagon spokesman John Kirby confirmed on Wednesday that the guidance had been updated.

The new arms package marks the first time the U.S. has sent American-made artillery pieces to Ukraine. The U.S. will need to train the Ukrainians in how to operate the 18 155mm howitzers, which are being sent along with 40,000 artillery rounds. That training is likely to be carried out by U.S. forces already in Eastern Europe, the Pentagon said.

Other systems include 200 M-113 armored personnel carriers, 100 armored Humvees, two radars to pinpoint the source of enemy artillery fire, two air surveillance radars, Claymore anti-personnel mines, and equipment to protect against chemical and biological weapons.

The U.S. is also sending unmanned naval vessels that would be used primarily for reconnaissance missions, but some officials said Ukrainians might equip them to strike targets at sea. Also included in the new assistance package are 11 Russian-made Mi-17 helicopters. Five Mi-17s were transferred to the Ukrainians last year.

Mr. Biden said the additional capabilities that are being provided "are tailored to the wider assault we expect Russia to launch in eastern Ukraine."

The Ukrainians have sought a broad array of weapons. A Ukrainian list that circulated earlier this year included U.S. and Soviet-era warplanes, U.S. Patriot air defense systems, Soviet-legacy air defenses, Russian-made T-72 and T-64 tanks, 155mm artillery and multiple-launch rocket systems.

State Department spokesman Ned Price said on Wednesday that in a meeting last week in Brussels, Ukrainian Foreign Minister Dmytro Kuleba asked for three things: "weapons, weapons, weapons."

"Secretary [Antony] Blinken had three answers for him: 'Yes, yes and yes,'" Mr. Price said.

"The nature of the conflict is changing," Mr. Price said. "It would stand to reason that the precise forms of support will adapt to that."

U.S. officials acknowledge that the Ukrainians aren't getting everything they have asked for in recent months.

"Certainly, there is an element of curation here," said Mr. Kirby, who added that some weaponry wasn't available in U.S. stocks but the administration was providing what it thought the Ukrainians needed.

Gordon Lubold and Courtney McBride contributed to this article.

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RE ukrn : Ukraine | russ : Russia | crimea : Crimea | donsk : Donbas | usa : United States | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | eurz : Europe | namz : North America | ussrz : CIS Countries

IPC CNG

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HD **NATO Training Retooled Ukraine Army --- Once a rigid Soviet-style force, military became modern and nimble with years of programs**

BY By Daniel Michaels

WC 1,422 words

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LP

When Ukrainian National Guard Lt. Andriy Kulish ambushes Russian forces, he thanks the Canadian army.

The Canadians trained Lt. Kulish's Rapid Response Brigade last summer in urban warfare, field tactics and battlefield medicine. The exercise in western Ukraine was one of the many in recent years with troops from Canada, the U.K., Romania and the California National Guard.

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This was just one piece of a little-publicized effort by countries of the North Atlantic Treaty Organization that transformed Ukraine's military up and down the ranks, from foot soldiers to the defense ministry to overseers in parliament. It is one big reason why Ukraine's nimble fighting force has surprised the world by fending off a much larger and better-equipped invading army, say Ukrainians and their Western advisers.

Through classes, drills and exercises involving at least 10,000 troops annually for more than eight years, NATO and its members helped the embattled country shift from rigid Soviet-style command structures to Western standards where soldiers are taught to think on the move.

In confounding Russian invaders today, Lt. Kulish says his comrades-in-arms "are definitely using procedures they learned during the training with NATO."

The Western assistance, while never secret, wasn't trumpeted to avoid riling Russia. It also remained low-key because it was a valuable source of intelligence for the U.S. and its allies. Ukraine has been fighting a war with Russian-backed separatists in parts of its east for years, meaning Kyiv fields some of Europe's most battle-hardened soldiers. Their front-line experience made them sponges for NATO training -- and offered NATO commanders a window into what it would be like to fight Russia, say Western officers involved in the programs.

By the time Russia invaded on Feb. 24, training of Ukrainian forces had become so extensive that, although at least eight NATO countries participated, much of the hands-on training was being done by Ukrainian instructors. To NATO commanders, that was a sign Ukraine had internalized their teachings.

"The lesson learned is that support and help over many years had a significant impact," says NATO Secretary-General Jens Stoltenberg.

NATO's work in Ukraine was also more successful than comparable Western efforts in Iraq and Afghanistan. Advisers credit this to Ukraine's relatively cohesive society and a recognized central government supported by bureaucracies that, while often inefficient and plagued with corruption, still embodied a unified state. Perhaps most significant, Ukraine had a clear foreign enemy to fight following Russia's 2014 seizure of the Crimean Peninsula and military support for a rebellion in the country's east.

Russian President Vladimir Putin, in launching his invasion of Ukraine, cited the country's possible membership in NATO as a reason for attacking. Ukrainian President Volodymyr Zelensky has since proposed renouncing that ambition. Whatever the outcome, say Ukrainians and Western advisers,

Kyiv's forces have learned to wage war along NATO's rules, and are showing it with battlefield successes.

Ukraine's skirmishing units are the spearhead of a completely rebuilt military establishment. NATO advisers brought with them concepts novel to Ukraine's Soviet-style force including civilian control of the military, professional inspectors, external auditors and logistics specialists.

Abandoning the emphasis on numbers of soldiers and weapons, NATO advisers instilled the concept of capacity building, where commanders set goals and ensure they have troops and weapons needed to achieve them.

To advance the approach, NATO introduced the idea of noncommissioned officers: experienced soldiers promoted to ranks of authority who serve as vital links between top brass and ground troops. NATO countries also helped Ukrainian military leaders adopt an approach called mission command, where higher-ups set combat goals and devolve decision-making far down the chain of command, even to individual soldiers.

In the Soviet approach, still widely used by Russia, senior officers give orders that foot soldiers have little room to discuss or adapt.

"That made a big, big difference," says former defense minister Andriy Zagorodnyuk. "NCO reform and mission command raise the effectiveness of your forces by many times."

Lt. Kulish says the training is doubly effective because Ukrainians know Soviet military thinking. "The Russians are using their typical tactics, which haven't much changed since Stalin's times," he says. First comes artillery salvos. "Then they throw loads of meat to take our positions," he says, referring to Russian soldiers. The Ukrainians, in contrast, are unpredictable and agile. "We bring chaos to their ranks," he says.

The work to develop those skills began inauspiciously in 2008. Russia had invaded Georgia, prompting NATO to extend to it and Ukraine vague invitations for membership. The alliance drafted a 70-page action plan spelling out "Ukraine's strategic course of Euro-Atlantic integration," essentially a road map for Kyiv to meet NATO's democratic standards, including a more professional, civilian-controlled military. Those efforts gained little traction due to weak support in the West and resistance within Ukraine's still-Soviet-style military.

Russia's routing of Ukrainian forces in 2014 jolted Kyiv. Then-President Petro Poroshenko ordered a military transformation, energizing the NATO effort.

The first priority in 2014 was helping Ukrainian troops fight Russian proxies in the east. NATO launched courses in battlefield medicine, civil emergency planning and countering Russian hybrid warfare, from drones to phone-hacking. Western officers began drilling Ukrainian National Guard troops in modern combat tactics, prompting Ukrainian army officials to request training, recalls a senior U.S. defense official.

In Kyiv, government officials worked with NATO advisers to prepare deeper changes. Advisers from the U.S., U.K. and other NATO countries explained that to make Ukraine's military more effective, its entire management had to change.

Advisers found problems at all levels, such as parallel military and civilian medical systems that required an act of parliament to be permitted to cooperate, recalls retired Col. Liam Collins, a former U.S. Army Special Forces officer.

U.S. officials repeated defense department mantras, like "It's not the plan, it's the planning."

When Soviet-trained officers and bureaucrats resisted changes, advisers tried to work around them, says Kristopher Reeves, a Canadian army colonel who led his country's branch of the training from 2017 to 2018. "We focused on leaders who could use our energy and multiply it," says Col. Reeves.

Annual exercises orchestrated by the U.S. Army, dubbed Rapid Trident, let Ukrainian troops practice with forces from up to a dozen countries. Lt. Kulish, whose unit is now defending the city of Rubizhne, says skills including explosives handling and field tactics acquired at the exercises helped his rapid reaction brigade fight in Donbas over recent years.

Soldiers rotating out of combat in Donbas could also apply their experience in exercises and shared lessons with their mentors. Retired U.S. Army Maj. Gen. Timothy McGuire in 2018 invited Ukrainian officers to observe big NATO exercises in Germany, where they watched a unit prepare a defensive

position. "I wouldn't do it like that," a Ukrainian general commented to Gen. McGuire, noting the troops weren't properly camouflaged, well dispersed or sufficiently dug-in.

Ukrainian troops using Western weapons to fight in the Donbas would also report back on their performance and how soldiers were integrating the arms into combat.

"It was definitely a two-way street," says Col. Collins. "Without a doubt, we were learning from them at the same time they were learning from us."

Away from battlegrounds, the advisers spent years pressing for the bureaucratic building blocks of a professional military, such as audit reports, professional development programs and personnel review processes -- "slightly boring stuff," says Col. Reeves. Over time, he says, selection of commanders became more meritocratic.

The changes and civilian control brought layers of review that exposed corruption and waste, often sparking anger from officers and bureaucrats.

As threats from Russia increased last year, the pace of military training accelerated. British army Maj. Bill Ross, who was in charge of British land-based training in Ukraine from October until this February, raced to get Ukrainian troops comfortable using NLAW antitank missiles the U.K. was shipping over. A British infantry battalion that initially planned to instruct squads of 40 Ukrainians suddenly had groups of 80, with soldiers coming from across the country.

Max Colchester and Oksana Grytsenko contributed to this article.

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RE ukra : Ukraine | russ : Russia | cana : Canada | uk : United Kingdom | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcos : Developing Economies | eeurz : Central/Eastern Europe | eurz : Europe | namz : North America | ussrz : CIS Countries | weurz : Western Europe

IPC NND

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HD The Ukraine Crisis: Neutral Nations Face Isolation, Yellen Warns

BY By Andrew Duehren

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WASHINGTON -- Treasury Secretary Janet Yellen said countries that maintain their ties to Russia after its invasion of Ukraine risk facing isolation from the global economy, sending a warning shot to nations that have so far remained neutral in the conflict.

As it has crafted with its allies a wide-ranging package of sanctions on Russia, the U.S. has urged China, a close partner of Moscow, not to provide substantive aid to Russia or take steps to undercut the sanctions. It also has sought to push countries that haven't put penalties on the Russian economy, notably India, to take a tougher stance against the Kremlin.

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In her speech, made a week before finance officials from around the world will come to Washington for the spring meetings of the International Monetary Fund and World Bank, Ms. Yellen said indecision about how to respond to the war in Ukraine weakens the international financial system.

"Let me now say a few words to those countries that are currently sitting on the fence, perhaps seeing an opportunity to gain by preserving their relationship with Russia and backfilling the void left by others. Such motivations are shortsighted," she said at the Atlantic Council. "And let's be clear, the unified coalition of sanctioning countries will not be indifferent to actions that undermine the sanctions we've put in place."

Ms. Yellen singled out China, saying that it could become more difficult for the U.S. and its allies to separate their economic interests in the country from national security concerns if Beijing supports Russia's invasion. China has maintained normal trade relations with Russia, and so far major Chinese companies and banks haven't helped Moscow evade sanctions.

"The world's attitude towards China and its willingness to embrace further economic integration may well be affected by China's reaction to our call for resolute action on Russia," she said.

White House press secretary Jen Psaki declined to say if the U.S. plans to impose secondary sanctions against countries that don't abide by the administration's restrictions against Russia.

While Ms. Yellen didn't call out any other countries by name, the Biden administration has stepped up its engagement in recent weeks with India, a key U.S. partner that has maintained a neutral stance concerning the war.

During a virtual meeting Monday, President Biden urged Indian Prime Minister Narendra Modi not to accelerate or increase India's purchase of Russian oil, according to the White House. And both the U.S. and Russia recently have dispatched officials to India. New Delhi has longstanding defense ties to Russia and hasn't denounced the invasion.

"There are certainly areas where we have been disappointed by both China and India's decisions," Brian Deese, the director of the White House National Economic Council, said last week. "Our message to the Indian government is that the costs and consequences for them of moving into a more explicit strategic alignment with Russia will be significant and long-term."

The Indian Embassy in Washington didn't respond to a request to comment.

Ms. Yellen said the war in Ukraine would require an overhaul of international financial agreements and institutions, with an eye toward diversifying supply chains and commodity sources. Europe's dependence on Russian oil and gas has presented an obstacle to efforts to weaken the Russian economy, while still sparing Western economies from harm.

"We cannot allow countries to use their market position in key raw materials, technologies or products to have the power to disrupt our economy or exercise unwanted geopolitical leverage," she said. Countries should try to arrange new trade agreements that reduce the influence of non-friendly partners in a move she called "friend-shoring" to allied nations, she added.

A central concern at next week's meetings will be food shortages and price increases brought on by the war between Russia and Ukraine, which are major suppliers of wheat and fertilizer.

The IMF, World Bank and international development banks are all in need of strengthening, Ms. Yellen said, pointing to the divergent ability of poor and rich nations to respond to the pandemic, and the need to better marshal private capital to developing economies.

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IPC TRE

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HD The **Ukraine Crisis: Le Pen's Rise Tests West's Unity**

BY By Matthew Dalton

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PARIS -- The West's campaign to counter Russia after its invasion of Ukraine faces a challenge from within: the surge in voter support for French far-right leader Marine Le Pen.

Ms. Le Pen, a skeptic of the international cooperation used to isolate Moscow and deter new aggression, finished a strong second in Sunday's first round of voting in France's presidential election.

TD

A victory in the April 24 runoff against President Emmanuel Macron would place her in command of the European Union's leading military power and a key member of the North Atlantic Treaty Organization, with more than 800 French troops deployed to alliance countries near Ukraine.

It would also give her a lead role in shepherding EU sanctions as the holder of the bloc's rotating presidency through June and leader of its second-biggest economy.

Ms. Le Pen has condemned the Russian invasion. On Tuesday, she said she didn't want to lift the EU's sweeping sanctions against Moscow, but opposed extending them to oil and gas. She has criticized EU moves to wean the bloc off imports of Russian energy to deprive the Kremlin of funds to wage war. Ms. Le Pen has said Europe's decisions have only raised the cost of living for French households, hammering on a source of growing public discontent that has helped her climb in the polls over the past month.

"All these sanctions in reality have the result of hitting our businesses and individuals," Ms. Le Pen said last week. She didn't respond to a request to comment for this article.

Ms. Le Pen also wants to withdraw France from NATO's military command, saying the arrangement undermines the country's sovereignty by placing French troops under NATO commanders and threatens to drag the country into unwanted conflicts.

Ms. Le Pen garnered 23.2% in the first round of voting, rebounding from surveys that showed her polling as low as 16% in February as Russia massed troops on Ukraine's border. Recent opinion polls show Ms. Le Pen trailing Mr. Macron by 6 percentage points, compared with the 32-point margin Mr. Macron notched over her in the 2017 runoff.

Win or lose, Ms. Le Pen's rise sends a signal across much of Europe that skepticism about confronting Moscow isn't penalized at the ballot box and exposes cracks in popular support for the Western-led coalition against Russia, international-affairs specialists said.

Polls in Western Europe show that the rising cost of living is the public's top concern, trumping security, defense and other issues.

So far, NATO capitals, including Washington, are largely deflecting questions about a possible Le Pen presidency. Biden administration officials privately said they expect Mr. Macron to prevail. If Ms. Le Pen wins, Luxembourg's foreign minister warned, it would lead to "an upheaval in Europe."

"It would totally place the very essence of the European Union on another path," said Jean Asselborn. "The French must prevent this."

Ms. Le Pen opposed Western sanctions on Russia after it annexed Crimea from Ukraine in 2014, and has advocated better relations with Moscow, including in a 2017 meeting with Russian President Vladimir Putin at the Kremlin.

"I think that everybody has a form of admiration for Mr. Putin, but frankly, I consider that what he's done is highly reprehensible," Ms. Le Pen said on Feb. 25, a day after Russia's full-scale invasion began.

In 2014, her party obtained a campaign loan of 9.4 million euros, equivalent to \$10.2 million, from a Russian-Czech bank with ties to the Kremlin that the party's treasurer says is still being paid off. Ms. Le Pen has said she turned to foreign banks because French ones wouldn't lend to her, and that the nationality of the bank didn't matter to her.

Ms. Le Pen's campaign platform, devised before the Russian war with Ukraine, calls for Europe to form an alliance with Russia on European security. Weeks into Russia's invasion, Ms. Le Pen said the Kremlin could once again be an ally in certain contexts, such as fighting Islamist extremism.

An aide to Ms. Le Pen said the far-right leader doesn't consider Russia an ally like the U.S. or NATO countries. "France is in the Western camp," the aide said.

Mr. Macron has also sought detente with Russia. He called for a new security architecture involving Russia during a visit by Mr. Putin to France in 2019. Mr. Macron revived the idea during a meeting with the Russian president at the Kremlin in February, weeks before the invasion of Ukraine, and the two leaders held several phone calls afterward.

Mr. Macron was also crucial, however, in building consensus across the EU to impose tough sanctions. France has said it is delivering lethal defensive weapons to Ukraine.

Ms. Le Pen has expressed reservations about supplying Ukraine with weapons.

"I'm very reluctant about delivering weapons because that makes us co-belligerents," Ms. Le Pen said in February after the invasion started. On Tuesday, she said she supports "weapons for protection," not to attack.

Her plan to remove France from NATO's military command would stop French soldiers from serving under the alliance's Supreme Allied Commander Europe, a position always held by a U.S. general.

While the immediate impact on NATO operations might be limited, a French departure from the command would send a political shock wave across the EU, said Jean-Pierre Maulny, deputy director of the French Institute for International and Strategic Affairs.

"The Europeans must be united, and to be united, France must be in the military command of NATO," Mr. Maulny said. "Seen from Berlin, Rome and Warsaw, it would be a catastrophe in political terms."

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CO	nato : North Atlantic Treaty Organization
NS	gdip : International Relations gvexe : Executive Branch gcat : Political/General News gpol : Domestic Politics gvio : Military Action gvote : Elections gcns : National/Public Security gpir : Politics/International Relations grisk : Risk News gvbod : Government Bodies
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HD The **Ukraine** Crisis: Activist Jailed for Spreading Antiwar Messages

BY By Matthew Luxmoore

WC 299 words

PD 14 April 2022

SN The Wall Street Journal

SC J

PG A7

LA English

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LP

A Russian activist accused of replacing price tags in supermarkets with antiwar messaging has been jailed for eight weeks pending trial for "discrediting Russia's armed forces," a charge punishable by up to 10 years in prison.

Aleksandra Skochilenko, a 31-year-old artist and musician living in St. Petersburg, was arrested on April 11 for distributing messages with information about alleged Russian war crimes in Ukraine. She has been placed in pretrial detention until May 31, the press service of St. Petersburg's court system said on Telegram.

TD

Ms. Skochilenko entered a branch of Perekrestok, a supermarket chain, on March 31 and replaced price tags with messages containing deliberately misleading claims about Russia's military, it said.

Russia in early March passed a law threatening up to 15 years in prison for anyone convicted of knowingly disseminating what Russia calls false information about the use of its armed forces. Ms. Skochilenko faces a shorter maximum term, the court said.

Ms. Skochilenko denied the charges, according to local news outlet Bumaga.

The initiative to replace price tags with antiwar messaging has gained traction nationwide as Russians opposed to the war have sought covert ways to protest the invasion and counter state propaganda that whitewashes the invasion, despite the risk of hefty fines and prison sentences for participating in street protests.

Activists in the Tatarstan region posted images of such messages placed in a local supermarket below coffee jars and chocolate bars. "Replacing an everyday thing with something strange and unfamiliar, we show that not a single corner of our country has not been affected by the war," an activist group called the Feminist Antiwar Resistance said on social media.

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NS gcrim : Crime/Legal Action | gvio : Military Action | gwar : War Crimes | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News

RE russ : Russia | ukrn : Ukraine | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dypcoz : Developing Economies | eeurz : Central/Eastern Europe | eurz : Europe | ussrz : CIS Countries

IPC IGV

PUB Dow Jones & Company, Inc.

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HD **The Ukraine Crisis: War Sidelines Cargo Megaplanes Made In Ukraine, Hitting Supply Chain Niche**

BY By Benjamin Katz

WC 489 words

PD 14 April 2022

SN The Wall Street Journal

SC J

PG A7

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The war in Ukraine has removed some of the world's biggest cargo jets from service, stranding super-heavy equipment and pinching another corner of the strained global supply chain.

For decades, these hulking aircraft have transported oversize oil-industry gear, aerospace components and, more recently, giant cargoes of personal protective equipment during the pandemic.

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Ukrainian heavy-duty plane maker Antonov Co., a unit of Ukrainian national-defense and aerospace company Ukroboronprom, operates the An-124, a 227-foot-long, four-engine jet with a wingspan of 240 feet. Most of the 20 commercially used jets are operated by either Ukraine's Antonov Airlines, a unit of Antonov, or by Russia's Volga-Dnepr Group.

Antonov Air is now using the five An-124 jets it evacuated from Ukraine, mostly to move humanitarian supplies toward the country. Volga-Dnepr's 12 planes are also out of reach for most shippers: They are all but grounded by Western sanctions and flight bans targeting Russian aircraft.

Designed in the early 1980s as a military airlifter in Soviet-era Ukraine, the aircraft can carry up to 330 tons, the equivalent of about six fully loaded semi-trucks. The only air freighter with a higher payload is a sister aircraft -- the An-225, nicknamed the Mriya, or "Dream." Just one of these was ever built, and it was heavily damaged in the early days of Russia's invasion of Ukraine.

"These airplanes are incredibly unique, heavy-lift aircraft," said Neel Jones Shah, global head of airfreight at Flexport Inc. "They perform very specific missions of carrying hugely oversized heavy cargo to a myriad of sort of off-the-beaten-path destinations."

The aircraft are designed specially for moving giant objects or machinery, including whole helicopters, aircraft engines, satellites and major oil-rig components.

Without such a big plane, freight forwarders have to disassemble their biggest cargo -- adding costs and time to any shipment.

Maxar Technologies Inc., a Colorado-based satellite maker, told analysts last month that the company would have to switch to ground transport to move its satellites to SpaceX's launch base in Cape Canaveral, Fla., because of the unavailability of Volga-Dnepr's Antonov fleet.

The oil-and-gas industry particularly relies on the aircraft for new drilling projects, said Justin Lancaster, group commercial director at Air Charter Service Ltd. That threatens bottlenecks in the coming months amid today's higher prices, he said.

The planes, many of which are more than 30 years old, have had their lives extended by regular maintenance, underscoring their importance. Even if they are able to be restored to normal service, production of many components in Ukraine has been halted.

One of Antonov's main sites, where it conducts flight testing and maintenance, was heavily damaged by the war.

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CO voldne : Volga-Dnepr | tudb : Tupolev Design Bureau | ulavcm : Aviastar-SP

IN i364 : Aerospace Products/Parts | i7504 : Chartered Air Freight | iaer : Aerospace/Defense | iindstrls : Industrial Goods | i75 : Airlines | i7502 : Air Freight | iairtr : Air Transport | icargo : Freight Transport/Logistics | itsp : Transportation/Logistics

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IPC ABO

PUB Dow Jones & Company, Inc.

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HD The **Ukraine Crisis: Sanctions Target Oligarch's Chateau, U.K. Island Assets**

BY By Max Colchester and Nick Kostov

WC 487 words

PD 14 April 2022

SN The Wall Street Journal

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LP

The sanctions net tightened on oligarch Roman Abramovich after a court on the English Channel island of Jersey froze assets valued at more than \$7 billion it suspects are connected to the Russian.

The French government also froze Mr. Abramovich's Riviera chateau.

TD

The Jersey police raided a property on Tuesday that they said was thought to be linked to the Russian tycoon.

A spokesperson for Mr. Abramovich didn't immediately comment.

The 55-year-old businessman is sanctioned in the U.K. and the European Union over his links to Russian President Vladimir Putin.

Jersey, a small island located off the north coast of France, belongs to the U.K. but is self-governing.

Jersey has said it would follow U.K. sanctions.

Mr. Abramovich has links to the island, known for its low taxes and light-touch regulation, via an offshore investment vehicle that was long associated with him.

That vehicle, British Virgin Islands-based Norma Investments Ltd., is the owner of MHC Jersey Ltd., an entity registered in Jersey, according to filings.

Hours after Russia invaded Ukraine, control of Norma Investments was shifted to one of Mr. Abramovich's longtime business associates David Davidovich, The Wall Street Journal previously reported.

Chelsea FC, a soccer team Mr. Abramovich owns and is in the process of selling, owes GBP 1.4 billion, equivalent to \$1.8 billion, to a Jersey-registered company Camberley International Investment Ltd., according to filings.

The Jersey Law Officers department said the \$7 billion of frozen assets suspected of being linked to Mr. Abramovich are either located in Jersey or owned by Jersey-incorporated entities.

France said Tuesday that it has officially frozen more than 40 sanctioned properties, a number of which belong to Mr. Abramovich, according to corporate records.

One of those is the Chateau de la Croe, a luxury villa on the French Riviera previously inhabited by Britain's King Edward VIII following his abdication in 1936.

Mr. Abramovich purchased the chateau in 2009 and installed a swimming pool on the roof and a cinema in the basement.

French authorities have frozen a number of other properties tied to Mr. Abramovich, including two on the Caribbean playground of St. Barts, which is part of the French West Indies.

The freezes ensure that the properties cannot be sold or rented.

While European authorities have taken a firm line against Mr. Abramovich, the U.S. has held off sanctioning him on account of his role as a back channel between Moscow and Ukraine.

The former oil tycoon, who has long denied having close links to Mr. Putin, is now leveraging his connections within the Kremlin to try to facilitate the peace process.

On Tuesday, Mr. Putin said that the peace talks had reached a dead end.

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IPC MEN

PUB Dow Jones & Company, Inc.

AN Document J000000020220414ei4e0000r

CLM Wonder Land
HD **The Devil Resurfaces in Ukraine**
BY By Daniel Henninger
WC 871 words
PD 14 April 2022
SN The Wall Street Journal
SC J
PG A13
LA English
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LP

Evil fell into disrepute years ago. Evil implied the possibility of a devil, and both came to be seen as impediments to some forms of private personal behavior. So we demoted evil and expanded the definitions of goodness. But banishing the devil came with a price, which is apparent as the world stares into the abyss of human ruin in Ukraine.

Vladimir Putin's scorched-earth tactics resurrect the possibility in the world of an evil that is pure, compelling and undeniable.

TD

The subject of admitting evil has become complex because the fact of living in an era of fluid postmodern definitions means that a clear, traditional understanding of anything is subject to challenge or revision.

We may have agreed that the acts of 9/11 or murderous bombings on Europe's city streets were acts of terror. But the notion that this was Islamic terror became contested quickly, with the dilutive counterargument that the "Islamic" descriptor was inaccurate, unfair or offensive. Simple evil became debatable.

Some events pass into history, or used to, as unchallengeable evil, such as Nazism's extermination camps for Jews. Only the kind of people who meet in sewers would still attempt to deny that.

While there are events since then that qualify as evil, say, Cambodia's killing fields in the 1970s, Vladimir Putin's Ukrainian killing fields arrived, apparently, as a shocker. No one quite expected this to happen anymore. No one could imagine a missile with "for the children" written on it aimed at a train station.

In our time, especially the past 10 or so years in the United States, notions of what constitutes evil have been reinterpreted and distanced from individual responsibility. Evil had become oddly euphemized. Acts of murder, including mass murder, are less about the evil acts of individuals and more about their "guns." On Monday President Biden gave a stirring speech about a federal plan to control "ghost guns."

Climate change, a scientific phenomenon, has risen to become the "existential threat to humanity" (as per Mr. Biden again and countless others).

This is not to say these concerns are illegitimate but only to note how far the matters we consider important have drifted toward complex abstractions. One might call it the issuefication of morality.

Crime, identity, race, fossil fuels -- all have become "issues" whose amorphous, endlessly debatable content ensures they are never resolved. They run on and on -- as "issues."

New York City is currently in the midst of a crisis -- personal and political -- about crime. Serious crime across all major categories is up 41% in the past year. What's striking to New Yorkers is how unhinged the violence has become, and how routine. Tuesday's horrific shooting spree on a Brooklyn subway has put the city in a state of shock.

Street violence, as we are experiencing in many U.S. cities, has tipped past mere crime into something more disturbing -- an exhilarating mania of destruction and death.

The people at risk of this unrestrained violence know they are in the presence of evil, but New York's state Legislature spent last week debating marginal changes to its bail laws -- an "issue." Even the phrase "hate crimes" is a politicized distancing from the raw malignancy inside these assaults.

Years of defining evil down have disabled the political system's ability to act decisively when evil appears. And that puts us at personal, public and national risk.

The importance of the war in Ukraine is that it is forcing a re-evaluation of evil and our response to it, and our willingness to admit its reality.

A "distancing" theme of the Ukraine war is that the West provoked it by moving the North Atlantic Treaty Organization eastward. But NATO has little to do with the reality that Mr. Putin himself has spent years murdering his political opponents or demolishing cities like Grozny (1999-2000) and Aleppo (2016).

The essential reality of the Putin evil is that whatever historical grievances have been coursing through Mr. Putin's brain, they have taken form as the mass killing of innocent human beings and the conscious destruction of the pedestrian, physical order of Ukrainians' daily lives. For this, no sophisticated rationalization is possible. It is evil.

If the leader of China, Xi Jinping, is willing to put members of the Uyghur minority in concentration camps or imprison dissidents after sham trials, we should recognize that politics alone is an insufficient explanation for his intentions and what he's willing to do.

As justification, both Messrs. Putin and Xi have put into play ideas about national destiny and an offending Western liberalism. But the Xi-Putin partnership announced in February isn't just about ideological or economic competition. It's about a shared, proven willingness to pursue anti-human policies, including murder, to achieve their ends.

Opinions on the nature of evil have differed since at least the Garden of Eden. But I'm pretty sure that the events since Feb. 24 in Ukraine have taught us this: If you give the devil a chance, he will try to destroy you.

Write henninger@wsj.com.

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Global Trade Hit by [Ukraine](#) War, China Lockdowns; European consumers curb spending as energy prices surge; Chinese factories slow as authorities battle Covid-19 outbreaks**
BY By Jason Douglas
WC 1,336 words
PD 13 April 2022
ET 21:43
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

SINGAPORE—Global trade stumbled in March, tripped up by accelerating inflation, [war in Ukraine](#) and [Covid-19 lockdowns in China](#), adding to signs the world economy is entering a rough patch as policy makers battle to sustain growth.

Trade figures and surveys of business activity released this month from Asia's powerhouse traders—China, Japan, South Korea and Taiwan—all point to a pullback. China's exports slowed last month and imports into the world's second-largest economy registered their first annual decline in almost two years, according to figures released Wednesday.

TD

Trade flows, some economists said, are being dented by wilting demand from European consumers grappling with the onslaught of surging energy prices and by the lockdowns in major cities Shanghai and Shenzhen that [slowed production at Chinese factories](#). While the U.S. appetite for imports has held up, the economists said, [inflation and rising interest rates](#) are likely to bite into consumer spending.

Challenges on the trade front are a sign of a darkening global economic outlook and are hitting governments dealing with the fallout from [the Ukraine war](#), which is disrupting supplies of [essential commodities such as grains](#), oil and metals. Central banks, meantime, are trying to raise interest rates to tame inflation without crashing growth.

Finance ministers and central-bank chiefs gather in Washington, D.C., next week to discuss the multiplying problems as the world economy is pitched for lower growth this year than in 2021.

"Less trade is one more reason to expect global growth to throttle way back this year," said Mark Zandi, chief economist at Moody's Analytics.

In its latest projections, published Tuesday, the World Trade Organization said it expects the global economy to expand 2.8% in 2022, weaker than the 3% average between 2010 and 2019. It forecasts global trade in goods to grow just 3%, after adjusting for price changes, compared with 9.8% in 2021. The WTO cited the trade disruptions in essential goods due to [the Ukraine war](#) and lockdowns in China that "are again disrupting seaborne trade at a time when supply chain pressures appeared to be easing."

Surveys of manufacturing activity show exports sagging in Taiwan, South Korea and Japan, producers of the chips, high-end electronics and machinery that propelled a trade bonanza in 2021 as Covid-19 vaccines and lavish stimulus helped the global economy roar back to life.

In China, the government's zero-tolerance approach to stamping out Covid-19 outbreaks is squeezing consumer spending and hurting factory output in an economy that was already grappling with a real-estate crunch and a widening regulatory crackdown on tech and other industries.

Chinese export growth slowed to an annual 15% in March, from 16% in January and February combined, China's customs bureau reported Wednesday. Official data combine the first two months of the year to try to smooth out big swings in activity around Lunar New Year, a major holiday in China and many parts of Asia. Economists say that can still leave the picture skewed, and tend to make their own statistical adjustments to account for the break, which this year fell in early February.

Julian Evans-Pritchard, senior China economist at Capital Economics, said that after his seasonal adjustments, he estimates Chinese exports in March were down 6% from February. Taking into account the effect of higher export prices due to surging commodity prices, Mr. Evans-Pritchard said in a note to clients that his calculations point to the largest contraction in Chinese export volumes since the pandemic hit in early 2020.

Growth in exports to the European Union and Southeast Asia slowed, as did exports to Russia, as [Western sanctions](#) disrupted its trade with the rest of the world. Growth in exports to the U.S. picked up.

Angus Lin, a trading manager at Wenzhou Dian Pet Products Co., said logistics logjams as a result of the Covid-19 outbreak in Shanghai have forced delays in shipments to foreign customers, while orders from Europe have declined following the Russian invasion of Ukraine.

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What is your outlook for the global economy? Join the conversation below.

The pet-toys supplier, based in Wenzhou, in China's Zhejiang province, mainly exports to North America, South America and Europe through the huge ports at Shanghai, around 285 miles away, and Ningbo, around 180 miles away. Road closures and other restrictions meant to stem infections have made it tricky to get deliveries to the port on time.

"Almost all the orders have been affected these days," he said.

In another sign of the gathering headwinds to global trade, Chinese imports fell as the country's worst Covid-19 outbreak in two years led to lockdowns in regions as far-flung as Jilin in the northeast and the technology hub of Shenzhen in the south, keeping millions at home. As factories' production slowed, so did demand for components. Authorities have taken small steps to ease the lockdown in Shanghai, China's most populous city, but restrictions continue to disrupt the flow of goods through the city.

Imports in March were down 0.1% from a year earlier, customs data showed, China's first annual fall in imports since August 2020. Imports from the EU and the U.S. both declined.

"Imports falling outright is very bad for global trade," said Craig Botham, chief China economist at Pantheon Macroeconomics.

Imports from Russia were up 26% in March, slowing from the January-February pace of 36%. Analysts said that after taking account of higher energy prices, imports from Russia likely declined in March, suggesting China didn't step up purchases of Russian oil shunned by the West.

Adjusting for the holidays and inflation, Mr. Evans-Pritchard said he estimates overall import volumes in March fell 10% from February.

The downbeat signals emerging from Asia's export powerhouses mark a switch from the recent past when global trade served as the engine for the region's recovery from the depths of the pandemic in 2020.

"This is a region that has thrived on trade," said Aaditya Mattoo, chief economist for East Asia and the Pacific at the World Bank.

Russia's assault on Ukraine and the Western sanctions in response have driven steep increases in commodity and energy prices, pushing up companies' costs as well as disrupting supply chains and dampening demand in Europe. Consumers there face not only higher gasoline prices but steeply higher home energy bills as a result of the soaring cost of natural gas.

For other Asian exporters, China's battle against Covid-19's Omicron variant means fewer orders from Chinese factories for chips and other components used in electronics and vehicles, as well as softer Chinese demand for their own finished products. Surveys of purchasing managers at manufacturers in Taiwan, South Korea and Japan this month all recorded the sharpest drops in export orders in almost two years.

Official trade data for Taiwan and South Korea are similarly downbeat. Adjusting for the Lunar New Year and other seasonal effects, economists at Goldman Sachs calculated that Taiwan's exports in March were down 9% from February, while South Korea's were up just 0.5%.

South Korea's Hyundai Motor Co. said this month that overseas sales in March were down 14% from a year earlier as the company battled supply-chain problems, including the shutdown of a factory in Russia.

"We are definitely going through a rough patch," said Brian Tan, regional economist for Asia at Barclays in Singapore. "It is going to be fairly choppy, especially in the next few months as China is clearing up the outbreak."

Bingyan Wang and Grace Zhu in Beijing and Kwanwoo Jun in Singapore contributed to this article.

Write to Jason Douglas at jason.douglas@wsj.com

[Global Trade Hit by Ukraine War, China Lockdowns](#)

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THE WALL STREET JOURNAL.

CLM Business
SE Business
HD **War Sidelines Crucial Ukraine-Made Fleet of Cargo Megaplanes; Antonov's giant jets are focusing on humanitarian aid, while Russian Volga-Dnepr fleet is grounded by sanctions and airspace bans**
BY By Benjamin Katz
WC 1,190 words
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The U.S. Transportation Department had authorized Volga-Dnepr in recent years to operate its An-124 jets between U.S. destinations, a service that would normally be banned by international air treaties that restrict foreign carriers from operating on domestic routes.

The airline and its customers—including Boeing Co. and General Electric Co.—successfully argued that no U.S. carrier had large enough planes to carry crucial loads including jet engines, firetrucks and power turbines. Volga-Dnepr has been banned from operating in U.S. airspace as part of wide-ranging sanctions on Russian companies.

"We're working with our wide range of supply-chain and logistic partners to manage any impacts," a Boeing spokesman said. A spokesman for GE said that in recent years the company has been using

specialty trucking firms to move its aircraft engines. If air shipment is required, it is able to split an engine's fan and propulsor to fit inside wide-body freighters such as Boeing's 747 or 777.

Maxar Technologies Inc., a Colorado-based satellite maker, told analysts last month that the company would have to switch to ground transport to move its satellites to SpaceX's launch base in Cape Canaveral, Fla., due to the unavailability of Volga-Dnepr's Antonov fleet.

"We, like others, would have planned on using Russian commercial air transport to take the satellites," Maxar Chief Financial Officer Biggs C. Porter said on an analyst call. "That's going to add a little bit of time to what we otherwise would achieve. But like I said, we won't be alone in that one."

The oil-and-gas industry particularly relies on the aircraft for new drilling projects, said Justin Lancaster, group commercial director at Air Charter Service Ltd. That threatens bottlenecks in the coming months amid [today's higher prices](#), he said.

"Where I see a problem going into the future is if there's a big demand for oil-and-gas infrastructure projects," Mr. Lancaster said, adding, "These planes tend to come into their own when the oil price is high."

The planes, many of which are more than 30 years old, have had their lives extended by regular maintenance, underscoring their importance. Even if they are able to be restored to normal service, production of many components in Ukraine has been halted. One of Antonov's main sites, where it conducts flight testing and maintenance, [was heavily damaged by the war](#).

Antonov Airlines was able to evacuate five of the An-124 aircraft from Ukraine before the start of the conflict. Last December, the company started making long-term plans to relocate its fleet to Leipzig, Germany, Antonov said. In the weeks leading up to Russia's invasion, it [started shifting spare parts, supplies and the equipment](#) needed to maintain the aging aircraft to the new site.

SHARE YOUR THOUGHTS

Have supply-chain disruptions linked to the war in Ukraine affected your business or employer? Join the conversation below.

The one-of-its-kind An-225 was scheduled to take off for Leipzig with staff on board on the morning of Feb. 24, after undergoing engine repairs. Ukraine's closure of its airspace in the early hours of that morning made the flight impossible, the company said. [Russia began its invasion](#) a few hours later.

The plane [sustained heavy damage on the ground](#) by the fighting that engulfed the airport in Hostomel, northwest of Kyiv's city center. Antonov has vowed to restore it to service. Fighting destroyed two other Antonov aircraft and damaged another five, including an An-124, the company said.

Antonov's fleet of An-124s is now being used mostly for humanitarian missions supporting Ukraine. Switzerland's Kuehne + Nagel International AG chartered one of the aircraft for a flight on March 29 carrying 245,000 pounds of aid from a Unicef facility in Dubai to Poland. The cargo later traveled into Ukraine by truck. Antonov Airlines didn't respond to requests for comment.

While Antonov's teams are focused on the war effort, Russia's Volga-Dnepr has been hamstrung by sanctions and airspace bans across Europe and North America. Volga-Dnepr declined to comment.

The only other An-124 cargo operator is Abu Dhabi-based airline Maximus Air Cargo, which operates one of the aircraft.

Azerbaijan's Silk Way Airlines, meanwhile, operates two upgraded cargo models of the Russian-made Ilyushin Il-76 that is certified to fly in Europe and the U.S. Those aircraft could be used to pick up some of the slack, said Jamie Peters, director of cargo at charter company Hunt & Palmer PLC. However, those aircraft have less than half the total load volume of the Antonov rival, he added.

Write to Benjamin Katz at ben.katz@wsj.com

[War Sidelines Crucial Ukraine-Made Fleet of Cargo Megaplanes](#)

CO voldne : Volga-Dnepr | tudb : Tupolev Design Bureau | ulavcm : Aviastar-SP

IN i3640002 : Aircraft Engines | i364 : Aerospace Products/Parts | i74 : Marine Transport | iaer : Aerospace/Defense | icargo : Freight Transport/Logistics | iindstrls : Industrial Goods | iship : Water Transport/Shipping | itsp : Transportation/Logistics | i75 : Airlines | i7502 : Air Freight | iairtr : Air Transport

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RE ukrm : Ukraine | russ : Russia | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | namz : North America | uk : United Kingdom | usa : United States | ussrz : CIS Countries | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | weurz : Western Europe

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Yellen Warns Nations Staying Neutral in [Russia's War With Ukraine](#); The U.S. has cautioned China, India and others not to aid Moscow or undercut sanctions**
BY By Andrew Duehren
WC 991 words
PD 14 April 2022
ET 02:43
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

WASHINGTON—Treasury Secretary Janet Yellen said countries that maintain their ties to Russia after its [invasion of Ukraine](#) risk facing isolation from the global economy, sending a warning shot to nations that have so far remained neutral in the conflict.

As it has crafted with its allies a wide-ranging package of sanctions on Russia, the U.S. has urged [China, a close partner of Russia](#), to not provide substantive aid to Russia or take steps to undercut the sanctions. It has also sought to push countries that haven't put penalties on the Russian economy, [notably India](#), to take a tougher stance against Moscow.

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In her speech, made a week before finance officials from around the world will descend on Washington for the spring meetings of the International Monetary Fund and World Bank, Ms. Yellen said indecision about how to respond to the [war in Ukraine](#) weakens the international financial system.

"Let me now say a few words to those countries that are currently sitting on the fence, perhaps seeing an opportunity to gain by preserving their relationship with Russia and backfilling the void left by others. Such motivations are shortsighted," she said at the Atlantic Council. "And let's be clear, the unified coalition of sanctioning countries will not be indifferent to actions that undermine the sanctions we've put in place."

Ms. Yellen singled out China, saying that it could become more difficult for the U.S. and its allies to separate their economic interests in the country from national security concerns if Beijing supports Russia's invasion. China has maintained normal trade relations with Russia despite the conflict, and so far major Chinese companies and banks haven't helped Russia evade sanctions.

"The world's attitude towards China and its willingness to embrace further economic integration may well be affected by China's reaction to our call for resolute action on Russia," she said.

White House press secretary Jen Psaki declined to say if the U.S. had plans to impose secondary sanctions against countries who don't abide by the administration's restrictions against Russia, although she said there were "a range of options" on the table. She added that Ms. Yellen was speaking to the need for a more forceful international response to [Russia's invasion of Ukraine](#) and the implications of sitting on the sidelines.

"In this moment, where you have a dictator brutally invading another country targeting civilians, you have to contemplate what side of history you want to be on. And that is true for any country around the world," Ms. Psaki said.

While Ms. Yellen didn't call out any other countries by name, the Biden administration has stepped up its engagement in recent weeks with India, a key U.S. partner that has maintained a neutral stance amid the war in Ukraine.

During a virtual meeting Monday, President Biden urged Indian Prime Minister Narendra Modi on Monday not to accelerate or increase India's purchase of Russian oil, according to the White House, and both the U.S. and Russia have recently dispatched officials to India. India has longstanding defense ties to Russia and hasn't denounced the invasion of Ukraine.

"I think that, to date, there are certainly areas where we have been disappointed by both China and India's decisions in the context of the invasion in terms of their reaction overall," Brian Deese, the director of the White House National Economic Council, said last week. "Our message to the Indian government is that the costs and consequences for them of moving into a more explicit strategic alignment with Russia will be significant and long-term."

The Indian embassy in Washington didn't immediately respond to a request for comment.

A group of House lawmakers also recently pushed for the Biden administration to follow a more confrontational approach [with Saudi Arabia](#) after it has refused to cooperate with Washington over Russia's invasion of Ukraine.

Ms. Yellen said the [war in Ukraine](#) will require an overhaul of international financial agreements and institutions, with an eye toward diversifying supply chains and commodity sources. Europe's dependence on Russian oil and gas has presented an obstacle to efforts to weaken the Russian economy while still sparing Western economies from harm.

"We cannot allow countries to use their market position in key raw materials, technologies or products to have the power to disrupt our economy or exercise unwanted geopolitical leverage," she said. She added that countries should try to arrange new trade agreements that reduce the influence of non-friendly partners in a move she called "friend-shoring" to allied nations.

A central concern at next week's spring meetings will be [food shortages and price increases](#) brought on by the war between Russia and Ukraine, which are major suppliers of wheat and fertilizer. Ms. Yellen said she would convene a meeting on the issue.

The IMF, World Bank and international development banks are all in need of strengthening, Ms. Yellen said, pointing to the divergent ability of poor and rich nations to respond to the Covid-19 pandemic and the need to better marshal private capital to developing economies.

"Some may say that now is not the right time to think big. Indeed, we are in the middle of Russia's war in Ukraine, alongside the lingering fight against a global pandemic and a long list of other initiatives under way," Ms. Yellen said. "Yet, I see this as the right time to work to address the gaps in our international financial system that we are witnessing in real time."

Amara Omeokwe and Sabrina Siddiqui contributed to this article.

Write to Andrew Duehren at andrew.duehren@wsj.com

[Yellen Warns Nations Staying Neutral in Russia's War With Ukraine](#)

CO	imonf : International Monetary Fund fed : Board of Governors of the Federal Reserve System
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THE WALL STREET JOURNAL.

CLM Finance
SE Markets
HD **Russia's Oil Industry, Linchpin of Economy, Feels Sting of Ukraine War Disruptions; Storage facilities are filling up, refineries are cutting output and crude-oil wells are throttling back production**
BY By Joe Wallace and Anna Hirtenstein
WC 1,190 words
PD 14 April 2022
ET 01:55
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

Oil is backing up through [Russia's energy supply chain](#) and leading to a drop in crude-oil production, a blow to Moscow's main economic engine [as the war in Ukraine rages](#).

Refiners are trimming output and in some cases closing down because of falling demand at home and abroad. Storage space is running low in pipelines and tanks. Wells, which pump from some of the world's biggest crude reserves, are dialing down production.

TD

The losses so far are modest, and overall the industry continues [to generate massive amounts of revenue for Moscow](#). But the problems of getting crude from the ground to end users are likely to mount in the coming months, traders and analysts say.

In the latest indication of problems ahead, the International Energy Agency forecast Wednesday that starting in May, almost 3 million barrels a day in Russian production will be turned off. That would reduce output to fewer than 9 million barrels a day, a larger pullback than other analysts have predicted.

The degree to which Russian output suffers depends on Moscow's ability [to find new buyers in Asia](#). Customers in the U.S. are steering clear and many of those in Europe are seeking alternative suppliers. The IEA said there was no indication yet that China is racing to import barrels being shunned by longtime buyers of Russian oil.

A sustained drop would undermine the prime driver of Russian growth just as [sanctions](#) are set to [pitch the economy into a steep recession](#). "There is the risk you permanently lose some production potential," said Helge André Martinsen, senior oil analyst at DNB Markets.

Moscow has a lot riding on its oil-and-gas producers navigating the crisis. Revenues from Russia's oil and gas sales made up 45% of the federal budget in 2021, according to the IEA. Russia will earn \$12.1 billion from the oil it exported in March, the Institute of International Finance estimates.

Trouble struck Russia's refining industry within days of the invasion, traders say. Overseas sales shrank when [European importers sought alternative suppliers](#). The U.S. then [banned Russian oil imports in early March](#).

Unable to find enough buyers for diesel, gasoline and other such products, Russia started running out of places to put them, prompting refiners to run at a slower pace. About 1.7 million barrels a day in refinery production were offline in the week through April 8, said Richard Joswick, head of oil analytics at S&P Global Commodity Insights. That is 70% more capacity offline than typical levels of inactivity during the spring maintenance season.

Among those to shut down having exhausted storage is TAIF-NK PSC, based in Tatarstan in western Russia, traders said. The company didn't respond to requests for comment.

The chief executive of Lukoil PJSC, Russia's second-largest oil company, wrote to Deputy Prime Minister Alexander Novak in late March to say storage was brimming with oil, according to a report by Russian newspaper Kommersant. CEO Vagit Alekperov asked to redirect fuel oil to power plants to avoid shutting refiners, according to the report.

A Lukoil spokesperson didn't respond to requests for comment.

A decline in Russia's refining industry would have [big implications for the oil market](#). Before the war, Russia was the third-largest oil producer, after the U.S. and Saudi Arabia. It was the world's biggest exporter, shipping 5 million barrels of crude and a related fuel known as condensate a day, alongside 2.9 million a day of refined products, especially diesel.

Europe is particularly dependent on Russian diesel and prices there leapt after the invasion. The rise added to existing pressures on consumers and businesses, and prompted governments in the U.K., France and elsewhere to reduce sales taxes for road fuels.

The U.S. and allies have agreed to [release more than 100 million barrels from government reserves](#) to curtail the run-up in energy prices. The plan, combined with Covid-19 lockdowns in China, has quelled wild [moves in energy markets that erupted after the invasion](#). Brent, the international benchmark, traded at \$108.78 a barrel Wednesday, down 3.4% from a month earlier.

Difficulties in the refining industry are reversing through the energy industry and hurting Russia's ability to produce crude—thick, black oil that hasn't been processed into usable fuels.

The space to store oil appears to be dwindling in the state-owned Transneft PJSC pipeline network as less crude flows into refiners, traders and analysts say. Measuring how much crude is housed in the network is difficult. Many storage tanks in Russia have fixed or covered roofs, or are underground, so satellites can't calculate the oil inside them by tracking the height of the roof, Mr. Joswick said.

A Transneft spokesperson didn't respond to requests for comment.

SHARE YOUR THOUGHTS

What is your outlook on the oil market? Join the conversation below.

With fewer places for their crude to go, Russian producers are cutting back. Output of crude and condensate has fallen to 10.5 million barrels a day, said Amrita Sen, co-founder of Energy Aspects. That is down from 11.1 million barrels a day before the Feb. 24 invasion and compares with global oil demand of roughly 100 million barrels a day.

If maintained through April, current losses would take Russian crude production back to levels from July 2021—before a series of output increases by OPEC+ designed to [meet demand as it recovered from Covid-19](#), according to Lambert Energy Advisory.

It is too early to tell whether Russia's energy industry will suffer lasting damage, analysts say. There are signs the country is adapting fast to lost demand in the West, sending more shipments of crude to Turkey and India among other countries.

Oil producers in Russia have recovered from setbacks in the past.

Output almost halved between 1987 and 1996 during the disintegration of the Soviet Union, according to a book on Russian oil by Thane Gustafson. Russia returned to the top table of oil-market players when Mikhail Khodorkovsky's Yukos and Roman Abramovich's Sibneft applied Western production and management techniques in the 2000s.

Still, sliding demand from Western companies adds to a separate challenge for giants Rosneft Oil Co. and Gazprom PJSC and their smaller rivals: [Access to funding, machinery and parts](#).

Simpler components can be manufactured domestically or sourced from China. But some catalysts and sensors used in refineries are largely manufactured by U.S. and European companies, leading to concerns about not being able to access parts to keep refineries operating, said a person familiar with the Russian oil industry.

— Evan Gershkovich contributed to this article.

Write to Joe Wallace at joe.wallace@wsj.com and Anna Hirtenstein at anna.hirtenstein@wsj.com

[Russia's Oil Industry, Linchpin of Economy, Feels Sting of Ukraine War Disruptions](#)

CO inenag : International Energy Agency

IN ifosfl : Fossil Fuels | i1300003 : Crude Petroleum Extraction | i1 : Energy | i13 : Crude Oil/Natural Gas Upstream Operations | iextra : Natural Gas/Oil Extraction

NS c21 : Output/Production | ccat : Corporate/Industrial News | ciprof : Industry Profile | cpsrdi : Product/Service Disruptions | m14 : Commodity Markets | ncolu : Columns | cexpro : Products/Services | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter

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THE WALL STREET JOURNAL.

CLM Letters
SE Opinion
HD **When the World Stood By: Hungary, 1956; Nobody should be surprised at the U.N.'s failure to act decisively in the face of Russian aggression in [Ukraine](#).**
WC 206 words
PD 13 April 2022
ET 22:29
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SC WSJO
LA English
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LP

Nobody should be surprised at the U.N.'s failure to act decisively in the face of Russian aggression ("[When Russia Loses the U.N. . . .](#)," Review & Outlook, April 8). On Nov. 4, 1956, after the Russian invasion of Hungary, Anna Kéthly, Hungarian delegate to the U.N., flew to New York to appeal to the General Assembly for assistance. Our father, journalist Arnold Beichman, worked in New York with Kéthly and her colleagues to draft these appeals.

TD

That Thanksgiving, invited by my family for dinner, she and her colleagues, at my father's well-meaning request, stood around our dining-room table singing the Hungarian anthem. Midway through, tears overtook them and they could not go on. Their country's dream of a democratic future was being crushed by Soviet tanks, and the world was standing by, doing nothing. This was a powerful early memory and remains a stark lesson in the weakness of the international community in the face of naked aggression.

Charles and Janine Beichman

Pasadena, Calif., and Tsukuba, Japan

[When the World Stood By: Hungary, 1956](#)

CO utdnat : United Nations

NS gpir : Politics/International Relations | nedc : Commentaries/Opinions | nlet : Letters | gcat : Political/General News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpx : C&E Executive News Filter | niwe : IWE Filter | nrgn : Routine General News

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IPD Opinion |

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HD Business News: Crunch of Steel Component Lifts Prices --- U.S. steelmakers seek alternative to pig iron as shipments from **Russia, Ukraine halt**

BY By Bob Tita

WC 898 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG B5

LA English

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CX

Corrections & Amplifications

United States Steel Corp. intends to add a machine for producing pig iron at its Gary, Ind., mill. A Business News article on Wednesday about pig-iron prices incorrectly said U.S. Steel intends to devote one of its Gary blast furnaces to producing pig iron.

(WSJ April 14, 2022)

(END)

LP

Pig-iron prices are surging, helping reverse a recent decline in the U.S. steel market.

Pig iron, a raw form of the metal used in the production of steel, has grown scarce following Russia's invasion of Ukraine, industry executives said. Two-thirds of the 6 million metric tons of pig iron imported by the U.S. last year came from those two countries, according to the U.S. Census Bureau, but the fighting brought Ukrainian shipments to a halt and importers stopped ordering from Russia, steel executives said.

TD

The crunch has steelmakers seeking out new suppliers in Brazil, India and elsewhere, in the midst of tightening U.S. supplies of scrap steel. Meanwhile, prices for pig iron have nearly doubled. "There is really a concern about the availability of materials," said Parth Jindal, director of the JSW USA unit of India's JSW Steel Ltd. "The lack of pig iron and the lack of scrap in the U.S. has really pushed up prices."

Pig iron is mixed with scrap in electric furnaces and melted into new steel. About 70% of steel produced in the U.S. is made in electric furnaces, making the U.S. particularly reliant on scrap steel and pig iron. U.S. pig-iron imports last year were 20% higher than in 2019.

Russia and Ukraine are the world's largest sellers of pig iron, and in most years, the U.S. steel industry is the world's biggest buyer. Since January, the U.S. pig iron price increased 74% to \$940 a metric ton, according to S&P Global Commodity Insights.

To offset more expensive pig iron, steelmakers said they are relying more on scrap steel from manufacturing waste, shredded cars and other debris. That demand drove the price of high-quality scrap 51% higher since February, and set off a new price increases for finished steel, reversing months of declines. The spot-market price for the industry benchmark hot-rolled coiled sheet steel is up 48% since the beginning of March to \$1,480 a ton, according to S&P Global price surveys.

"The rise in steel prices is related directly to the Russia and Ukraine war," said Philipp Englin, chief executive of World Steel Dynamics, a market consulting firm in New Jersey.

Steelmakers in Ukraine said Tuesday they are slowly restarting production at some steel mills, and ArcelorMittal SA said it will resume production of pig iron at about 20% of normal

levels. Metal traders, though, warned the Ukrainian mills are likely to have difficulty exporting what they produce.

Indiana-based steelmaker Steel Dynamics Inc. in late February was tracking what would be its last shipload of pig iron from Russia when the country invaded Ukraine. That shipment arrived March 3, but the company's contract for additional shipments from Russia was canceled because of the war, said Chief Executive Mark Millett.

Mr. Millett said Steel Dynamics switched its pig-iron purchases to Brazil, and it was able to reduce its overall usage of the commodity by improving its scrap-processing operations. By doing a more thorough job of removing copper, stainless steel and other metal that contaminates steel scrap, he said, Steel Dynamics can upgrade lower-quality scrap.

Pig iron accounts for about 10% to 20% of the raw material used to make steel in an electric furnace. Mr. Millett said Steel Dynamics' pig-iron usage dropped to the lower end of that range by improving the processing of its scrap.

Most pig iron is produced in blast furnaces that are heated with coking coal, a type of processed coal that burns hotter and more efficiently than regular coal. Pig iron's unusual name dates to the earliest days of steel mills, when liquid iron was poured into troughs and molds dug into the dirt floors of mills. The configurations resembled a sow with suckling piglets, and the name "pig iron" stuck.

JSW's Mingo Junction, Ohio, mill gets its pig iron from its parent company in India. Mr. Jindal said JSW typically hasn't sold pig iron outside of India, but the global shortages are changing that. The steelmaker's operations in India can produce about 1 million metric tons a year of surplus pig iron for the export market, he said, and JSW recently sold a couple of shiploads of pig iron for United States Steel Corp.'s, Big River Steel mill in Arkansas.

American steel companies using blast furnaces typically use their molten iron to make finished steel, rather than sell pig iron to competitors. U.S. Steel recently said it intends to devote one of the blast furnaces at its Gary, Ind., mill to produce pig iron for its Big River mill. U.S. Steel plans to double the annual steel production capacity at that mill to 6.3 million tons in 2024.

The build-out will likely keep prices for pig iron and scrap elevated for U.S. steelmakers, industry executives said.

"They need the material," said Mark Kaplan, president of Consolidated Mill Supply Inc., an Illinois distributor of pig iron. "But companies either can't afford it or they can't find it."

Yusuf Khan contributed to this article.



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CO jndlbo : JSW Steel Limited | usxmar : United States Steel Corporation | jindal : O.P. Jindal Group of Companies | jswgrp : JSW Group

IN i22 : Primary Metals | i221 : Ferrous Metals | isteel : Steel Production | ibasicm : Basic Materials/Resources

NS msteel : Steel Markets | m142 : Metals Markets | c314 : Pricing | mirono : Iron Ore Markets | ncor : Corrections | ncrx : Corrected Items | neqac : Equities Asset Class News | nimage : Images | c31 : Marketing | ccat : Corporate/Industrial News | m14 : Commodity Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter

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WSJ Podcasts

CLM WSJ Podcast The Journal

HD **Russia's Central Banker Dismantles What She Built**

WC 2,510 words

PD 14 April 2022

ET 02:06

SN WSJ Podcasts

SC WSJPOD

LA English

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LP

Elvira Nabiullina, governor of the Russian Central Bank, has spent decades working to integrate Russia into the global economy. But Russia's invasion of Ukraine, and the sanctions it triggered, have pushed Russia's economy into crisis. WSJ's Alexander Osipovich explains how Nabiullina's strategies to stabilize Russia's economy undermine many policies she once championed.

[Click here to listen to the podcast](#)

TD

Kate Linebaugh: After the invasion of Ukraine, the Russian economy is facing its worst economic crisis in decades.

Speaker 2: More financial trouble for Russia today. The credit rating agency S&P Global says Russia effectively defaulted on its foreign debt.

Speaker 3: The World Bank expects Russia's GDP to decline by 11% this year, really significant economic pain there.

Speaker 4: It's economy facing a potential depression. It's already in recession. Standards of living for Russian citizens rapidly declining.

Kate Linebaugh: And there is one person who's central to navigating the economic turmoil. Her name is Elvira Nabiullina, Governor of Russia's Central Bank.

Alexander Osipovich: Elvira Nabiullina is one of the main liberal market technocrats in Putin's government. Going back 20 years, she has been part of Putin's government working as an economic advisor, as the economics minister, and other roles.

Kate Linebaugh: That's our colleague, Alexander Osipovich. He says Nabiullina has spent most of her career working to integrate Russia into the global economy. But now, to deal with the current crisis, she's having to dismantle much of her past work.

Alexander Osipovich: All of a sudden, she was throwing up these barriers that blocked off Russia from the world and adopted more of a command-and-control approach. It was a complete 180.

Kate Linebaugh: Welcome to The Journal, our show about money, business and power. I'm Kate Linebaugh. It's Wednesday, April 13th. Coming up on the show, the woman steering the Russian economy through the turmoil caused by war.

Elvira Nabiullina grew up in a working-class family in Russia's Ural Mountains. She was a good student and her studies took her to Moscow.

Alexander Osipovich: She went to Moscow State University, which is sort of like the Harvard of Russia. And at the time, since it was still the Soviet period in the 1980s, the economics department where she studied was basically all about Marxism and Leninism.

Kate Linebaugh: People who knew her at the time say she could recite Marx's works by heart. But as the times changed, so did she. After the fall of the Soviet Union, Nabiullina became interested in free market

theories. She rose through the ranks of government, rising to become economy minister. There, she helped usher in reforms that liberalized and privatized the Russian economy, including helping negotiate Russia's entrance into the World Trade Organization a decade ago.

Speaker 6: The World Trade Organization has formally approved Russia's membership after 18 years of wrangling.

Kate Linebaugh: This move opened the country up to commerce with the rest of the world.

Speaker 6: Russia's Economy Minister Elvira Nabiullina said, "For us, the end of these negotiations is not the finish, but the start."

Kate Linebaugh: In 2013, she got a new job as head of Russia's Central Bank. And Alexander says she brought that same free market mindset to monetary policy.

Alexander Osipovich: One big reform that she did was she oversaw the transition of the ruble, the Russian currency, to be fully free floating. She did that in 2014. And that basically means that the value of the ruble versus other currencies, like the dollar or the Euro, is set by the market.

Kate Linebaugh: Up until that point, the central bank tried to manage the ruble's exchange rate. The government wanted to keep the ruble strong and stable as a way of projecting Russian power. But this meant that if the ruble started to fall, the central bank would have to step in and start buying rubles to maintain its value.

Alexander Osipovich: The central bank had to defend it periodically and spend money from its own reserves in order to prop up the ruble if it fell too much. And this got to be kind of expensive. And she sort of allowed reality to come through and allowed the ruble to float freely.

Kate Linebaugh: Was it controversial at the time that she was making the ruble a free-floating currency?

Alexander Osipovich: It was controversial because there was a certain amount of national pride in the ruble. So it was somewhat controversial, but it kind of had to be done because at that point in 2014 the central bank had spent a lot of its reserves on supporting the ruble and it sort of had to give up.

Kate Linebaugh: The reforms that Nabiullina brought to the central bank won her accolades from foreign investors and international policymakers.

Alexander Osipovich: She was frequently seen at Western conferences, meetings of the G20, meetings of the Bank for International Settlements in Basel, Switzerland, which is sort of like a central bank for central banks. She even gave this honorary lecture at the International Monetary Fund at Washington, DC in 2018, where she was applauded by many people working at the IMF and other international organizations.

Elvira Nabiullina: Over the last 25 years, we have experimented with a number of different monetary and exchange rate policy regimes in order to stabilize inflation.

Alexander Osipovich: She also significantly improved the sort of communications operation of the Russian Central Bank. Economists in Russia and the West and elsewhere have said that the quality of the sort of reports and analysis that the Russian Central Bank put out got very good.

Kate Linebaugh: Back at home, Nabiullina worked to stabilize the Russian economy, and she faced an early test when Russia annexed Crimea.

Alexander Osipovich: One of the hallmarks of her time at the head of the central bank is that she's been very diligent about fighting inflation. She had to contend with a large spike in inflation not long after she started because of the sanctions imposed on Russia in 2014 as a result of the annexation of Crimea, for various reasons that ended up causing a spike in the Russian inflation rate. And she put up interest rates quite high in order to push those down, and thus is known in general central banker speak as a hawk on inflation.

Kate Linebaugh: And Nabiullina stood apart from other central bankers by wearing her policy positions on her sleeve. She was known for wearing colorful dresses, and she had another tell to send signals to the market.

Alexander Osipovich: One of the interesting things about her career as a central banker is that she wears these broaches at press conferences and there are different designs. She did this for a while, and then somebody asked about it in an interview. And she just basically said is that this is another way of communicating with people. So for instance, in March 2021, the central bank hiked interest rates and

she wore a hawk broach. And that was a sign that she was going to be an inflation hawk, as they say in central bank speak.

Kate Linebaugh: How much independence did she have in setting policy?

Alexander Osipovich: That's sort of the million-dollar question. For many years, she had a reputation for being independent because she would do things like keeping interest rates high to fight inflation. And that's generally something that sort of a more populous government doesn't like because it tends to slow down growth. However, it seemed that for many years her interests were aligned with Putin's. And Putin wanted a stable ruble. He wanted to keep a lid on inflation. And she was a good person for doing that. I think what we've seen since the war in Ukraine began is that she's independent up until a point. If the government, if Putin tells her to follow a certain course of action because that's the way things are, she will do it.

Kate Linebaugh: What that course of action was, that's after the break.

After Russia invaded Ukraine, people raced to get their money out of rubles and out of the country. Overnight, Nabiullina had a crisis on her hands. The ruble was collapsing. There was panic selling of Russian stocks and a possible run on Russian banks. So Nabiullina seized the reins. Here she is a few days after the invasion.

Elvira Nabiullina: [Russian 00:09:14].

Kate Linebaugh: She said, "Today, Russia's financial system and economy are facing a totally abnormal situation." She was dressed in all black and wasn't wearing one of her signature broaches. And do you make anything of that fact?

Alexander Osipovich: I would say since Nabiullina herself has referred to her habit of wearing broaches and talked about it as a way of communicating to the market, I think you can read something into what she's wearing. And I don't want to go too far down the road of saying what a prominent female government official is saying through her attire, but it does seem pretty dark and bleak.

Kate Linebaugh: Nabiullina implemented a series of emergency measures to save the Russian economy. She capped the amount of money people could take out of their bank accounts, she forced exporters to buy rubles with the foreign currency they made from international sales, and she raised interest rates to 20%.

Alexander Osipovich: She hiked up interest rates very high, which is sort of an emergency measure to prevent devaluation of the ruble, because essentially people were pulling the rubles out of their bank accounts and turning them into dollars, and raising interest rates encouraged people to leave their money in the banks where they could collect more interest.

Kate Linebaugh: Nabiullina also shut down the Moscow Stock Exchange for nearly a month. All these measures worked.

Alexander Osipovich: Nabiullina has stopped the bleeding. The ruble has largely recovered, and it is where it was at just before the war started. That said, that has a pretty big asterisk on it, which is that you can't do a lot of stuff with the ruble. You can't use it to do foreign trade in the way that you did before. You have an asset that's kind of stranded inside of Russia. So the fact that the ruble's exchange rate is back to where it was before is a little bit artificial. But nonetheless, it probably has been good for nurturing a sense of stability. I would also say that the initial sense of panic has subsided.

Kate Linebaugh: But in responding to this crisis, she has had to kind of undermine the policies that she has spent years building. Has she said anything about this?

Alexander Osipovich: I did reach out for an interview with Nabiullina. I was told that her schedule is very busy right now and they did not have time to have me sit down with her. I have spoken to a lot of different economists, people who are both inside Russia and out of it, people who have known Nabiullina over the years, and tried to assemble this portrait of her. Of course, the biggest thing is when you can't get a direct interview is you don't really know what people think and what's driving them. And one of the questions that I have that I tried to address, but I don't think I could fully address was what does she think about the war? What is her take on the invasion, all these awful things that are happening? Does she see herself as abetting it? Does she see her own role in it? I can ask these questions. I can speculate about it, but I don't really know.

I do think that a lot of people who are from her, sort of her set, her educated kind of Moscow background, economists, academics, people like that, many of them are horrified by the war and very

much against it. Those who have gotten out of Russia are open about this. Those who have stayed in Russia generally have kept quiet about it because if you speak up about it nowadays you'll get arrested,

Kate Linebaugh: Is there a sense that she could speak out about the war?

Alexander Osipovich: There were a lot of rumors shortly after the war started that she wanted to leave and had submitted her resignation. We were able to confirm that she had tried to resign, but under not fully clear circumstances it seems to have been denied.

Kate Linebaugh: Has she said anything about trying to resign?

Alexander Osipovich: She hasn't commented on any of these things. She hasn't taken questions from reporters since the war started. And I should also note that the central bank denied that she tried to resign. So something clearly happened there. It's a bit murky exactly how that played out.

Kate Linebaugh: But it's clear that Putin would like to see Nabiullina continue in her post. Last month, he nominated her for a third term as central bank governor.

Alexander Osipovich: Clearly, Putin wants to have her around. He seems to believe that she is an effective crisis fighter. She's good at keeping down inflation. She is a good manager of the economy. And he wants to have her around for longer. I think that basically if she were to leave and some new unknown person were to come into place, that could be another cause of Russian economic instability, which is probably the last thing that Putin wants right now.

Kate Linebaugh: What tools does she have to work with given that this economic crisis is caused by factors related to the war, like sanctions?

Alexander Osipovich: Her tools are limited. There are only so many things that the central bank can do in a situation like this. Russia is facing very big problems, and it will be beyond her power to fix them. But she is definitely going to be part of the team of people trying to fix them.

Kate Linebaugh: And where does this leave Nabiullina?

Alexander Osipovich: I think that she has sort of cast her lot with Putin for now. She will be there for the foreseeable future, and she has her work cut out for her because Russia's facing an economic crisis. She is going to be a big part of the efforts to deal with that, but it's going to be tough.

Kate Linebaugh: That's all for today, Wednesday, April 13th. The Journal is a co-production of Gimlet and The Wall Street Journal. Additional reporting in this episode from Tom Fairless. Thanks for listening. See you tomorrow.

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THE WALL STREET JOURNAL.

CLM Commentary (U.S.)
SE Opinion
HD **Dissent on Ukraine Emerges in the Heart of Europe; Deep suspicion of hegemonic media narratives has earned Vladimir Putin some sympathy in the Czech Republic, Hungary and Slovakia.**
BY By William Nattress
WC 866 words
PD 14 April 2022
ET 04:09
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

Prague

Russia's invasion of Ukraine has hit a deep nerve in ex-communist states, which are already taking in the majority of Ukrainian refugees and which would be affected first by any escalation of the conflict.

TD

Yet major differences are emerging between Poland and the Baltic States in the north and the Czech Republic, Slovakia and Hungary in the south. While support for the West is stronger than ever in the former group, pro-Kremlin narratives are swaying the latter. As the European Parliament prepares for an embargo on Russian energy, sympathy for Vladimir Putin could hinder future sanctions packages.

Slovakia borders Ukraine and recently welcomed the placement of troops from the North Atlantic Treaty Organization on its border to counter the Russian threat. Yet the country is also home to powerful pro-Kremlin sentiment. When an editor at one of the country's leading newspapers looked at the 10 most popular Facebook posts from Slovak sources about the Ukraine war, he found that only two were from reliable sources.

An example from one popular Slovak political group describes the Ukrainian war effort as "deliberately planned murder of the population and incitement of violence to enrich and maintain power." Such groups host panel discussions with topics such as "Why do they want to kill Russian children and people?" and "Why are we so easily manipulated?"

A survey by the Slovak Academy of Sciences shows more than 30% of Slovaks believe the war in Ukraine was provoked by the West. Twenty-eight percent believe that Russia is trying to de-Nazify Ukraine, while 27% believe Ukraine committed genocide against Russian minorities in the east.

How can such narratives gain traction in a country where Russian occupation is still a living memory? The answer is a thriving alternative online news scene, based largely on social-media platforms such as Facebook, which is a particularly popular information source among Slovakia's rural population. Disillusioned by what they see as a liberal Western agenda pushed by the mainstream press, many get their news from a maelstrom of unverified online information and vent their cynicism on social media about narratives that they believe Ukraine is pushing.

In the Czech Republic and Hungary, public opinion about the war has been affected by a deep suspicion of hegemonic media narratives, likely ingrained by 20th-century communist experiences. Outside major cities, perceptions of Ukraine's struggle are often ambivalent at best. And while Eastern Europe's response to the refugee crisis is portrayed internationally as an unalloyed outpouring of compassion, the reality is more complicated.

In rural areas of the Czech Republic, a mention of Ukrainian refugees provokes grimaces. An opinion poll recently found that only a quarter of Czechs are happy with the state providing Ukrainian refugees with temporary benefits and helping them find accommodation. More than 60% believe help should be

provided only for a few months. A separate study found that two-thirds of Czechs believe there should be a cap on the number of refugees admitted from Ukraine.

Most people in the region think the West has already done enough to support Ukraine's war effort, with 84% of Slovaks saying Ukraine is sufficiently supported, according to a March Gallup poll. Earlier this month, recently re-elected Hungarian Prime Minister Viktor Orbán played expertly on similar sentiments to win a two-thirds parliamentary majority. Mr. Orbán told voters before the election that "the left wants to push Hungary into the war. If somebody says that Ukraine is fighting our war, that means we must achieve victory by any means. We should send soldiers as well as send and transport weapons."

It's no surprise that Hungary and Slovakia threaten to splinter Western unity on the crucial topic of Europe's energy dependence on Russia. Hungary said it would be happy to pay rubles for gas as demanded by Mr. Putin. European Commission President Ursula von der Leyen promptly warned him that doing so would be a breach of sanctions.

Slovak Economy Minister Richard Sulík suggested that his country would also be content with a rubles-for-gas scheme, because "the gas must not stop." Prime Minister Eduard Heger scrambled to disown the statement, showing the divisions in Slovak society. Mr. Heger has since accused his rivals of "acting like Russian agents" by criticizing his move to send a S-300 air defense system to Ukraine. In the Czech Republic, opposition politicians have used the refugee crisis as a political weapon, accusing the government of putting refugees before Czechs.

Politicians and the public are united over Ukraine elsewhere, but divisions are widening in the heart of Europe. These countries are strongly affected by the refugee crisis and are vulnerable to the negative effects of Western sanctions. It's vital that the West keeps them in the fold, but the spread of pro-Kremlin narratives makes this an increasingly difficult task.

Mr. Natrass is a British journalist and commentator based in Prague.

[Dissent on Ukraine Emerges in the Heart of Europe](#)

IN imed : Media/Entertainment

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IPD Opinion |

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SE Letters to the Editor

HD **Did Obama Forget What He Said to Romney on Russia?**

WC 71 words

PD 13 April 2022

SN The Wall Street Journal

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LA English

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LP

Your editorial "Barack Obama Rewrites History" (April 9) reminds me of the grace Madeleine Albright demonstrated by apologizing to Mitt Romney. She had criticized him for declaring Russia to be our biggest foreign foe. Can we expect the same from former President Obama?

Richard Eastwick

TD

Cherry Hill, N.J.

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IPC NND

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SE Daily
HD **Russia's** Censorship Isn't Just Technical. It's Physical, Too.
BY By Justin Sherman
WC 910 words
PD 13 April 2022
ET 13:30
SN Barron's Online
SC BON
LA English
CY Copyright 2022 Dow Jones & Company, Inc. All Rights Reserved.
LP

About the author: [Justin Sherman](#) is a fellow at the Atlantic Council's Cyber Statecraft Initiative and an independent cybersecurity, technology policy, and geopolitical risk consultant.

Amid the Russian government's illegal [war](#) on Ukraine and unprecedented Big Tech action against Russia, Vladimir Putin's government is cracking down on the internet more than ever before. Yet most of the discussion has focused on the technical measures Russia is using to block access to accurate information, ignoring a more insidious and violent element of the Russian playbook: going after tech company employees.

TD

Western media commentary often discusses internet censorship in purely technological terms. In large part, this is attributable to the prominence and sophistication of China's internet control model and its notorious Great Firewall. Internet control, however, is not just about blocking content and filtering access to websites. Russia's [internet control model](#) relies heavily on traditional, physical coercion, from intelligence service harassment to complex, confusing, and inconsistently enforced speech laws. To [quote](#) Russian-American journalist Masha Gessen, you can't talk about Moscow's shaping and suppression of information without discussing the "economy of terror."

The Kremlin's use of physical coercion was on stark display last September. Ahead of nationwide Russian elections, Russia's internet censor [demanded](#) that Google and Apple delete an app made by opposition leader Alexey Navalny. Both companies—who had new, local offices per a recent law—initially refused. So, the Kremlin went after their employees.

The Russian parliament summoned company representatives to demand they delete the app and threaten punishment if they failed to comply—calling them keeping the app up "election interference," according to Russian news sites [Meduza](#) and the [Moscow Times](#). Bailiff officers [visited](#) company offices to demand compliance, the Financial Times reported, and the Kremlin sent masked, armed thugs to hang around Google's Moscow office. It was also recently [revealed in the Washington Post](#) that agents believed to be from the FSB, the successor security service to the Soviet-era KGB, showed up at the home of Google's top executive in Russia and told her she would be imprisoned in 24 hours if nothing was done. After her security team moved her to a hotel, the agents followed the person there to repeat the warning. Sure enough, both companies deleted the app. The U.S. government made no comment on the blatant pressure tactics. Apple and Google did not directly respond to the Washington Post or Financial Times about their findings.

Now, the Russian government is ramping up its war on foreign internet companies—classifying Facebook and Instagram as "[extremist](#)" organizations and calling YouTube a tool of Western "[information warfare](#)" against Russia. Moscow has long used force against domestic enterprises as well. In 2013, the Russian government [raided](#) the offices of "Russian Facebook" VK (then VKontakte) as part of an infamous campaign to [pressure](#) and oust CEO and co-founder Pavel Durov. The Kremlin has arrested [media figures](#) and [citizens](#) protesting the war, and Russian tech firms getting censorship demands on the war likewise know their employees face physical harm.

In the coming weeks, Putin is likely to amplify this crackdown, and companies' employees in Russia, Belarus, Ukraine, and even other parts of Eastern Europe may be at risk. The same goes for contractors,

contributors, developers, and others associated with the companies. For example, there are websites like Wikipedia that rely on volunteer moderators or contributors who are not employees per se but may be targeted by the Kremlin for their activities. These firms, many of which likely spend much of their resources on online content moderation and cybersecurity, must now account for physical targeting risks in their decision-making.

The Belarusian government, which has offered support to Russia throughout its invasion of Ukraine and has been [sanctioned](#) as a result, recently arrested one of Wikipedia's top Russian editors, according to local media. The offense, as described in [the Verge](#), was contributing edits that reflect badly on Vladimir Putin—or, as the Lukashenko regime in Belarus put it, "distributing fake anti-Russia information." The editor, Mark Bernstein, had his personal information shared on the organized crime directorate's Telegram channel prior to the arrest.

All of this matters as the Putin regime continues waging war on and [committing](#) what the Biden administration has called war crimes in Ukraine—including apparently [massacring](#) hundreds of civilians in Bucha—and works to spread lies to the world and to its domestic populace about that reality. Where foreign companies resist the Kremlin's demands and restrict its state and proxy media, the Russian government may target their personnel. Similarly, domestic companies and their employees are under increased threat as the Putin regime clamps down even harder on Russian citizens. The emphasis on force as a means of coercion could very well turn into force as a means of punishment, too.

Unlike Beijing, whose censorship model is much more technical, the Russian government regularly weaponizes traditional, physical coercion to shape online speech and get access to data. Moscow will only continue bringing this fight to companies' and individuals' doorsteps.

Guest commentaries like this one are written by authors outside the Barron's and MarketWatch newsroom. They reflect the perspective and opinions of the authors. Submit commentary proposals and other feedback to ideas@barrons.com.

[Russia's Censorship Isn't Just Technical. It's Physical, Too.](#)

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IPD Commentary

IPC FTM.YY

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HD Stop Buying Uranium From **Russia**

BY By John Barrasso

WC 567 words

PD 13 April 2022

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LP

In 2018 I asked on these pages, "Why is the U.S. relying on adversaries to supply it with uranium?" Since then, a large U.S. supplier -- Russia -- has gone from adversary to aggressor to having its leaders accused of war crimes.

Vladimir Putin's Ukraine invasion exposed the foolishness of relying on despotic regimes for resources, particularly energy. Under pressure from Congress, President Biden belatedly banned Russian oil, natural-gas and coal imports. But he continues to ignore the fuel powering 20% of U.S. electricity generation -- uranium. More than 90% of the uranium that fuels U.S. power plants is imported, and Russia is the third-largest supplier. In 2021 Russian imports cost almost \$1 billion, money that helped underwrite Mr. Putin's war machine.

TD

The U.S. is a global leader in commercial nuclear-reactor technologies. Why are we a laggard when it comes to fueling them?

A robust domestic nuclear-fuel supply chain would make the U.S. more energy secure. We can tap large uranium reserves in my home state, Wyoming, and elsewhere. Russia's state-owned nuclear-energy corporation, Rosatom, however, has flooded the market with subsidized fuel since 1991, the U.S. government says. That has driven America's only uranium conversion facility to shut down and its only enrichment facility to reduce output.

Mr. Putin has a personal interest in the success of Rosatom, a company he founded in 2007. Rosatom is a global full-service nuclear company. It builds and fuels reactors and removes spent fuel. It is an important source of Russian revenue. Rosatom has become a significant lever of Russian foreign policy. Mr. Putin personally pitched Rosatom's services to India, Egypt and Turkey. The company also has a \$10 billion contract to expand Iran's Bushehr plant. Worryingly, Mr. Biden seems so eager for an Iran nuclear deal that he appears willing to waive sanctions on both countries so this contract can proceed.

The U.S. cannot develop a commercial capability to compete against Rosatom while we depend on foreign uranium. In 2020 Congress capped Russian uranium imports. Now we need to end them.

We must also establish a strategic uranium reserve to spur domestic production. Congress appropriated \$75 million to the Energy Department to establish one in 2020, yet the department hasn't purchased a single ounce of U.S. uranium.

Complementing efforts to produce more ore, we need an enrichment capability to produce high-assay, low-enriched uranium, or HALEU, for advanced reactors like TerraPower's Natrium being built in Wyoming.

Today, only Rosatom and the Energy Department are capable of producing HALEU. It's bad enough that we rely on Russian fuel for existing reactors. The same dependence for advanced reactors is unacceptable. The department should form partnerships with the private sector to establish a commercial HALEU-enrichment capability and in the meantime make its stockpile of enriched uranium available.

Europe has been rightly criticized for getting hooked on Russian energy. Now America must free itself from Russian uranium. I have introduced legislation to do this. Our nuclear supply chain should begin with American-mined uranium and end with American fuel. It is time to put Mr. Putin's nuclear cash cow out to pasture.

Mr. Barrasso, a Republican, is a U.S. senator from Wyoming.

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IPC IGV

PUB Dow Jones & Company, Inc.

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HD The Ukraine Crisis: Discontent Tests Europe's Governments

BY By Paul Hannon and Eric Sylvers

WC 775 words

PD 13 April 2022

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SC J

PG A7

LA English

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LP

Surging food and fuel prices following Russia's invasion of Ukraine are stoking discontent across Europe, testing Western democracies' political resilience.

The first round of France's presidential election on Sunday saw right-wing populist Marine Le Pen get 22.9% of the vote on the back of a campaign focused on voters' dwindling purchasing power. Her far-left rival, Jean-Luc Melenchon, whose campaign focused on prices, wages and welfare benefits, wasn't far behind, with 22%.

TD

From France to Spain, Germany and Greece, a combination of near-stagnant wages and rising prices is sparking protests and piling pressure on governments weakened by unpopular Covid-19 restrictions.

The darkening mood raises questions about how much European voters are willing to tolerate the economic costs of what looks likely to become a protracted confrontation with Russia.

Russia accounts for around 40% of the European Union's imports of natural gas, a key source of energy for the bloc. It also supplies around a quarter of the bloc's oil imports. While supplies of both have continued to flow from Russia, their prices have risen sharply.

Eurozone energy prices rose 12.5% in March from February and were 44.7% higher than a year earlier, according to the EU's statistics agency. Food prices are also rising rapidly, up 0.9% in March and 5% from a year earlier, partly driven by concerns about a shortage of wheat and vegetable oil, which Russia and Ukraine produce in large quantities.

Some 79% of roughly 4,000 people polled across France, Germany, Italy and Poland supported economic sanctions against Russia, according to an Ifop survey from early March, while 67% supported supplying military equipment to Ukraine.

However, worries about the cost of living are rising. A separate survey by YouGov published in March found 82% of Germans expect their household bills to increase over the coming 12 months, alongside 79% of Italians and 78% of Spaniards.

This economic uncertainty is providing an opportunity for populist parties that remain in the opposition across most of Europe to refocus their public message away from traditional anti-immigration, anti-Islam and law-and-order positions.

In France, Ms. Le Pen's campaign focused on the economic sting of rising inflation.

By contrast, President Emmanuel Macron's advisers said the leader was too busy taking calls with President Biden and his Russian counterpart, Vladimir Putin, about the war in Ukraine to campaign in earnest or debate with his rivals.

Some right-wing populist leaders elsewhere in Europe have echoed Ms. Le Pen's approach. Matteo Salvini, leader of Italy's anti-immigrant League party, has avoided speaking about the war, focusing instead on taxes and the economy.

Morena Colombi, who works at a cosmetics company near Milan, said her most recent two-month heating bill was 1,250 euros, equivalent to around \$1,361. That compared with 450 euros for the same period last year.

"I'm anxious all the time now because I see prices going up every day," said Ms. Colombi, 61. "Prices go up and the salary is what it is."

Energy and food price rises hit the poor hardest, because such essentials account for a larger share of their budgets. In Europe, wages haven't kept pace with inflation, making Europeans poorer in real terms and threatening the region's post-Covid-19 economic recovery.

In the final three months of 2021, hourly wages were 1.5% higher than a year earlier, while the average rate of inflation was 4.7% -- a fall in real wages of 3.1%.

A YouGov poll of German consumers released April 3 showed 15.2% of respondents said they could no longer afford basic necessities and 53.4% were concerned about rising prices, up 10 points in three months.

Last week, Greece's two largest labor unions held a nationwide strike to protest rising prices and call for an increase in the minimum wage. The Greek government has spent more than 3 billion euros on offsetting the effects of inflation, for instance, by offering subsidies for power and gas bills.

Esther Lynch, deputy secretary-general of the European Trade Union Confederation, which represents 45 million workers, says the level of inflation, not seen since the 1980s, is pushing demands for higher wages.

However, employers are less likely to agree while they also face higher energy costs, weaker demand and, in some cases, fresh disruptions to their supply chains as a result of the war.

Noemie Bisserbe contributed to this article.

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IPC IGV

PUB Dow Jones & Company, Inc.

AN Document J000000020220413ei4d00026

HD Business News: Sanctions Hurt Boeing Jet Orders --- The aerospace giant says actions targeting Russia will cut about 2% of its sales log

BY By Andrew Tangel

WC 363 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG B3

LA English

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LP

Boeing Co. said its long-term orders for new commercial jets are expected to shrink because of sanctions targeting Russia after the country's invasion of Ukraine.

The American aerospace giant has orders for more than 4,200 commercial jets waiting to be fulfilled.

TD

But the company said Tuesday U.S. sanctions targeting Russia led it to determine it won't be able to deliver some of those jets to airlines or other customers in the country.

Boeing said it could no longer count about 90 of its outstanding orders for commercial jets as firm purchase agreements, or about 2% of its overall backlog, under accounting rules. In all, Boeing counted 141 net orders as no longer firm in March.

European plane maker Airbus SE last week said it had canceled two orders for its A350 wide-body jets for Russia's flagship carrier Aeroflot as a result of sanctions.

Airbus, which uses different accounting standards to Boeing, still has 13 outstanding orders for the aircraft from Aeroflot on its books.

Boeing, for its part, has suspended its deep ties with a major Russian titanium supplier, with which the plane maker had launched a joint venture to develop key airplane parts. Boeing also has halted selling spare parts and maintenance services to Russian airlines that operate its jets.

The U.S. and European countries have closed their airspace to Russian aircraft, while Russian carriers have avoided operating foreign-leased aircraft outside of its borders to prevent lessors seizing the assets.

Lessors have scrapped rental agreements with Russian airlines for hundreds of aircraft in the wake of newly imposed Western sanctions.

Boeing said it booked a total of 38 net new orders for new commercial jets in March, many of them 737 MAX narrow-body jets.

The plane maker said it delivered 41 jets last month. Deliveries included 34 MAX jets as well as a mix of freighters and military variants of its commercial jets.

Benjamin Katz contributed to this article.

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CO boeing : The Boeing Company

IN i3640007 : Aircraft Cabin Equipment | i364 : Aerospace Products/Parts | iindstrls : Industrial Goods | iaer : Aerospace/Defense | i3640010 : Civil Aircraft

NS gesanc : International Sanctions | c1513 : Sales Figures | gtrade : Trade Barriers/Restrictions | neqac : Equities Asset Class News | c15 : Financial Performance | c151 : Earnings | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gdip : International Relations | gpir : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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IPC ABO

PUB Dow Jones & Company, Inc.

AN Document J000000020220413ei4d0001u

HD **Ukraine** Hunts for Proof To Prosecute War Crimes

BY By Brett Forrest

WC 986 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG A1

LA English

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LP

BUCHA, Ukraine -- Searching for evidence in the killings of hundreds of people by Russian troops here, Ukrainian prosecutor Ruslan Kravchenko unlocked the double doors leading to a boiler room on the south side of town. The space had been used as an office by the occupying forces.

Two weeks after Russia's retreat from areas around the Ukrainian capital, local and national authorities are embarking on a wide-ranging probe of alleged war crimes with the aim of building cases strong enough to persuade an international court to hold the Kremlin and its soldiers responsible.

TD

In Bucha, Mr. Kravchenko, the district's chief prosecutor, said his goal is to identify the perpetrator of each assault, rape and killing allegedly committed during the Russian occupation. More than 400 bodies were recovered from the town's streets, cellars and hastily dug holes, some bearing signs of torture, local authorities said, others killed by snipers' bullets while foraging for food.

Investigators from prosecutors' offices, the security services and the Justice Ministry are reviewing security-camera videos and using facial-recognition software and other high-tech forensic methods combined with lots of shoe-leather detective work in towns once held by Russian soldiers.

In a blue vest reading "War Crimes Prosecutor," Mr. Kravchenko, 32 years old, stepped on the cigarette butts and red-checkered playing cards scattered across the boiler-room floor. A blocky military radio sat on a desk beside black headphones, a spiraled cord and a camouflage field jacket.

Mr. Kravchenko leafed through a collection of documents.

A Russian paratrooper had left behind a military ID card.

A soldier born in 2002, in Revda, in the Russian region of Sverdlovsk, retreated without his passport.

A 23-year-old officer from Pskov had left a bank card and coronavirus-vaccination certificate.

Mr. Kravchenko and his assistants logged each item, adding to their growing knowledge of who was stationed here. The carnage in Bucha, Mr. Kravchenko said, was indicative of Russian behavior nationwide. "This case proves the whole scale of all crimes," he said.

About 1,000 people are investigating the alleged crimes in Bucha. The security services are supplying Mr. Kravchenko with information about which Russian units and troops were stationed in Bucha or passed through it in March. Using satellite images, Mr. Kravchenko and his colleagues are piecing together when and where bodies fell.

Moscow has denied targeting civilians in its military assault on Ukraine.

A group of data specialists is downloading still and moving images from social-media accounts to match Russian faces to alleged crimes. Mr. Kravchenko and his group of 28 investigators have been knocking on doors in Bucha and showing these pictures, a virtual lineup, to witnesses.

A group of lawyers working under Ukraine's previous president, Petro Poroshenko, is researching the metadata of video clips recorded in Bucha during the occupation to help ensure they can be used as evidence in international courts.

An aide to President Volodymyr Zelensky of Ukraine said the U.S., Japan and several European countries have pledged support to the investigation. On Monday, a group of investigators arrived in Ukraine from Paris to pursue a separate investigation into alleged war crimes committed by Russia in Bucha and other locations, French prosecutors said.

Dozens of drones buzzed the skies over Bucha on Monday, piloted by investigators who were creating a digital map of the town onto which they can place locations and details of alleged crimes. Carrying clipboards, Mr. Kravchenko and his staff of government lawyers circulated through Bucha, collecting evidence that littered the streets.

Mr. Kravchenko's office was located less than a kilometer from Antonov Airport in the town of Hostomel, which Russian forces attacked on Feb. 24, the first day of the invasion. Mr. Kravchenko watched through his office window as a battle took shape.

"I saw helicopters flying, and something was exploding," he said. "Four Russian helicopters were shot down."

Mr. Kravchenko retreated to Kyiv as the Russian military occupied Hostomel, Irpin and Bucha. Weeks ago, he began to hear from colleagues and witnesses about the killings in Bucha. When the Ukrainian military retook the town, Mr. Kravchenko returned there to see for himself.

"We began to inspect and find more and more bodies in large numbers," he said. "I didn't believe that such a horror happened, of such a magnitude. I didn't believe that it was even possible."

On Monday, an investigator approached several prosecutors on Yablunska Street, holding a cellophane bag containing two bullet casings. "We picked them up at the scene," he said. "A man was killed there."

"Are there any witnesses?" a prosecutor asked.

The investigator said a witness had told him that Chechen soldiers had led a man from his home into the street. "One shot to the head, and that's it," the investigator said. "They threw a grenade into the house. The house burned down."

Emergency services picked up damaged cars from Bucha's streets and placed them in tidy rows in a makeshift junkyard that had become a pool of evidence allegedly showing targeted killings.

Behind Bucha's St. Andrew's Church, Mr. Kravchenko and his colleagues exhumed bodies from a mass grave, cataloging their condition before shipping them to a medical examiner.

Mr. Kravchenko scrolled through images on his phone. One picture taken from social media showed a young man smiling in a Russian military uniform and beret.

"We have evidence that this man was involved in a double murder of two brothers," Mr. Kravchenko said. "We already know his name and have photos. Plus, our witnesses identified him."

Mr. Kravchenko scrolled further to an array of pictures of a different young man with sandy hair, who was shirtless and smiling, flexing in the sunshine. "He killed four people," Mr. Kravchenko said. "There is a video."

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HD The **Ukraine Crisis: Flow of Moscow Cyberattacks Continues**

BY By Dustin Volz in Washington and Robert McMillan in San Francisco

WC 738 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG A6

LA English

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LP

Ukrainian and Western intelligence officials feared Moscow's elite corps of state-sponsored hackers would launch crippling cyberattacks to complement its invasion of Ukraine. Instead the cyberwar has been something closer to Internet trench warfare: A grinding conflict of relentless, if sometimes unsophisticated attacks that have taken casualties but had limited impact on the course of the fight.

Some attacks have been bothersome, slowing some Ukrainians' internet service or knocking it out, defacing websites, and destroying files on a small number of computers. Others have accomplished little more than keeping Ukraine's cyber-defenders busy. Recently, as Russia's strategic aims appear to be shifting to eastern Ukraine, more alarming attacks on Ukraine's energy sector have been discovered, suggesting the next phase of the war could include a more active cyber conflict.

TD

What Ukraine hasn't seen is a successful type of massive, strategic-level attack on civilian infrastructure, given the aggression and technical ability that Moscow's elite hackers have displayed in the past.

Still, the cyber fight has been "relentless," according to Tom Burt, Microsoft Corp.'s vice president of customer security and trust. Microsoft has seen "at least one order of magnitude increase in the frequency and severity of the attacks since before the invasion," Mr. Burt said.

"This is full-on, full-scale cyberwar," he said.

Moscow has routinely denied allegations of cyberattacks against other countries and said recently its government websites were facing unprecedented cyber disruptions.

While cybersecurity analysts and intelligence officials are working to understand why the scale of the Russian cyber-offenses has been so much more limited than feared, several theories have emerged.

Russian strategists assumed the conventional campaign would wrap up in a matter of days and didn't appear to deploy their toughest cyber weapons, said U.S. officials. Ukraine's cyber defenses have improved in recent years, under constant attack from Russian hackers. Some of Russia's intelligence agencies may be waging propaganda and disinformation campaigns instead of launching offensive strikes, analysts say. And Russia may have overestimated its capabilities and underestimated Kyiv's.

"We're seeing B- or C-team players out of Russia," said Matthew Olney, a director with Cisco Systems Inc.'s Talos cybersecurity division. "It's fairly easy to track these folks -- they are not overly creative."

For Victor Zhora, the state cyberprotection agency's deputy chief, the current cyberwar in Ukraine began on Jan. 14 -- weeks before the first Russian tanks rolled in. On that day, hackers took government websites offline and tried to install their destructive "wiper" software designed to render computer systems inoperable.

Since then, Ukraine's government and critical business networks have faced a constant drumbeat of smaller-scale but still tactically significant attacks.

During the conflict, tests of internet services in Ukraine have shown a 16% reduction in connectivity, compared with the weeks before the war started, say researchers at the Georgia Institute of Technology's Internet Outage Detection and Analysis project, which measures internet outages.

In addition, Ukraine has suffered hacks of government and corporate networks, phishing attacks, cyberattacks on citywide camera systems, near-daily attempts to install wiper software, and even tactical cyberattacks launched in conjunction with military strikes, according to representatives of Ukraine's State Service of Special Communications and Information Protection, and U.S. companies that are helping to defend these systems.

On Tuesday, ESET, a Slovak-based cybersecurity firm, and Ukraine's cybersecurity emergency response team reported that a new strain of malware had been wielded in an attack on high-voltage electrical substations in Ukraine that was scheduled to damage systems earlier this month.

The malware was similar to what was used in a previous grid attack in 2016 and was believed to be the handiwork of a notorious hacking unit within Russia's GRU military intelligence agency known as Sandworm, researchers said.

Officials didn't name the targeted utility but said it was privately run and that about two million people lived in the region that could have lost power. Though it was unsuccessful in knocking power offline, experts expressed alarm.

Yet, since the Ukrainian war began the worst hasn't come to pass. The Russians haven't taken down the Ukrainian power grid and they haven't caused a global cyber catastrophe.

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AN Document J000000020220413ei4d0001b

HD The **Ukraine** Crisis: **Russia's** GDP Faces Big Drop, Ex-Official Predicts

BY By Mauro Orru and Evan Gershkovich

WC 334 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG A7

LA English

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LP

Former Russian Finance Minister Alexei Kudrin said Russia's gross domestic product could fall more than 10% this year, as the country's economy reels from the impact of Western sanctions.

"The Ministry of Finance and the Ministry of Economic Development are assessing the decline in GDP this year. There will certainly be a decline. According to official forecasts, there will be a decline of more than 10%," Mr. Kudrin said in comments carried by state news agency TASS.

TD

Mr. Kudrin, who now serves as head of the Audit Chamber, an accounting organization, said there are various estimates at play ranging from a contraction of roughly 8% to 10%. A decline of more than 10% would mark the biggest contraction of Russia's economy since 1994, when GDP fell 12.6%, according to World Bank data. The World Bank expects an 11.2% fall in Russian GDP this year.

Meanwhile, the ruling United Russia party has submitted legislation for approval by the lower house of parliament on nationalizing the assets of foreign companies that have exited the country since the invasion.

Russian President Vladimir Putin endorsed United Russia's proposal last month, which the party said was intended to prevent bankruptcies and preserve jobs. United Russia dominates Russia's rubber-stamp parliament and is unwaveringly loyal to Mr. Putin.

"Foreign owners will retain the opportunity to resume work in Russia or sell shares," the party said. "They will be able not to lose their business."

More than 600 foreign companies have said they are curtailing their operations in Russia to some degree, said the Yale School of Management.

The legislation will go through three readings in the lower house State Duma, after which it would go to the Federation Council, the parliament's upper chamber, and Mr. Putin's desk for his signature -- steps that are considered formalities.

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CO rumedt : Russia Ministry of Economic Development

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IPC IGV

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HD The **Ukraine Crisis: French Retailer Shuts **Ukraine** Outlets, Stays in **Russia****

BY By Yaroslav Trofimov

WC 952 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG A6

LA English

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LP

After Russia invaded Ukraine on Feb. 24, Leroy Merlin, a unit of France's Adeo Group, closed its six home-improvement superstores in Ukraine. In Russia, it sent a letter to suppliers touting new opportunities to expand market share as Western sanctions drove other foreign retailers from the country.

Leroy Merlin's Ukrainian staff initially tried to work through their call center and website, supplying the military, emergency services and volunteers with bags, sand, shovels and other items needed to build bomb shelters and roadblocks. They also used the corporate email and messaging services to draw their colleagues' attention to Ukraine's plight -- and to protest continuing operations in Russia, where Leroy Merlin is one of the leading multinationals by sales.

TD

The French company, according to interviews with employees and a review of internal communications by The Wall Street Journal, then disconnected its Ukrainian employees from all corporate systems. By shutting down the call center, the website and access to corporate servers, Leroy Merlin has made it impossible for Ukrainian customers to obtain refunds for purchases made before Feb. 24 and never delivered, or for the company to pay money owed to suppliers.

One of the company's six outlets was destroyed in a March 20 Russian missile strike on Kyiv.

"There is so much disappointment and pain from the fact that a French company is treating our Ukrainian office, cutting it off and isolating it without warning, the same way that Russia is treating all of Ukraine," said Olga Burlaka, an employee of eight years with Leroy Merlin in Ukraine.

Adeo declined to comment on the grievances of Leroy Merlin's Ukrainian staff or to explain why it disabled their access to corporate systems, email and social media. Leroy Merlin cited cybersecurity as a reason to disconnect the systems in a message to employees viewed by the Journal, and employees said the company has continued to pay all Ukrainian staff. All stores in Kyiv except for essential businesses such as supermarkets and pharmacies closed Feb. 24.

Controlled by the Mulliez family that also operates retailers Auchan and Decathlon, Adeo is one of several Western companies that are sticking with the Russian market even as many other brands pulled out in the wake of the invasion. Auchan, which operates grocery stores, also is staying in Russia, while Decathlon, a sports-goods retailer, has said it is closing its stores there because Western sanctions make it difficult to secure supplies. The chairman of the Association Familiale Mulliez, the holding company for the businesses owned by the family, didn't respond to a request for comment.

In a companywide video address to staff two days after the strike on Leroy Merlin's Kyiv store that was posted on LinkedIn, Adeo's CEO, Philippe Zimmermann, said he shares "the emotion and pain" of its Ukrainian staff, and that the company is supporting them with financial help, lodging and employment in other countries.

As a responsible company, he said, it wouldn't be fair for Adeo to punish its 45,000 Russian staff "for the war they didn't choose" or to deny products to Russian consumers. Adeo suspended new investments in Russia, he said.

Russia is one of the largest markets for Leroy Merlin, which operates more than 100 stores nationwide.

The company's decision to stick to its Russia business has sparked a boycott campaign in other markets, particularly Poland, where demonstrations outside Leroy Merlin outlets take place every weekend.

In a guerrilla tactic against the company, activists download, print out and paste on Leroy Merlin items in its Polish outlets authentic-looking stickers designed by Polish artist Bartłomiej Kielbowicz. "Device for sweeping away the sense of guilt," says the sticker for brooms. "Container for cadavers -- Leroy Merlin backs the Russian aggression" goes the one for large trash cans.

Leroy Merlin employed about 800 people in Ukraine before the war began, with five stores in Kyiv and one in Odessa. It has given employees an emergency payment equal to two months' wages, and paid the March salaries, staffers said.

Anatoliy Zelinskyy was one of the company's first employees in Ukraine, with 14 years of service. Like many other Ukrainian staff, he was irked by the company's initial messaging to employees, which avoided the word "war" and spoke of "conflict" and "crisis." The call-center closure, without notice, and disabling of the website March 8 made it impossible to provide lifesaving supplies to Kyiv's defenders, he said.

In Russia, meanwhile, sales "have significantly increased," Leroy Merlin said in a letter to Russian suppliers dated March 11. "After some companies left the market, we are open to your proposals to increase supplies and widen the assortment," said the letter, viewed by the Journal and distributed by Kremlin officials. It said the company has created a task force to mitigate the effect of Western sanctions on Russia by replacing imported goods with those manufactured in Russia during the next three to four months.

After a Russian missile struck the Retroville shopping mall in western Kyiv, damaging the Leroy Merlin outlet there and killing, among others, a mall security guard who used to work for the French retailer, Ukrainian employees posted a petition on a Facebook page. "Pass the humanity test! Stop business in the Russian Federation!"

Mr. Zelinskyy said he, like many co-workers, is ashamed of the company and trying to quit -- but can't submit his resignation because he doesn't have access to corporate email or human-resources system anymore.

Nick Kostov and Natalia Ojewska contributed to this article.

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AN Document J000000020220413ei4d00017

HD The Ukraine Crisis: Putin Vows Return to Moon, Despite Sanctions

BY By Mauro Orru

WC 452 words

PD 13 April 2022

SN The Wall Street Journal

SC J

PG A7

LA English

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LP

Russia will resume its moon-exploration program, President Vladimir Putin said Tuesday, paving the way for a new space race as international space cooperation comes under strain following Russia's invasion of Ukraine.

Speaking from the Vostochny Cosmodrome in Russia's Far East to commemorate Yuri Gagarin's orbiting of the Earth in 1961, Mr. Putin said Russia would resume its lunar program through the launch of its Luna-25 moon probe from the spaceport this year.

TD

"Despite difficulties and attempts to hinder us in this direction from the outside, we will consistently and persistently move ahead with the plans," said Mr. Putin, as cited by Russian state media.

Russia's last lunar mission, Luna-24, dates back to 1976 in what was the third mission from the Soviet Union to bring lunar soil samples to Earth.

Mr. Putin said Russia would continue to develop a new-generation transport vehicle, as well as nuclear space-energy technologies, where Russia has a "clear advantage," but didn't elaborate. He said Russia would significantly expand its constellation of satellites.

The U.S. and Russia have cooperated in space for nearly five decades. The countries' joint habitation of the International Space Station began in November 2000.

Since the U.S. retired its space shuttle fleet in 2011, American astronauts have repeatedly traveled to the space station aboard Russian rockets. Those flights have diminished recently following the success of Elon Musk's private SpaceX in developing launchers that can take astronauts into orbit and dock with the space station.

Now Russia's invasion of Ukraine has threatened international space cooperation. Russia's space agency, Roscosmos, cast doubt on its future involvement in the ISS and said it was halting deliveries of rocket engines to the U.S.

The European Space Agency recently suspended cooperation with Russia on the planned ExoMars rover mission to hunt for signs of life on the red planet, citing the invasion of Ukraine. ESA said it would assess options for a way forward for the mission.

Roscosmos Director-General Dmitry Rogozin recently said that only the full lifting of sanctions would restore normal working relations with other space agencies, an unlikely development as Russia continued to pour reinforcements into eastern Ukraine over the weekend, preparing for what are likely to become the war's biggest battles.

Mr. Putin brushed off the impact of international sanctions on Russia's space program, saying that Gagarin's flight took place while the Soviet Union was in isolation.

"We have done everything in complete technological isolation, and we have achieved such tremendous success," he said.

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AN Document J000000020220413ei4d0000o

CLM Heard on the Street
HD **Crypto Can't Evade Sanctions --- Only small sums of money seem to have left Russia via digital currencies**
BY By Jon Sindreu
WC 685 words
PD 13 April 2022
SN The Wall Street Journal
SC J
PG B14
LA English
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LP

[Financial Analysis and Commentary]

If cryptocurrencies can't have their moment in the sun when the entire Western monetary system is called into question, it may be time to call it quits.

TD

As new sanctions hit Russia, the price of bitcoin keeps falling and is 13% below where it was at the start of the year. Other digital currencies such as ether and dogecoin dropped in lockstep as stocks stumbled, confirming once again that crypto gyrations mostly depend on broader speculative appetite.

But with U.S. lawmakers warning that cryptocurrencies could be used to bypass sanctions and many nations now aware of the perils of depending on currencies weaponized by Western governments, it is remarkable that prices aren't reflecting the possibility of higher crypto adoption.

The likely explanation is that there isn't much of any.

After Russia invaded Ukraine, ruble trading in bitcoin and tether hit 6.6 billion rubles on March 7, according to data firm Kaiko, compared with less than one billion before. But volumes quickly plummeted back to preinvasion levels as a result of U.S. card networks Visa and Mastercard suspending their Russian operations.

This suggests that crypto may have helped some people circumvent capital controls and shield their savings against a depreciating ruble, but that they were few and financially unsophisticated. Households would ideally use it to send the money to a foreign bank account, but most don't have that ability. Crucially, the crypto market isn't deep enough to absorb inflows of macroeconomic significance and, if it were, Moscow could ape China and force domestic banks to crack down on exchanges of rubles for crypto.

Whatever financial backdoor crypto offers, it doesn't even seem to be big enough for expert sanction evaders.

For one, big, regulated exchanges like Binance must restrict accounts linked to sanctioned people. To be sure, there is still likely illegal activity in Russian crypto: There is evidence of new bank-deposit addresses being used on small exchanges tied to money laundering, according to Chainalysis, a firm that tracks illicit crypto transactions. But the sums liquidated are in the range of tens of millions of dollars, which is minuscule relative to the wealth of the hundreds of sanctioned individuals and entities.

Officials aren't sitting idle either: Last week, the U.S. Treasury sanctioned Russia's Garantex and Hydra for aiding cybercrime.

Analysts have long linked digital currencies' value to the black market. This may be true when crypto stays within a circuit of companies with low "know your customer" controls in the niche digital economy -- someone earning bitcoin from mining or ransomware can use it to buy virtual private networks or cloud hosting, for example -- but the range of services on offer is small. Usually, crypto holders need to turn it into hard money by interacting with banks, and the traceability of blockchain technology becomes

problematic. The idea that crypto anonymity can replace the traditional, meticulously built network of shell companies is wrong.

As Chainalysis' director of research Kim Grauer puts it: "That's just not how money laundering works."

Of course, many crypto proponents prefer to dissociate it with crime and focus on how it has helped a war-torn Ukraine move money and receive \$100 million in donations. Yet much of that activity is in tether, a digital currency pegged to the dollar.

The hard truth is that the only feature of cryptocurrencies that can't be replicated by banks is the promise to sidestep government oversight. As far back as the 1905 writings of Georg Friedrich Knapp, economists have distinguished between the "chartalist" theory by which money is granted value by the power of the State and the "metallic" view that money only has true value if made up of a scarce commodity.

Crypto investors need the latter to be true, but the situation in Russia is piling up ever more evidence in favor of the former.

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NS mcrpy : Cryptocurrency Markets | m132 : Foreign Exchange Markets | mcat : Commodity/Financial Market News | ncolu : Columns | nhrd : Heard on the Street | npda : DJ Exclusive Analysis - All | c1521 : Analysts' Comments/Recommendations | ccat : Corporate/Industrial News | m13 : Money/Currency Markets | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter

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THE WALL STREET JOURNAL.

CLM Review & Outlook (U.S.)
SE Opinion
HD **This Isn't Putin's Inflation; The price rises began long before [Russia](#) invaded [Ukraine](#) and will be hard to stop.**
BY By The Editorial Board
WC 805 words
PD 13 April 2022
ET 03:19
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LP

White House aides were out in force on Monday warning that Tuesday's inflation report would be ugly and blaming it on Vladimir Putin. No doubt that beats blaming your own policies. But inflation didn't wait to appear until the Ukraine invasion, and by now it will be hard to reduce.

The White House was right about the consumer-price index, which rose 1.2% in March, the highest monthly rise since the current inflation set in. The price rise in the last 12 months hit 8.5%, the fastest rate in 40 years.

TD

Energy prices in the month contributed heavily to the increase, and some of that owes to the ructions in oil markets since the invasion. But so-called core prices, excluding food and energy, rose 6.5% over the last 12 months. Service prices excluding energy, which weren't supposed to be affected by supply-chain disruptions, were up 0.6% for the month and 4.7% over 12 months.

The nearby chart shows that the inflation trend began in earnest a year ago at the onset of the Biden Presidency. It has accelerated for most of the last 12 months. That's long before Mr. Putin decided to invade. The timing reflects too much money chasing too few goods, owing mainly to the combination of vast federal spending and easy monetary policy.

President Trump signed onto an unnecessary \$900 billion Covid relief bill in December 2020, and Democrats threw kerosene on the kindling with another \$1.9 trillion in March 2021. The Federal Reserve continues to support negative real interest rates nearly two years after the pandemic recession ended. This inflation was made in Washington, D.C.

Markets on Tuesday took the bad inflation report in stride, perhaps because they had (like the White House) already discounted the news. Or perhaps investors think the March report represents inflation's peak. Oil prices may not keep rising, and the report did include some good news on used car and truck prices (down 3.8% in the month).

Still, the overall price news is terrible for American workers and consumers. The March surge means that real wages fell 0.8%, or a decline of 2.7% in the last year. (See the nearby chart.) Real average weekly earnings fell a striking \$4.26 in March alone, and they've fallen nearly \$18 during the Biden Presidency. If you want to know why Americans are sour about the economy even as jobs are plentiful, this is it. Their real wages are falling while the prices of everyday goods and services are rising fast. The average worker Democrats invoke when they demand more federal spending is getting crushed by the inflationary consequences of too much federal spending.

The inflation surge calls for a policy shift to tighter money and less spending that fuels excess demand. The Fed is now on the case, raising interest rates and starting to shrink its bloated \$9 trillion balance sheet. Its task would be easier had it begun a year ago. Now it will have to move faster in an economy that is still growing, but with less business and consumer confidence.

Even core inflation of 6.5% is more than three times the Fed's target rate of 2%. The Fed's consensus target at its March meeting for a fed funds interest-rate peak of 2.8% in 2023 looks inadequate. History suggests that once inflation is this high, interest rates will have to exceed the inflation rate to break it.

That will run the risk of recession. The Fed's anti-inflation resolve will be tested if growth ebbs and financial troubles erupt. Any central banker can cut interest rates. The Paul Volcker test of monetary mettle is raising rates when the political class is screaming at you.

As for the Biden Administration and Congress, the best anti-inflation policy would be a spending freeze on everything but defense. Cut tariffs, which would be a one-time price cut. Put a moratorium on new regulation that raises costs for business.

This advice conflicts with the Democrats' Build Back Better agenda. But their inflation responses to date of allowing more ethanol fuel (see nearby) and releasing oil from the Strategic Petroleum Reserve are futile gestures. Republicans could pick up the spending freeze and moratorium for their election agenda.

Inflation is a powerful political force because it can't be explained away. Nearly every voter feels it every day. If the November elections are a referendum on the cost of living, voters won't blame the Kremlin. They'll blame the party in power in Washington.

[This Isn't Putin's Inflation](#)

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THE WALL STREET JOURNAL.

CLM Business
SE Business
HD **Ukraine War Drives Shortage in Pig Iron, Pushing Steel Prices Higher; Russia, Ukraine were top suppliers of pig iron used to make steel in the U.S.; steel companies look to Brazil, India**
BY By Bob Tita
WC 1,058 words
PD 12 April 2022
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LA English
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CX

Corrections & Amplifications

U.S. Steel intends to add a machine for producing pig iron at its Gary, Ind., mill for its Big River Steel plant. An earlier version of this article incorrectly said U.S. Steel intends to devote one of its Gary, Ind., blast furnaces to produce pig iron for the Big River mill. (Corrected on April 12)

LP

Pig-iron prices are surging, helping reverse a recent decline in the U.S. steel market.

Pig iron, a raw form of the metal used in the production of steel, has grown scarce in the weeks following [Russia's invasion of Ukraine](#), industry executives said. Two-thirds of the 6 million metric tons of pig iron imported by the U.S. last year came from those two countries, according to the U.S. Census Bureau, but the fighting [brought Ukrainian shipments to a halt](#) and importers have stopped ordering from Russia, steel executives said.

TD

The crunch has steelmakers seeking out new suppliers in Brazil, India and elsewhere, in the midst of tightening U.S. supplies of scrap steel. Meanwhile, prices for pig iron have nearly doubled.

"There is really a concern about the availability of materials," said Parth Jindal, director of JSW USA, a unit of India's JSW Steel Ltd. "The lack of pig iron and the lack of scrap in the U.S. has really pushed up prices."

Pig iron—ore reduced to molten iron that is cast into briquettes—is mixed with scrap in electric furnaces and melted into new steel. About 70% of steel produced in the U.S. is made in electric furnaces, making the U.S. particularly reliant on scrap steel and pig iron. U.S. pig iron imports last year were 20% higher than in 2019.

Russia and Ukraine are the world's largest sellers of pig iron, and in most years, the U.S. steel industry is the world's biggest buyer. Since January, the price of pig iron in the U.S. has increased by 74% to \$940 a metric ton, according to S&P Global Commodity Insights.

To offset more expensive pig iron, steelmakers said they are relying more on scrap steel from manufacturing waste, shredded cars and other debris. That demand has driven the price of high-quality scrap 51% higher since February, and set off a new round of price increases for finished steel, reversing months of declines. The spot-market price for the industry benchmark hot-rolled coiled sheet steel is up 48% since the beginning of March to \$1,480 a ton, according to S&P Global price surveys.

"The rise in steel prices is related directly to the Russia and Ukraine war," said Philipp Englin, chief executive of World Steel Dynamics, a market consulting firm in New Jersey.

Steelmakers in Ukraine said Tuesday that they are slowly restarting production at some steel mills. ArcelorMittal SA said it would resume production of pig iron at about 20% of normal levels. Metal traders, though, warned the Ukrainian mills are likely to have difficulty exporting what they produce.

Indiana-based steelmaker Steel Dynamics Inc. in late February was tracking what would be its last shipload of pig iron from Russia when the country invaded Ukraine. That shipment arrived March 3, but the company's contract for additional shipments from Russia has been canceled because of the war, said Chief Executive Mark Millett.

Mr. Millett said Steel Dynamics switched its pig iron purchases to Brazil, and the company has been able to reduce its overall usage of the commodity by improving its scrap-processing operations. By doing a more thorough job of removing copper, stainless steel and other metal that contaminates steel scrap, he said, Steel Dynamics can upgrade lower-quality scrap.

Pig iron accounts for about 10% to 20% of the raw material used to make steel in an electric furnace. Mr. Millett said that Steel Dynamics' pig-iron usage has dropped to the lower end of that range by improving the processing of the company's scrap.

"We have an adequate supply," he said. "We have modified our operation to use a little less pig iron."

Most pig iron is produced in blast furnaces that are heated with coking coal, a type of processed coal that burns hotter and more efficiently than regular coal. Pig iron's unusual name dates to the earliest days of steel mills, when liquid iron was poured into troughs and molds dug into the dirt floors of mills. The configurations resembled a sow with suckling piglets, and the name "pig iron" stuck.

JSW's Mingo Junction, Ohio, mill gets its pig iron from its parent company in India. Mr. Jindal said JSW typically hasn't sold pig iron outside of India, but the global shortages are changing that. The steelmaker's operations in India can produce about 1 million metric tons a year of surplus pig iron for the export market, he said, and JSW recently sold a couple of shiploads of pig iron for United States Steel Corp.'s, Big River Steel mill in Arkansas.

Nucor Corp., the largest steelmaker in the U.S. and a purchaser of 2.5 million metric tons of pig iron annually, said mills in China, Japan, the United Arab Emirates and Canada also have started offering pig iron.

"It's more of a cost issue than an availability issue," said Doug Jellison, Nucor's executive vice president of raw materials.

American steel companies using blast furnaces typically use their molten iron to make finished steel, rather than sell pig iron to competitors. U.S. Steel recently said it intends to add a machine for producing pig iron at its Gary, Ind., mill for its Big River Steel plant. U.S. Steel plans to double the annual steel-production capacity at that mill to 6.3 million tons in 2024.

The mill's expansion is part of the 10 million tons of additional production capacity for flat-rolled steel that is scheduled to enter service in the U.S. over the next two years. The build-out will likely keep prices for pig iron and scrap elevated for U.S. steelmakers, industry executives said.

"They need the material," said Mark Kaplan, president of Consolidated Mill Supply Inc., an Illinois distributor of pig iron. "But companies either can't afford it or they can't find it."

Write to Bob Tita at robert.tita@wsj.com

[Ukraine War Drives Shortage in Pig Iron, Pushing Steel Prices Higher](#)

- CO** jndlbo : JSW Steel Limited | usxmar : United States Steel Corporation | jindal : O.P. Jindal Group of Companies | jswgrp : JSW Group
- IN** i22 : Primary Metals | i221 : Ferrous Metals | ibasicm : Basic Materials/Resources | isteel : Steel Production | imet : Mining/Quarrying
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THE WALL STREET JOURNAL.

CLM Europe News
SE World
HD **Rocketing Prices Test Europe's Political Resolve in Confrontation With [Russia](#); Strong votes for populists in French election round show discontent about rising prices and stagnant wages are mobilizing voters**
BY By Paul Hannon and Eric Sylvers
WC 1,150 words
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CX

Corrections & Amplifications

On April 5, Germany's IGBCE chemical workers union and employers agreed on an interim solution that gave workers a one-off payment. An earlier version of this article incorrectly said the agreement was on Tuesday. (Corrected on April 12)

LP

Surging food and fuel prices following Russia's invasion of Ukraine are fueling discontent across Europe, testing Western democracies' political resilience.

The first round of France's presidential election on Sunday saw [right-wing populist Marine Le Pen](#) get 22.9% of the vote on the back of a campaign focused on voters' dwindling purchasing power. Her far-left rival, Jean-Luc Mélenchon, whose campaign focused on prices, wages and welfare benefits, wasn't far behind, with 22% of votes.

TD

From France to Spain, Germany and Greece, a combination of [near-stagnant wages and rising prices](#) is sparking protests and piling pressure on governments fragilized by years of unpopular Covid-19 restrictions.

The darkening mood raises questions about how much European voters are willing to tolerate the economic costs of what looks likely to become a protracted confrontation with Russia.

Russia accounts for around 40% of the European Union's imports of natural gas, a key source of energy for the bloc. It also supplies around a quarter of the bloc's oil imports. While supplies of both have continued to flow from Russia, their prices have risen sharply.

Eurozone energy prices rose 12.5% in March from February and were 44.7% higher than a year earlier, according to the European Union's statistics agency. Food prices are also rising rapidly, up 0.9% in March and 5% from a year earlier, partly driven by concerns about a shortage of wheat and vegetable oil, which Russia and Ukraine produce in large quantities.

Samira Tafat, a podiatrist who lives in the Paris region, spends most of her day at the wheel, making house calls. Her husband is a taxi driver.

"Our fuel budget is huge, it's become unmanageable," she said. "I have three children, I need to feed them."

Some 79% of roughly 4,000 people polled across France, Germany, Italy and Poland supported economic sanctions against Russia, according to an Ifop survey from early March, while 67% supported supplying military equipment to Ukraine.

However, worries about the cost of living are rising. A separate survey by YouGov published last month found 82% of Germans expect their household bills to increase over the coming 12 months, alongside 79% of Italians and 78% of Spaniards.

This economic uncertainty is providing an opportunity for populist parties that remain in the opposition across most of Europe to refocus their public message away from traditional anti-immigration, anti-Islam and law-and-order positions.

In France, Ms. Le Pen's campaign focused on the economic sting of rising inflation. She has held rallies in small rural towns, pledging to slash taxes on fuel and other essentials and to give businesses incentives to raise wages.

By contrast, President Emmanuel Macron's advisers said the leader was too busy taking calls with President Biden and his Russian counterpart, Vladimir Putin, about the [war in Ukraine](#) to campaign in earnest or debate with his rivals.

Some right-wing populist leaders elsewhere in Europe have echoed Ms. Le Pen's approach. Matteo Salvini, leader of Italy's anti-immigrant League party, has avoided speaking about the war, focusing instead on taxes and the economy.

Morena Colombi, who works at a cosmetics company near Milan, said her most recent two-month heating bill was 1,250 euros, equivalent to around \$1,361. That compared with €450 for the same period last year. She said that even before the war in Ukraine, her salary wasn't keeping up with inflation.

She used to go out for a pizza with her son or friends about every other weekend, but lately has been doing it once a month. She has cut down on visits to the beautician and resorted to "do it yourself grooming" instead. She has also started shopping at discounters for groceries.

"I'm anxious all the time now because I see prices going up every day," said Ms. Colombi, 61. "Prices go up and the salary is what it is."

Energy and food price rises hit the poor hardest, because such essentials account for a larger share of their budgets. In Europe, wages haven't kept pace with inflation, making Europeans poorer in real terms and threatening the region's post-Covid-19 economic recovery.

In the final three months of 2021, hourly wages were 1.5% higher than a year earlier, while the average rate of inflation was 4.7%—a fall in real wages of 3.1%.

"Everything is increasing except our salaries," said Aurélie Karmann, a factory worker and mother of two who lives in Stiring-Wendel, a small town close to France's border with Germany. "It is becoming very hard."

A YouGov poll of German consumers released April 3 showed 15.2% of respondents said they could no longer afford basic necessities and 53.4% were concerned about rising prices, up 10 points in three months.

Last week, Greece's two largest labor unions held a nationwide strike to protest rising prices and call for an increase in the minimum wage. The Greek government has spent more than €3 billion on offsetting the effects of inflation, for instance, by offering subsidies for power and gas bills.

"Prices are going up everywhere: supermarkets, clothing, water, electricity, gas, heating," said Frosso Batzi, 51, who works for a clothing company in Greece and is married with two children. "It is getting worse all the time."

Esther Lynch, deputy secretary-general of the European Trade Union Confederation, which represents 45 million workers, says the level of inflation, not seen since the 1980s, is pushing demands for higher wages.

SHARE YOUR THOUGHTS

How will economic pain from the Russia-Ukraine war affect the way Europeans vote in coming elections? Join the conversation below.

However, employers are less likely to agree while they also face higher energy costs, weaker demand and, in some cases, fresh disruptions to their supply chains as a result of the war.

Talks between Germany's IGBCE chemical workers union and employers on a new pay deal were under way when Russian troops crossed into Ukraine. On April 5, the two agreed on an interim solution

that gave workers a one-off payment to help with higher energy bills and other costs until a new pay deal is agreed on in October.

"In this period of great uncertainty for workers and companies, we had to find a solution that combines inflation relief with job security," said Michael Vassiliadis, the union's president.

Noemie Bisserbe contributed to this article.

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[Rocketing Prices Test Europe's Political Resolve in Confrontation With Russia](#)

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THE WALL STREET JOURNAL.

CLM Technology

SE Tech

HD In **Ukraine**, a 'Full-Scale Cyberwar' Emerges; Russians haven't pulled off a catastrophic cyberattack but have kept **Ukraine's** defenders busy with a relentless campaign

BY By Dustin Volz in Washington and Robert McMillan in San Francisco

WC 1,382 words

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LP

Ukrainian and Western intelligence officials feared Moscow's elite corps of state-sponsored hackers would launch crippling cyberattacks to complement its [invasion of Ukraine](#). Instead the cyberwar has been something closer to Internet trench warfare: a grinding conflict of relentless, if sometimes unsophisticated attacks that have taken casualties but had limited impact on the course of [the fight](#).

TD

Some attacks have been bothersome, slowing some Ukrainians' internet service or knocking it out altogether, defacing websites, and destroying files on a small number of computers. Others have accomplished little more than keeping Ukraine's cyber-defenders busy. More recently, as Russia's strategic [aims appear to be shifting](#) to eastern Ukraine, new and more alarming attacks on Ukraine's energy sector have been discovered, suggesting the next phase of the war could include a more active cyber conflict.

What Ukraine hasn't seen is a successful type of massive, strategic-level attack on civilian infrastructure, given the aggression and technical ability that Moscow's elite hackers have displayed in the past.

Still, the cyber fight has been "relentless," according to Tom Burt, Microsoft Corp.'s vice president of customer security and trust. Microsoft has seen "at least one order of magnitude increase in the frequency and severity of the attacks since before the invasion," Mr. Burt said.

"This is full-on, full-scale cyberwar," he said.

Moscow has routinely denied allegations of cyberattacks against other countries and said recently its government websites were facing unprecedented cyber disruptions.

While cybersecurity analysts and intelligence officials are working to understand why the scale of the Russian cyber-offenses has been so much more limited than feared, several theories have emerged.

Russian strategists assumed the conventional campaign would wrap up in a matter of days and didn't appear to deploy their toughest cyber weapons, U.S. officials said. Ukraine's cyber defenses have improved in recent years, under constant attack from Russian hackers. Some of Russia's intelligence agencies may be engaged in waging propaganda and disinformation campaigns instead of launching offensive strikes, analysts say. And, as in the conventional fight, Russia may have overestimated its own capabilities and underestimated Kyiv's.

"We're seeing B- or C-team players out of Russia," said Matthew Olney, a director with Cisco Systems Inc.'s Talos cybersecurity division. "It's fairly easy to track these folks—they are not overly creative."

For Victor Zhora, the state cyberprotection agency's deputy chief, the [current cyberwar in Ukraine began on Jan. 14](#)—weeks before the first Russian tanks rolled over the border. On that day, hackers took government websites offline and tried to install their destructive "wiper" software designed to render computer systems inoperable.

Since then, Ukraine's government and critical business networks have faced a constant drumbeat of smaller-scale but still tactically significant attacks.

In early February, Cisco technicians watched as an intruder tried to install a remote-access program on a Ukrainian government agency's network. They blocked it, kicking off a weeklong game of digital whack-a-mole with the adversaries who tried again and again to install it.

On Feb. 24, the first day of the conventional war, an attack on satellite internet provider Viasat's KA-SAT network rendered thousands of modems in Ukraine unusable, impairing communications among Ukraine's armed forces, Mr. Zhora said. A spokeswoman for Mr. Zhora's agency said that while disrupting military communications was "most likely" the goal of the attack, there was "no information that it worsened communications within Ukraine's military."

At the end of March, Ukrtelecom, the country's largest landline provider, and a service provider to military systems, was mostly knocked offline due to a cyberattack. The attack didn't affect military operations, according to the state cyberprotection agency. Just days after that, the Ukrainian government's national call center was knocked offline in another cyberattack for about three days, according to Mr. Zhora.

During the conflict, tests of internet services in Ukraine have shown a 16% reduction in connectivity, compared with the weeks before the war started, according to researchers at the Georgia Institute of Technology's Internet Outage Detection and Analysis project, which measures internet outages.

In addition, Ukraine has suffered hacks of government and corporate networks, phishing attacks, cyberattacks on citywide camera systems, near-daily attempts to install wiper software, and even tactical cyberattacks launched in conjunction with military strikes, according to representatives of Ukraine's State Service of Special Communications and Information Protection, and U.S. companies that are helping to defend these systems.

On Tuesday, ESET, a Slovak-based cybersecurity firm, and Ukraine's cybersecurity emergency response team reported that a new strain of malware had been wielded in an attack on high-voltage electrical substations in Ukraine that was scheduled to damage systems earlier this month. The malware was similar to what was used in [a previous grid attack in 2016](#) and was believed to be the handiwork of a notorious hacking unit within Russia's GRU military intelligence agency known as Sandworm, researchers said. Officials didn't name the targeted utility but said it was privately run and that about two million people lived in the region that could have lost power. Though it was unsuccessful in knocking power offline, experts expressed alarm.

"Sandworm is an apex predator, capable of serious operations, but they aren't infallible," said John Hultquist, vice president of intelligence analysis of the U.S.-based cybersecurity firm Mandiant, on the newly detected attack. "It's increasingly clear that one of the reasons attacks in Ukraine have been moderated is because defenders there are very aggressive and very good at confronting Russian actors."

Ukraine has suffered some of the worst cyberattacks on record, and considering Moscow's established prowess in offensive cyberattacks, intelligence officials feared a shock-and-awe campaign of strikes on the electrical grid, government offices, or the national communications networks.

In December 2015, a cyberattack attributed to Sandworm knocked out power in parts of Kyiv for hundreds of thousands of people in the dead of winter. A similar cyberattack a year later plunged swaths of Kyiv in the dark again and was widely seen as a Russian test of powerful malware custom-made to disrupt electric grids.

Perhaps most notably, Russia has been blamed by the West for the devastating NotPetya computer worm that began in Ukraine in 2017 by surreptitiously corrupting the update mechanism for a tax software widely used in the country. That worm rapidly unfurled across the globe, destroying computer systems and costing billions in damages, in what some analysts have said was the costliest cyberattack on record.

Yet, since the Ukrainian war began the worst hasn't come to pass. The Russians haven't taken down the Ukrainian power grid and they haven't caused a global cyber catastrophe like NotPetya.

Defensive assistance from the U.S. has helped, officials have said. The U.S. sent so-called hunt forward teams to Eastern Europe to detect critical cyber vulnerabilities before the Russians could exploit them. The Justice Department announced last week that it had taken a botnet—a network of infected computers used to carry out malicious cyber activity—linked to the GRU offline before it was able to become operational.

Messrs. Zhora and Olney said they believe that Russia's top government-sponsored hackers may be otherwise occupied, defending Russia from attacks on its own networks by activists or other hackers or conducting espionage.

All that may be about to change, analysts said.

"This is a result of the military failure of Putin's soldiers who have failed at Kyiv's gate," Mr. Zhora said through a translator Tuesday at a briefing on the newly unearthed attempt to down the power grid. "He has regrouped his army to reconquer the east of Ukraine, and very likely such activity by his lieutenants in the cyber sphere was to buttress and invigorate his soldiers."

Write to Dustin Volz at dustin.volz@wsj.com and Robert McMillan at Robert.Mcmillan@wsj.com

In Ukraine, a 'Full-Scale Cyberwar' Emerges

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IPD Wires

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THE WALL STREET JOURNAL.

CLM World News
SE World
HD **French Retailer Shuts [Ukraine](#) Outlets but Stays in [Russia](#), Angering Ukrainian Staff; Leroy Merlin cut off Ukrainian employees' access to email and social media after they protested and [Russia](#) bombed its Kyiv store**
BY By Yaroslav Trofimov
WC 1,470 words
PD 12 April 2022
ET 21:39
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

After Russia invaded Ukraine on Feb. 24, Leroy Merlin, a unit of France's Adeo Group, closed its six home-improvement superstores in Ukraine. In Russia, it sent a letter to suppliers touting new opportunities to expand market share as [Western sanctions](#) drove other foreign retailers from the country.

Leroy Merlin's Ukrainian staff initially tried to work through their call center and website, supplying the military, emergency services and volunteers with bags, sand, shovels and other items needed to build bomb shelters and roadblocks. They also used the corporate email and messaging services to draw their colleagues' attention to Ukraine's plight—and to protest continuing operations in Russia, where Leroy Merlin is one of the leading multinationals by sales.

TD

The French company, according to interviews with employees and a review of internal communications by The Wall Street Journal, then disconnected its Ukrainian employees from all corporate systems. By shutting down the call center, the website and access to corporate servers, Leroy Merlin has made it impossible for Ukrainian customers to obtain refunds for purchases made before Feb. 24 and never delivered, or for the company to pay money owed to suppliers. One of the company's six outlets was destroyed in a March 20 Russian missile strike on Kyiv.

"It's a betrayal, a knife in our backs, something that we had never expected. There is so much disappointment and pain from the fact that a French company is treating our Ukrainian office, cutting it off and isolating it without warning, the same way that Russia is treating all of Ukraine," said Olga Burlaka, a human-resources manager and an employee of eight years with Leroy Merlin in Ukraine.

Adeo declined to comment on the grievances of Leroy Merlin's Ukrainian staff or to explain why it disabled their access to corporate systems, email and social media. Leroy Merlin cited cybersecurity as a reason to disconnect the systems in a message to employees viewed by the Journal, and employees said the company has continued to pay all Ukrainian staff. All stores in Kyiv except for essential businesses like supermarkets and pharmacies closed on Feb. 24.

Controlled by the Mulliez family that also controls retailers Auchan and Decathlon, Adeo is one of several Western companies that are sticking with the Russian market even as many other brands pulled out in the wake of [the invasion](#). Auchan, which operates grocery stores, is also staying in Russia, while Decathlon, a sports-goods retailer, has said it is closing its stores there because Western sanctions make it difficult to secure supplies. The chairman of the Association Familiale Mulliez, the holding company for the businesses owned by the family, didn't immediately respond to a request for comment.

In a companywide video address to staff two days after the strike on Leroy Merlin's Kyiv store that was posted on LinkedIn, Adeo's CEO, Philippe Zimmermann, said that he shares "the emotion and pain" of its Ukrainian staff and that the company is supporting them with financial help, lodging and new employment in other countries.

As a responsible company, he said, it wouldn't be fair for Adeo to punish its 45,000 Russian staff "for the war they didn't choose" or to deny products to Russian consumers. "We sell them essential goods, and it is our responsibility to do so as an employer and a company, including legally," he said, pointing out that Russia could expropriate Adeo's assets if the retailer closed its stores. Adeo suspended new investments in Russia, he said.

Russia is one of the largest markets for Leroy Merlin, which operates more than 100 stores across the country; it has six in Ukraine. The company's other large markets are France, Italy, Brazil, Spain, South Africa, Poland, Portugal and Romania.

The company's decision to stick to its Russia business has sparked a boycott campaign in other markets, particularly Poland, where demonstrations outside Leroy Merlin outlets take place every weekend.

Waldemar Kaminski, head of the Warsaw branch of Poland's Green Party who attended the protest Saturday, said that Leroy Merlin risks a consumer backlash. "They can stay in Russia, but then in Poland they will be considered collaborators," he said.

From a purely business standpoint, Mr. Kaminski said, brand damage in markets like Poland and Ukraine might offset short-term gains in Russia, whose economy is shrinking under sanctions.

In a guerrilla tactic against the company, activists download, print out and paste on Leroy Merlin items in its Polish outlets authentic-looking stickers designed by Polish artist Bartłomiej Kielbowicz. "Device for sweeping away the sense of guilt," says the sticker for brooms. "Container for cadavers – Leroy Merlin backs the Russian aggression" goes the one for large trash cans.

Mr. Kielbowicz said that, after thousands of downloads, local-language versions of his stickers have also appeared in Leroy Merlin stores in France.

Leroy Merlin employed some 800 people in Ukraine before the war began, with five stores in Kyiv and one in Odessa. It has given employees an emergency payment equal to two months' wages, and paid the March salaries, employees said.

Anatoliy Zelinskyy was one of the company's first employees in Ukraine, with 14 years of service, and oversees external communication and brand image. Like many other Ukrainian staff, he was irked by the company's initial messaging to employees, which avoided the word "war" and spoke of "conflict" and "crisis" in Ukraine instead. The shutdown of the call center, without notice, and the subsequent disabling of the website March 8 made it impossible to provide lifesaving supplies to Kyiv's defenders, he said.

In Russia, meanwhile, sales "have significantly increased" after the war began, Leroy Merlin said in a letter to Russian suppliers dated March 11. "After some companies left the market, we are open to your proposals to increase supplies and widen the assortment," said the letter, viewed by the Journal and distributed by Russian government officials. The letter said the company has created a task force to mitigate the effect of Western sanctions on Russia by replacing imported goods with those manufactured in Russia over the next three to four months.

Ukrainian employees were outraged by the company's decision to stay in Russia and said their inboxes were flooded by angry messages from Ukrainian friends, acquaintances and business contacts. Leroy Merlin Ukraine said in a social-media post on March 11 that the Ukrainian employees disagree with the company's decision to remain in Russia, and are trying to make the parent company reconsider that stance. "We support our country and are fighting against the common enemy," it said.

The next day, Adeo disconnected Leroy Merlin's Ukrainian employees from email and corporate platforms. On March 16, in a message to Ukrainian employees via the Viber phone-messaging app viewed by the Journal, Leroy Merlin cited cybersecurity and said it is working to establish a new, closed, communications platform for Ukrainian staff that wouldn't be connected to the rest of the company.

That move left Leroy Merlin's Ukrainian Facebook page as the main outlet for voicing grievances. Mr. Zelinskyy was the page's chief administrator; all the other administrators were fellow Ukrainians.

After a Russian missile struck the Retroville shopping mall in western Kyiv, damaging the Leroy Merlin outlet there and killing, among others, a mall security guard who used to work for the French retailer, Ukrainian employees posted another petition on the Facebook page. "We want to believe that Adeo has remained true to its principles," it said. "Pass the humanity test! Stop business in the Russian Federation!"

On March 24, Mr. Zelinskyy said he and the other administrators saw their access was revoked, and the Facebook page disappeared for a few days. When it reappeared, it retained the previously posted petitions but removed the ability of Ukrainian staff to make new posts, he said.

In recent weeks, Russian forces were pushed out from the Kyiv region and the rest of northern Ukraine, and some retail outlets in the capital have begun to reopen. There is no plan for Leroy Merlin to do that soon, according to Ukrainian employees. Ukraine has said it plans to impose heavy new taxes on companies that operate in Russia.

Mr. Zelinskyy said he, like many co-workers, is ashamed of the company and trying to quit—but can't submit his resignation because he doesn't have access to corporate email or human-resources system anymore.

Nick Kostov and Natalia Ojewska contributed to this article.

[French Retailer Shuts Ukraine Outlets but Stays in Russia, Angering Ukrainian Staff](#)

CO lrymln : Groupe Adeo SA | achn : Groupe Auchan SA | mullz : Groupe Mulliez

IN i64 : Retail/Wholesale | i6483 : Decorating/DIY/Hardware Stores | i654 : Specialty Retailing | iretail : Retail | i648 : Household Goods/Hardware Stores

NS c24 : Capacity/Facilities | c42 : Labor/Personnel | ccat : Corporate/Industrial News | gvio : Military Action | ncolu : Columns | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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IPD Wires

IPC AUC.YY

PUB Dow Jones & Company, Inc.

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THE WALL STREET JOURNAL.

CLM Letters
SE Opinion
HD **Now Obama Talks Tough on Russia. Where's Mitt Romney's Apology? Madeleine Albright said she was wrong. The former president should do the same.**
WC 85 words
PD 12 April 2022
ET 23:00
SN The Wall Street Journal Online
SC WSJO
LA English
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LP
Your editorial "[Barack Obama Rewrites History](#)" (April 9) reminds me of the grace Madeleine Albright demonstrated by apologizing to Mitt Romney. She had criticized him for declaring Russia to be our biggest foreign foe. Can we expect the same from former President Obama?
Richard Eastwick
TD
Cherry Hill, N.J.
[Now Obama Talks Tough on Russia. Where's Mitt Romney's Apology?](#)
NS gpir : Politics/International Relations | gpol : Domestic Politics | nedc : Commentaries/Opinions | nlet : Letters | gcat : Political/General News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpx : C&E Executive News Filter | niwe : IWE Filter | nrgn : Routine General News
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IPD Opinion |
IPC N/GEN
PUB Dow Jones & Company, Inc.
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THE WALL STREET JOURNAL.

CLM Heard on the Street
SE Markets
HD **SocGen's Russian Exit Raises Pressure on Other Banks to Act; UniCredit and Raiffeisen are the European banks most exposed to **Russia** and scrutiny is mounting**
BY By Rochelle Toplensky
WC 589 words
PD 13 April 2022
ET 00:25
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

It is rare that a billion-dollar write down prompts a stock price rise. Such is the conundrum faced by Russian-exposed European banks and their shareholders.

Until recently there were three European banks with significant exposure to Russia: UniCredit, Raiffeisen and Société Générale. On Monday, Société Générale [announced it was leaving Russia](#), prompting a €3.1 billion write down, equivalent to \$3.4 billion. Its shares rose 5% on the day. Société Générale's exit increases the pressure on peers to follow suit.

TD

The pressure to act is greatest on UniCredit and Raiffeisen, the two European banks with the largest exposure. Many others have already said they would exit, including JPMorgan Chase, Goldman Sachs and Deutsche Bank. Citigroup recently expanded its exit. Intesa Sanpaolo, UBS and Credit Suisse are still considering their options, but have more limited exposure.

Société Générale's exit is a potent symbol. The lender was in Russia before the first World War. French companies have an outsize Russian presence and many have been [hanging on to their local operations](#) despite Moscow's invasion of Ukraine, even as rivals headed for the border. For example, TotalEnergies is the only oil major that hasn't [planned a wholesale exit](#).

Italian UniCredit and Austrian Raiffeisen might have some support at home to stick things out. Historically, Italy, Austria and Germany have been on the more Russia-friendly end of the European spectrum. However, [Russia's invasion of Ukraine](#) has moved public and political opinion.

UniCredit and Raiffeisen have sizable total exposure to Russia, about €7.4 billion and €22.9 billion respectively, which includes a range of items such as equity in their subsidiary, customer loans and Russian sovereign debt holdings. Write downs are likely to be far less—Société Générale's total exposure was around €18 billion, but its write down was €3.1 billion. Still, the two banks' Russian heft increases the scrutiny of their actions and complicates any exit. Even with a quick cease-fire, which seems unlikely, it is difficult to envision a scenario under which operating in Russia becomes widely acceptable any time soon.

Leaving is tough, though. Winding down exposure can take time. As forced sellers, the banks have little, if any, bargaining power. The [expanding list of sanctions](#) means there is a small, and shrinking, pool of buyers and also uncertainty about how any payment might be made. Société Générale is selling its Russian bank back to Interros, from which it bought control in 2008. Vladimir Potanin, the metals billionaire behind that group, is currently only sanctioned by Canada.

Investors in the three most Russia-exposed European banks have been much more decisive than the lenders themselves. Shares in UniCredit have fallen by a third since the start of the invasion and Raiffeisen's stock is down by almost half, significantly more than the 13% drop in the benchmark Stoxx Europe 600 bank index. Société Générale's shares were down by nearly a third before Monday's announcement but now seem to be tracking the benchmark more closely.

UniCredit and Raiffeisen are still considering their options. There is a shortage of quick, easy answers, but still opportunistic investors might be in line for a bump once they make their decision.

Write to Rochelle Toplensky at rochelle.toplensky@wsj.com

[SocGen's Russian Exit Raises Pressure on Other Banks to Act](#)

CO sg : Societe Generale | crdto : UniCredit S.p.A.

IN ibnk : Banking/Credit | i814 : Banking | ifinal : Financial Services | i81402 : Commercial Banking | iibnk : Integrated Banks

NS ccat : Corporate/Industrial News | gvio : Military Action | ncolu : Columns | npda : DJ Exclusive Analysis - All | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters

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THE WALL STREET JOURNAL.

CLM Markets Main
SE Markets
HD **OPEC Cuts Forecasts for Global Growth, Oil Demand, Citing [Ukraine War](#); Soaring energy prices threaten to heap pressure on economies struggling with elevated inflation**
BY By Will Horner
WC 1,023 words
PD 13 April 2022
ET 00:45
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

Surging energy prices prompted by [Russia's invasion of Ukraine](#) will take a heavy toll on the global economy and weigh on demand for crude, outcomes that will worsen if the war continues, the Organization of the Petroleum Exporting Countries warned.

TD

The war and the [barrage of sanctions](#) that have hit Russia in response to the invasion have set in motion the oil market's worst supply crisis in decades. The price of a barrel of oil has surged above \$100, while the prices of [other commodities produced in Russia and Ukraine](#), such as [wheat](#) and some key metals, have also jumped, heaping pressure on economies already facing [surging rates of inflation](#).

The price of energy commodities in the U.S. jumped 48% in March from a year earlier and was a big driver of an overall 8.5% annual gain in consumer prices over the past year, the Bureau of Labor Statistics said Tuesday.

Oil futures, which had declined in recent days, reversed course Tuesday and rose as China eased [a lockdown in Shanghai](#), alleviating fears that a resurgence of Covid-19 cases will cut demand. The main U.S. oil price gained \$6.31 a barrel to end at \$100.60. Brent crude, an international benchmark, climbed 6.3% to \$104.64.

OPEC slashed its forecasts for global economic growth for the year to 3.9% from an earlier assessment of 4.2%, as economies are expected to suffer under the weight of high commodity prices.

The oil producers cartel cut its forecasts for Russian production this year by 530,000 barrels a day to 10.8 million barrels a day. That is slightly higher than last year's output which stood at 10.59 million. OPEC raised its U.S. production forecasts by 261,000 barrels a day to 17.75 million barrels.

European countries, [whose economies are most reliant on Russia's energy supplies](#), as well as Russia itself, are likely to bear the brunt of the war's impact. OPEC downgraded its growth forecast for the eurozone economy to 3.5% from 3.9%. Russia's economy is expected to contract by 2% under the weight of Western sanctions. Last month, OPEC forecast Russia's economy would grow by 2.7% this year.

A more sluggish global economy would likely mean less demand for oil, the Vienna-based group said. It cut its forecast for growth in demand for oil this year by 500,000 barrels a day to 3.7 million barrels a day.

For the year, OPEC expects the globe to burn through 100.5 million barrels of oil a day, 410,000 barrels a day less than it was forecasting before the war broke out.

OPEC said its forecasts assume the war won't escalate further and that the conflict should ease in the second half of the year, but that the damage to the global economy would be considerably worse should the war stretch on into June and beyond. In that scenario, the hit to global growth could be more than 0.5%, OPEC said.

Russia has [pulled back its soldiers](#) in Ukraine's north after facing stiffer-than-expected resistance and failing to take major cities. It has said it would redeploy those forces for a concerted offensive in the east of Ukraine. Western governments have said they are expecting a considerable buildup of forces and continued fighting in Ukraine's Donbas region.

"The downside risks are considerable," OPEC said in its report.

Although demand for oil is expected to wane, the hit likely won't be enough to bring prices down as long as supply from Russia and the Middle East remains constrained, said Hakan Kaya, portfolio manager of a commodities fund at Neuberger Berman.

"If you look at the backbone of what is going on in the energy market, there is only one way things are going: oil is only going to get scarcer," he said.

Western sanctions targeting Moscow have put at risk millions of barrels of crude from the world's second-largest oil exporter.

The U.S. has banned Russian oil imports while other nations have said they would phase them out. In Europe, governments have been more cautious. Germany, in particular, has said Europe's dependence on Russian energy supplies [makes the cost of a ban too high](#).

Still, many banks, shipping firms and Western oil companies, fearful of becoming entangled in new sanctions and of a public backlash, have voluntarily shunned Russian commodities, leaving much of Russia's oil exports stranded.

SHARE YOUR THOUGHTS

What's your outlook on the oil market? Join the conversation below.

Russia's own oil industry is expected to struggle. Prices for Russian crude oil have been selling at a significant discount to global benchmark prices. India and China have continued to buy Russian crude, tempted by the cheap prices, but not in a volume that balances Russia's lost exports to other parts of the world.

The U.S. and its partners have responded with plans to release up to 240 million barrels of oil in the coming months, an unprecedented amount, though analysts say the moves don't address the primary issue facing the oil market: the reluctance of major producing nations to raise supply at pace with rebounding demand.

"Is it going to solve the structural problems we are facing? Is it going to make explorers explore more, drillers drill more? It is not going to do that," said Mr. Kaya of the U.S. and its allies' oil releases.

OPEC has resisted entreaties by Western governments to raise output at a faster pace. Instead, the cartel and a collection of allied nations led by Russia—a group dubbed OPEC+—have stuck to a production plan backed by Moscow that adds around 400,000 barrels a day to the market.

Write to Will Horner at William.Horner@wsj.com

[OPEC Cuts Forecasts for Global Growth, Oil Demand, Citing Ukraine War](#)

CO	opexpc : Organization of the Petroleum Exporting Countries
IN	i1 : Energy
NS	ecat : Economic News e11 : Economic Performance/Indicators e51 : Trade/External Payments gpir : Politics/International Relations gvio : Military Action m14 : Commodity Markets m143 : Energy Markets mcat : Commodity/Financial Market News ncolu : Columns npred : Economic Predictions/Forecasts e1103 : Inflation Figures/Price Indices gcat : Political/General News gcns : National/Public Security grisk : Risk News ncat : Content Types nfact : Factiva Filters nfce : C&E Exclusion Filter
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SE Daily
 HD **CrowdStrike Stock Spikes. Goldman Sees 'Unprecedented Demand' Due to Ukraine War.**
 BY By Eric J. Savitz
 WC 312 words
 PD 12 April 2022
 ET 20:44
 SN Barron's Online
 SC BON
 LA English
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 LP

CrowdStrike Holdings shares are trading sharply higher in response to an enthusiastic endorsement of the cloud-based security software company from Goldman Sachs analyst Brian Essex.

Among other things, he said, CrowdStrike will benefit from [an increased corporate focus on security](#) as a result of the Russian invasion of Ukraine.

TD

Essex lifted his rating on CrowdStrike (ticker: CRWD) to Buy from Hold, raising his target for the stock price to \$285, from \$270. That implies a potential 32% gain from Monday's close at \$216. Early Tuesday, the stock rallied 8%, to \$234.08.

The analyst said in a research note that CrowdStrike shares have been under pressure in recent months, weighed down by the broad selloff in highly valued software stocks. At their latest closing level, CrowdStrike shares were off about 38% from their November highs.

The decline comes, Essex said, as fundamental factors have continued to improve, with "a backdrop of unprecedented demand." He noted that annualized revenue has increased, while operating margins have expanded. And the volatility of geopolitics is boosting the company's business.

"The global threat environment remains elevated and initial channel conversations indicate that the Russia/Ukraine war is driving even greater levels of demand," Essex wrote. "We continue to view CrowdStrike as well positioned in the sweet spot of demand ahead of accelerating deterioration of the threat environment."

The potential for attacks related to the war has made companies more aware of IT security risks,, "with support for enterprise security budget growth a by-product."

With the stock now trading at "more compelling levels," and the outlook continuing to improve, the time has come to buy, he said.

Write to Eric J. Savitz at eric.savitz@barrons.com

[CrowdStrike Stock Spikes. Goldman Sees 'Unprecedented Demand' Due to Ukraine War.](#)

CO pgxxrc : CrowdStrike Holdings, Inc.
 IN i3302 : Computers/Consumer Electronics | i330202 : Software | icph : Computer Hardware | iint : Online Service Providers | itech : Technology | icomp : Computing | i3302021 : Applications Software | isecpri : Security/Privacy Software
 NS c1521 : Analysts' Comments/Recommendations | c181 : Acquisitions/Mergers/Shareholdings | cacqu : Acquisitions/Mergers | cactio : Corporate Actions | ccat : Corporate/Industrial News | c18 : Ownership Changes | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter
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AN	Document BON0000020220412ei4c002mh

THE WALL STREET JOURNAL.

CLM World News
SE World
HD **Breadbasket Ukraine Is Going Hungry. This U.S. Executive Is Helping Out. The war has decimated Ukraine's food supply chain, leading to shortages; Stanislas Vilgrain solicited donations and drove them across Europe to Lviv**
BY By Alistair MacDonald | Photographs by Serhii Korovayny for The Wall Street Journal
WC 1,193 words
PD 12 April 2022
ET 16:33
SN The Wall Street Journal Online
SC WSJO
LA English
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LP

LVIV, Ukraine—At a warehouse in western Ukraine, thousands of boxes of foreign meat, cookies and canned goods recently awaited the last leg of their journey across a nation that until recently was one of the world's biggest food producers.

U.S. food executive Stanislas Vilgrain contributed cargo of his own—chicken, pork and duck—surrounded by an army of volunteers working at a frantic pace in an area recently hit by a Russian missile.

TD

Russia has targeted food supplies across Ukraine, bombing depots, stores and warehouses, Ukrainian and other officials say. It has also destroyed packaging and bottling factories.

The U.S. and its allies have provided military hardware, but Ukraine says it also [desperately needs food](#) as its people go hungry. The country has warehouses full of grain and other produce, but [the war](#) has reduced its ability to process and package those supplies into food people can eat.

Mr. Vilgrain, the chairman of Cuisine Solutions Inc., a supplier of vacuum-packed meals, late last month led a convoy of eight trucks carrying the first batch of more than 300 tons of food the company and others had donated, on a journey from France to Ukraine. Poland's government has told food companies that it believes Ukraine needs almost 10,000 tons of food daily from abroad, according to a briefing document.

Once in Ukraine, food convoys have sometimes been stopped and looted by Russian forces, according to the Ukrainian government and aid agencies. The International Red Cross says it has had food waiting to get into Mariupol, the hard-hit southern coastal city, for almost two weeks.

In Lviv, a vast warehouse was full of produce from across Europe and beyond. Ukrainian volunteers loaded Mr. Vilgrain's delivery of meat and other products onto trucks bound for parts of the country that are suffering shortages.

"It's incredible that the breadbasket of Europe needs food, but it does," said Mr. Vilgrain. He and several U.S. colleagues drove for stretches of as long as 19 hours each on the 1,174-mile journey.

Taras Kachka, Ukraine's deputy minister of economy, said the shock to his country's food supply chain would be impossible to overcome without foreign help.

"We really have a situation close to a humanitarian crisis because of the lack of food in places like Mariupol and cities in the Donbas region," he said.

Ukraine is sitting on [years' worth of sunflower oil](#) that it can no longer bottle, and warehouses full of grain that cannot be processed into cereal, Mr. Kachka said. Bombing in the eastern city of Kharkiv destroyed several food-and-drink packaging factories, as well as meat-processing plants, he added.

Targeting food supplies is one of Russia's ways to terrorize civilians and break their will, said Phillips O'Brien, professor of strategic studies at the University of St. Andrews in Scotland. Russia has denied targeting civilians.

As food supplies fall, the Ukrainian government has leaned on businesses at home and abroad to fill the void.

Soon after Russia destroyed a number of large warehouses holding food around Kyiv, Ukrainian iron-ore miner Ferrexpo PLC was asked to help find baby food for the city, said Chief Executive Jim North. The company imported 60 metric tons of milk powder and other food from Poland.

Nestlé SA has donated instant noodles, baby formula, pet food and bottled water, while U.S. giants General Mills Inc. and Smithfield Foods Inc. have also sent food.

Ukraine's embassy in London has asked British supermarket chains to provide food at cost, which is then packed into boxes aimed at feeding a family of three for a week.

Mr. Vilgrain's journey began in early March at an Arlington, Va., dinner hosted by YPO, a trade group for chief executives, when a Ukrainian member spoke via video link.

"I thought, 'We could do this, we have a French plant,' " recalled Mr. Vilgrain, who lives in Virginia. Another YPO member put Mr. Vilgrain in touch with a contact in Ukraine, who connected him with a government official.

SHARE YOUR THOUGHTS

What has most surprised or impressed you about the response to the humanitarian crisis in Ukraine? Join the conversation below.

In France, Mr. Vilgrain, who is French-born but has worked in America since 1984, began soliciting donations for food and trucks. Donations included 20,000 portions of duck.

Mr. Vilgrain's company typically supplies food for major airlines and the U.S. military.

The trip started with snowstorms and included a volatile encounter with a Kalashnikov-wielding border guard.

Unable to obtain insurance for their large trucks to enter Ukraine, the group booked space in a depot outside Warsaw, Poland's capital, to switch their cargo into a series of smaller vehicles. But once there, they were told they couldn't unload because medical supplies in their cargo couldn't be mixed in storage with food.

Mr. Vilgrain gave the medical supplies to a local charity, loaded up one truck and headed for the border, where he waited for more than an hour at customs.

Once in Ukraine, over potholed roads, the truck passed army checkpoints and fields of black earth, the famously fertile soils that have given rise to Ukraine's prodigious exports of wheat, sunflower oil and other produce.

Waiting for him in Lviv was Yuri Polusytok, whose family owns the warehouse the government had asked to use for distributing food around Ukraine. Mr. Polusytok pointed to boxes of canned food from Italy and breakfast bars from Germany, alongside other parcels from the United Arab Emirates and Poland, and stacks of bottled water.

He gestured to a group of volunteers, recruited through Facebook, unloading further deliveries. "He used to sell cars, he worked a crane, he was in construction," he said of the staff.

Mr. Vilgrain's cargo was later loaded onto the truck of Valerii Mazur, who had just arrived from Kremenchuk, a central Ukrainian city that is hosting thousands of refugees from Mariupol.

Besieged Mariupol is almost impossible to deliver food to, Mr. Polusytok said. One man recently turned up at the warehouse to load a single car full of food that he intended to move gradually into the city though its outskirts, he said.

On Mr. Mazur's 20-hour trip back to Kremenchuk, he said he could hear warplanes in the sky. On one earlier trip, a rocket exploded 400 meters away as his truck was being loaded with food, he said.

After myriad stops at Ukrainian army checkpoints—and some 10 stops for gas due to limits on how much fuel you can buy—Mr. Mazur safely delivered the cargo.

Mauro Orru and Patrick Thomas contributed to this article.

Write to Alistair MacDonald at alistair.macdonald@wsj.com

[Breadbasket Ukraine Is Going Hungry. This U.S. Executive Is Helping Out.](#)

CO vief : Cuisine Solutions Inc

IN i61 : Wholesalers | i64 : Retail/Wholesale | i641 : Food Retailing | icargo : Freight Transport/Logistics | itsp : Transportation/Logistics | i654 : Specialty Retailing | iretail : Retail | ifodwh : Food Wholesaling

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SE Daily
 HD **Nokia Pulls Out of Russia, Says No Impact to 2022 Outlook**
 BY By Lina Saigol
 WC 253 words
 PD 12 April 2022
 ET 13:52
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 SC BON
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 LP

Nokia said Tuesday that it will pull out of the Russian market and book a €100 million (\$109 million) provision in the first quarter of 2022.

The Finnish telecom equipment maker already had suspended deliveries to Russia in early March, but Nokia (ticker: NOK) said it has now completely exited the country.

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"It has been clear for Nokia since the early days of the invasion of Ukraine that continuing our presence in Russia would not be possible," the company said in a [statement](#).

Nokia said that Russia accounted for less than 2% of its net sales in 2021 and that it doesn't expect its decision to impact its outlook for 2022. Back in February, [Nokia said revenue this year should be €22.6 billion to €23.8 billion](#), up from €22.2 billion in 2021.

Nokia's American depositary receipts were down 0.6% in premarket trading on Tuesday.

Nokia's move came a day after Ericsson (ERIC) said it has indefinitely suspended its business in Russia, which together with Ukraine accounts for less than 2% of the Swedish telecom equipment maker's global sales.

Ericsson said it would put aside a [SKr900m](#) (\$95million) provision in the first quarter for impairment of assets and other exceptional costs related to the termination of its business in the country.

Write to Lina Saigol at lina.saigol@dowjones.com

[Nokia Pulls Out of Russia, Says No Impact to 2022 Outlook](#)

CO nokia : Nokia Oyj
 IN i3441 : Telecommunications Equipment | i16 : Electricity/Gas Utilities | itech : Technology | iutil : Utilities
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HD **Russia's Top Banker Undoes Her Work --- Elvira Nabiullina strove to build global ties. Her new task is shielding the economy from sanctions.**

BY By Alexander Osipovich and Tom Fairless

WC 2,185 words

PD 12 April 2022

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LP

Elvira Nabiullina spent eight years modernizing Russian monetary policy and forging bonds with global markets. In the past six weeks, she took apart much of what she created for a new task: keeping President Vladimir Putin's war economy humming.

Ms. Nabiullina, governor of the Russian Central Bank, is among the key players in Moscow's efforts to prevent Western sanctions over the Ukraine invasion from causing an economic meltdown. An ally of Mr. Putin for two decades, she is the primary official responsible for stabilizing the ruble and combating inflation -- tasks the Kremlin sees as essential in shielding Russia's population from the fallout of sanctions.

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She has succeeded, to some extent. A flurry of emergency measures Ms. Nabiullina enacted since the invasion helped reverse a sharp devaluation of the ruble, which is roughly back to its prewar level in dollar terms. She was able to dial back an emergency interest-rate hike on Friday, lowering a key rate to 17% from 20% in a sign savers were no longer pulling cash from the banking system. But economists say the ruble's recovery was a hollow victory, as it is now subject to myriad restrictions that limit its usefulness for many transactions.

Effectively, Ms. Nabiullina threw up new barriers between her country and global trade flows, deepening Russia's isolation on top of what sanctions caused. She restricted money transfers abroad. She hamstrung Russian businesses that did business with foreign customers by forcing them to convert 80% of their hard-currency earnings into rubles.

She capped withdrawals from individuals' foreign-currency bank accounts -- a move that angered many Russians who had long socked away their savings in dollars or euros. The central bank has said 90% of bank deposits were too small to be affected by the cap, limiting its impact to the wealthy.

Her U-turn replaced years of liberal policies with a command-and-control approach. Russia had abandoned capital controls in 2006, and Ms. Nabiullina herself oversaw the ruble's transition to becoming a free-floating currency in 2014.

"For years, the central bank did everything it could to help Russia integrate further into the world economy," said Andrey Movchan, a former Russian banking executive who now lives in London and leads an international asset-management business. "Then suddenly on Feb. 24, it had to do the complete opposite."

Russia's central bank declined to make Ms. Nabiullina available for an interview, citing her busy schedule.

Known in years past for her success in curbing inflation, Ms. Nabiullina now faces surging prices that have hit Russians in the pocketbook. Annualized inflation rose to 16.7% in March, its highest rate since 2015, according to data from the country's state statistics agency.

The overall picture for Russia's economy is grim. As sanctions have choked off imports, and hundreds of Western companies have left the country, thousands of Russians have been

furloughed from their jobs and some factories have halted production due to parts shortages. Forecasters from the European Bank for Reconstruction and Development have predicted a 10% contraction in Russia's economy this year.

Ms. Nabiullina's authority is broader than those of many of her Western counterparts, because the Russian Central Bank regulates the country's financial markets, insurance companies and investment funds as well as overseeing its banks and setting monetary policy. Some of her emergency measures fulfilled Kremlin goals of retaliating against U.S. and European sanctions. In one such move, the central bank blocked foreign investors from selling tens of billions of dollars' worth of Russian stocks.

Until the war, Ms. Nabiullina was broadly respected by Western investors and fellow central bankers, who praised her for cleaning up abuses in the country's banking sector. Now some former admirers are having second thoughts.

"Initially people gave her the benefit of the doubt. Now I can see what she's done," said Panicos Demetriades, a former European Central Bank policy maker and former governor of Cyprus's central bank, now a freelance consultant "She's clearly been second fiddle in Putin's orchestra."

It is a puzzle to many observers why Ms. Nabiullina has stuck with Mr. Putin despite the war, which shocked and upset many of her peers in Moscow's educated, liberal-leaning elite. Unlike some Russian officials, she hasn't made demonstrative statements in support of the invasion, instead avoiding the topic in public comments. Some who interacted with Ms. Nabiullina before the war assume she has reluctantly soldiered on from a sense of duty. Others say she is showing her true colors as a Kremlin loyalist.

Ewald Nowotny, a former European Central Bank policy maker who knows Ms. Nabiullina, said her decision shortly after the war began to more than double a key interest rate to 20% "in my view is a clear signal of independence, because the government clearly would prefer lower rates." He is now at the Austrian Society for European Politics, a Vienna-based think tank.

Michael McFaul, a former U.S. ambassador to Russia, initially voiced hope that she would publicly oppose the war. When she didn't, he called for her to be sanctioned. "Her unique expertise as head of Russia's central bank is helping to finance Putin's barbaric killing of innocent Ukrainians," Mr. McFaul said. "By not resigning or speaking out against the war, she is directly responsible for his war too."

There are signs the war hasn't been easy for Ms. Nabiullina, who emerged from a circle of Russian liberal reformers influential in the 1990s before Mr. Putin's rise to power.

The Ukraine invasion blindsided her, and she initially tried to resign over the war, The Wall Street Journal reported last month, citing people familiar with the matter. The central bank denied that she tried to quit, a resignation attempt earlier reported by Bloomberg. Mr. Putin himself rebuffed rumors of her departure by nominating Ms. Nabiullina for a third term as central-bank chief -- a vote of confidence that ties her even more closely to his rule.

A few days after the war began, Ms. Nabiullina urged her staff to set aside any doubts and focus on the task of rescuing the economy. "Friends, let's remember that a lot depends on us now, so we must be united," a somber-faced Ms. Nabiullina said in a March 1 video address to employees, which the central bank confirmed as authentic after it was leaked online.

"I know it's not easy, but really, let's not get into political arguments at work, at home, on social media," she said. "They only burn out the strength we need to do our job."

In her public appearances since the war began, Ms. Nabiullina has stopped taking questions from reporters. Observers have detected signs of a bleak new mood in her attire. Known for sending messages with brooches -- such as one resembling a hawk at a March 2021 press conference announcing an interest-rate hike -- Ms. Nabiullina has stuck to unadorned outfits of black or dark gray since the invasion.

The intensity of Western sanctions appears to have caught her and other Russian officials by surprise. The U.S. and its allies unplugged big Russian banks from dollar and euro trading, froze a huge chunk of the central bank's assets and halted imports of high-tech goods.

Domestic critics of Ms. Nabiullina have attacked her for failing to stop the asset freeze. Before the war, Russia's central bank amassed a war chest of \$630 billion to ensure it could ride out any crises. Around \$300 billion of that was frozen, according to Russia's finance minister. Even though the central bank took steps to diversify its reserves into non-Western assets such as gold and the

Chinese yuan, it left many more in dollars, euros and the Japanese yen and parked them in financial institutions outside Russia. That made it easy to transact with the reserves on global markets -- but made them susceptible to sanctions.

"She was storing our money in the pockets of our enemies," Mikhail Delyagin, a member of the Russian parliament, said in an interview posted March 13 on his website. He didn't respond to a request for comment.

People who know Ms. Nabiullina praise her professionalism and call her incorruptible, something that antigraft groups say is an unusual quality among Russian government officials. An opera aficionado, she is married to a fellow economist who was the longtime head of a prestigious Moscow university. Financial disclosures have listed her car as a Jaguar S-Type. A person close to the central bank said Ms. Nabiullina acquired the car more than 20 years ago.

"Nabiullina has a combination of qualities that the Kremlin likes," said Mr. Movchan, the former Russian banking executive. "She's very professional, but at the same time she's ready to follow directions meticulously."

Ms. Nabiullina has demonstrated an ability to operate under different ideological regimes. Educated under Communism, she espoused free-market economics during her government career, before helping enable Russia's recent pivot into autarky, the policy in which a country limits foreign trade and pushes for self-sufficiency. On Friday, the central bank relaxed some restrictions on foreign-currency trading, a sign she is still inclined to let markets function despite Russia's isolation.

Ms. Nabiullina was born in Ufa, an industrial city some 700 miles east of Moscow. Raised in a working-class family from the Tatar ethnic minority, she studied economics at Moscow State University -- perhaps the country's top institution of higher learning -- in the late Soviet era, when Marxist-Leninist ideology still dominated the curriculum. Ms. Nabiullina was among the economics students most proficient in Karl Marx, according to a former classmate, Sergei Aleksashenko.

"She learned 'Das Kapital' by pages," recalled Mr. Aleksashenko, who served as a deputy finance minister and deputy central bank governor during the 1990s and now lives in the U.S. where he is a blogger and vocal critic of Mr. Putin. "If she was asked what Marx said, she could repeat, Marx said this."

Ms. Nabiullina pivoted to free-market economics with the fall of the U.S.S.R. She spent much of the 1990s working in a big-business trade group and the Russian economics ministry, where she was seen as a protege of Yevgeny Yasin, a prominent liberal reformer. Ms. Nabiullina entered Mr. Putin's circle in 1999, when she joined a think tank that crafted his economic program.

Over the past two decades she has been a fixture of Mr. Putin's team, with roles that included leading the economics ministry, advising the president on policy and -- since 2013 -- running the central bank.

Ms. Nabiullina won the Russian leader's trust because she lacks her own political ambitions and is a stalwart inflation hawk, said Alexei Makarkin, an analyst with the Center for Political Technologies, a Moscow-based think tank. "The president's views that the ruble can't be allowed to fall, and hyperinflation can't be allowed, go back to the 1990s," Mr. Makarkin said. "And he listens to the people who tell him this."

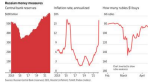
Ms. Nabiullina also nurtured close ties with the West, shuttling between international political gatherings such as the G-20, policy conferences across Europe and meetings at the Bank for International Settlements in Basel, Switzerland. Euromoney named her "Central Bank Governor of the Year" in 2015. A former U.S. Federal Reserve official noted that her English, initially shaky, improved to the point where she could speak comfortably and give policy speeches.

Four years ago, Ms. Nabiullina addressed a packed hall of International Monetary Fund officials in Washington in fluent English. Her host, Christine Lagarde -- then managing director of the IMF and now president of the ECB -- praised her "guts and courage" in taking on crooked Russian bankers and reminisced about going to the opera with Ms. Nabiullina at St. Petersburg's Mariinsky Theater. In a 30-minute question-and-answer session, Ms. Lagarde carefully skirted the topic of the international sanctions imposed on Russia in 2014 over Mr. Putin's annexation of Crimea.

"This is why you are so special, because you can make central banking sing while being very sensible indeed," Ms. Lagarde told Ms. Nabiullina. Ms. Lagarde declined to comment through a spokesman.

Some early members of Mr. Putin's economic team broke with the Russian leader during the 2000s and 2010s, upset by his shift toward authoritarianism. But not Ms. Nabiullina, who remained a team player.

"She demonstrates her loyalty to Putin every minute, every second," said Mr. Aleksashenko, the former deputy finance minister. "You cannot stay in Putin's team for 20 years if you're not loyal or have contradictory ideas, if you say, 'No Mr. Putin, you are wrong.' It's a personal choice -- are you ready to stay with the dictator?"



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WSJ Podcasts

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WC 2,654 words
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LP

A.M. Edition for April 12. Hundreds of thousands of predominantly young professionals have left Russia since its invasion of Ukraine, an exodus that is denting Russia's growing tech sector. WSJ reporter Georgi Kantchev explains who is leaving, why, and what long-term effects their departure could have on the Russian economy and society. Plus, how is TikTok changing children's brains? Luke Vargas hosts.

[Click here to listen to the podcast](#)

TD

Luke Vargas: The Biden administration plans to allow more ethanol in gasoline, in a bid to tame oil prices. Plus, what does Apple's new manufacturing bet on India mean for China? And the war in Ukraine leads to a Russian brain drain.

Georgi Kantchev: Predominantly, young people are leaving. A lot of people in the tech industry. The Kremlin has been championing the IT sector for years, and this is a big blow.

Luke Vargas: It's Tuesday, April 12th, I'm Luke Vargas with the Wall Street Journal. Here's the AM addition of What's News? The top headlines and business stories moving our world today.

Ukrainian authorities say they are investigating a claim by troops in the besieged city of Mariupol, that they came under a Russian chemical weapons attack yesterday.

No independent evidence of the attack emerged Monday from Mariupol. Officials in the US and UK said they were aware of the reports of a potential chemical munition used in Mariupol, but hadn't confirmed their authenticity. The Russian government has not commented publicly about the allegation.

The Biden administration plans to temporarily allow high ethanol content gasoline to be sold in the US between June and mid September, in a bid to tame high fuel prices, according to senior administration officials.

The decision will allow gasoline with 15% ethanol to be sold this summer, compared to the 10% normally allowed at that time, to reduce smog. WSJ reporter Patricia Kowsmann has more.

Patricia Kowsmann: Senior administration officials say the move could lead to savings of 10 cents a gallon, but oil industry officials have actually questioned whether they move would lower prices.

For one thing, corn prices, like oil, have seen sharp increases. So oil industry officials say, instead of this, Biden should actually find ways to encourage investment in more US oil and gas production.

Luke Vargas: Environmentalists have also opposed past attempts to raise the summertime ethanol cap, because of the additional smog created. But the higher content has long been supported by farmers who grow corn used to make ethanol.

The US State Department has ordered the departure of all non-emergency consulate staff and their families in Shanghai, amid a growing COVID-19 outbreak.

US officials said China's measures to limit the spread of the virus are affecting travel and access to public services. A spokesman for China's foreign affairs ministry said Beijing was 'strongly dissatisfied and firmly opposed the US' politicization of the evacuation'.

A lockdown imposed on Shanghai's 25 million residents has stretched into its third week, as city health authorities reported more than 23,000 new daily COVID-19 infections.

And Japanese automaker Honda says it plans to produce 2 million electric vehicles a year by 2030, and launch 30 EV models by the end of the decade.

WSJ Tokyo bureau chief Peter Landers says Honda's EV strategy involves product launches to make EVs more affordable and functional.

Peter Landers: It's agreed to build an EV with Sony. This would have Sony entertainment functions, and the car would be manufactured by Honda, with launch planned in 2025.

It's also planning to tie up with General Motors on an affordable EV SUV. This would cost less than \$30,000, and perhaps be ready for US consumers by 2027.

Luke Vargas: Honda also announced new investment in solid state batteries that could improve EV performance.

This week, Apple announced it would start making its iPhone 13 smartphone in India. Excluding China, India has now emerged as Apple's top manufacturing bet in Asia.

So what is the attraction of India for the world's most valuable company, and should China be worried?

WSJ Heard on the Street, Asia columnist Megha Mandavia joins us from Bangalore, India with more. Megha, welcome.

Megha Mandavia: Hi. Nice to be here.

Luke Vargas: Yes. Thanks for being with us. So tell us a little bit about Apple's decision here. Just how big of an investment in India does this represent?

Megha Mandavia: So Apple does not divulge any total investments that they make in India, or make in the manufacturing facilities, but this is more of a thumbs up sign to India. It shows that they are growing more confident about India as a manufacturing base.

They started with manufacturing iPhone SE, iPhone 11, iPhone 12, and now they've moved to iPhone 13. As you pointed out, rightly, that India now comes for about 3% of Apple's manufacturing base. And this number is expected to go up to 5 to 7% next year.

So while it's still very small compared to China's 95%, it still shows that India is kind of coming out as a potential bet against China.

Luke Vargas: And is this part of an effort to reduce Apple's reliance on China?

Megha Mandavia: The pandemic has showed us that supply chains are very fragile, and it doesn't do anyone good to be super dependent on just one region, which is what happened during the pandemic.

Most of the electronic manufacturing is based in China, and electronic companies, and companies worldwide were dependent on what moves the Chinese government will make. Will they shut down factories? Will they open factories? What are the protocols?

So our companies are now increasingly become cognizant of diversifying out of China. Obviously they are not going to cut back completely, because the whole Chinese manufacturing base has been built over the last three to four decades. It's strong, it's been very resilient, but they want to diversify, so all bets are not just on one region.

Luke Vargas: Is Apple alone here in starting to move some of its manufacturing to India, or are other companies also doing this? And what might it take for India to receive more of this business?

Megha Mandavia: Smartphone companies, including Xiaomi already make in India, and more companies are also looking at India as a manufacturing base.

It has a huge population, similar to China. And the Indian government is also becoming more and more aggressive in wanting to take part of the manufacturing base out of China to India.

As I mentioned it earlier, the whole Chinese manufacturing ecosystem has been built, three to four decades. And it's not going to be easy to uproot all of it and move to another country, for the simple reason that the whole policy framework has been built according to that.

So supply chains, the skilled labor, all of this is going to take time to build out in any other country. And the most important thing is that most of the stuff that, if they want to build in India, is going to be exported.

So India needs good export policy. Something that will promise them that if you make an India, it's going to be much cheaper and than any other country.

And unlike China, India is a democracy, where local politicians are not going to take it lightly. They're going to side with the labor unions. They are going to create a ruckus. So those are the sensitivities that manufacturers will also have to take in account.

Luke Vargas: That was WSJ Herd on the Street Asia columnist, Megha Mandavia, joining us from Bangalore, India. Megha, thank you so much for the time.

Megha Mandavia: Thank you so much.

Luke Vargas: Coming up, Russia is experiencing a brain drain as thousands of young professionals leave the country. What effect could that exodus have on Russian society and the Russian economy? We'll have that story after the break.

Hundreds of thousands of professional workers, many of them young and working in tech, have left Russia after its invasion of Ukraine.

Those who study Russia say the pace at which people are departing hasn't been seen since the 1917 revolution, when millions of members of the Russian nobility and educated upper middle classes fled the emerging communist state.

WSJ reporter Georgi Kantchev says that such a brain drain now could affect Russia's economy for years to come. And Georgi joins us now from Berlin. Georgi, welcome. Thank you for being with us.

Georgi Kantchev: Thank you.

Luke Vargas: So Georgi, what is the scale of the exodus of pro professional workers occurring now from Russia? And is this something that started with the invasion of Ukraine?

Georgi Kantchev: Yeah. So this exodus we've seen really picked up after the invasion. There's no official data yet, but there's estimates that more than 300,000 people might have left since February 24th, when Russia invaded Ukraine.

So that's a huge number in just such a short amount of time, but this is, to some extent, a new chapter in this ongoing brain drain that we've seen in Russia for the past decade.

Immigration began to pick in 2012, after Vladimir Putin came back to the presidency for his third term. And there were anti-government protests at the time.

Later on, in 2014, Russia of course annexed Crimea from Ukraine, and what followed were pretty serious western sanctions. People left in droves after that.

So we have this big, big wave of immigration in the past 10 years, and now this is exacerbating it to a large extent, seeing these huge numbers in such a short amount of time.

Luke Vargas: So who exactly is leaving, and for what reasons? And for how long is this exodus expected to continue?

Georgi Kantchev: Predominantly, young people are leaving. Professionals. We have a lot of people in the tech industry, which was one of the fastest growing parts of the Russian economy until recently.

A lot of people in that industry are leaving. There's some data by this Russian tech industry association, that says that about 70,000 people have already left... This is as of end of March... And they're expecting 100,000 more to follow this month.

So we're talking big numbers just in tech. And there's many others. There's bankers, there's doctors, there's teachers, there's all kinds of people.

And the reasons, of course, they have to do with fears of increased repression from the authorities, and also economic reasons as well. People are afraid for losing the jobs and not having enough opportunities. So a lot of people who were able to do so, and had the means, were able to leave pretty quickly.

Now, the question, of course, is how long this lasts and how big this wave will be. I guess we'll have to wait and see, but judging from this previous experience, in the past decade, these waves of immigration for the combination of economic and political reasons, lead to an increasing grain drain in increasing amount of departures.

And there's no reason why this will be any different. If anything, this will be a record year for immigration from Russia.

Luke Vargas: And what has the Russian government's response to this been? As you report, Russian authorities may be happy to see people who are critical of the war in Ukraine leave the country, but hollowing out a dynamic industry like the tech sector can't be viewed as a positive development either, can it?

Georgi Kantchev: That's absolutely true. In fact, the Kremlin has been championing the IT sector for years, and this is a big blow. They have, to some extent, encouraged dissenters to leave, but specifically when it comes to these tech workers, they've tried to stem the flow.

This waiver that Putin granted last month, which basically is a waiver from military conscription for people involved in the tech sector. And they're also offering tax breaks, cheaper loans, preferential mortgages, to people in that sector.

So they're really focused on tech. They're trying to stem the flow, because this has always been a big focus for them.

It has been a very fast rising sector, part of the Russian economy. About 1.7% of the working population is employed in that sector. So this is a big, big part of the economy.

Luke Vargas: Is it possible to say whether those incentives might actually stop people from leaving Russia? And related to that, as far as you're aware, would any of these professional workers who've left consider returning, say when things get back to some normality in Russia? Perhaps at the end of the war?

Georgi Kantchev: It isn't certain, but there's this one survey by this organization called OK Russians, which is a nonprofit, helping people to leave the country.

And that survey found that only 3% definitely planning to return, from those who have left. And about a third of those surveyed are unsure.

So there's a small pool of people, according to that survey, that are still potentially coming back, but the majority seem to be leaving for good, or at least for a long period of time.

Luke Vargas: And what would the economic impact of that be on Russia, particularly as it relates to, say productivity growth?

Georgi Kantchev: This is an important question, because ultimately, these people are highly educated. These are people working in highly paid, advanced jobs.

And this is ultimately the most productive part of the labor force. So economist expecting that this would hit the productivity, and those advanced parts of the economy will be hidden. It'll contribute, of course, as well, to the lowering the long term potential of economy.

Luke Vargas: That was Wall Street Journal reporter at Georgi Kantchev con joining us from Berlin. Georgi, thank you for the update.

Georgi Kantchev: Thank you.

Luke Vargas: And finally, last fall, the Journal reported on the phenomenon of teen girls showing up in hospitals and clinics with sudden motor and verbal tics, seemingly related to videos they watched on TikTok, including TikTok videos of people who said they had Tourette Syndrome.

Now, new research supports doctors' earlier theories that girls who developed tics during the pandemic had preexisting mental health issues, making them susceptible to other disorders.

Our family and tech columnist, Julie Jargon, says these issues have mostly been affecting adolescent and teenage girls, and she explains how those affected can be treated.

Julie Jargon: What a lot of these girls were actually diagnosed with was what's called a functional neurological disorder. And the way that that differs from Tourette Syndrome is that it's not tied to an underlying disease, whereas Tourette Syndrome has an underlying nervous system disorder.

So what they found to be helpful for these girls is cognitive behavioral therapy. Just a form of talk therapy in which kids can learn how to control their thoughts and unlearn this behavior.

Luke Vargas: A spokeswoman for TikTok said it had consulted with experts who have cautioned that correlation does not mean causation when it comes to tics and the company's video sharing platform.

To hear more about this story, we've left a link to our sister podcast, Tech News Briefing, in our show notes.

And that's What's News for Tuesday morning. We'll be back tonight with a new show. I'm Luke Vargas with the Wall Street Journal. Thanks for listening.

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CLM World News
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HD **Ukraine's Zelensky Calls for More Military Aid Ahead of Battles in Eastern Regions; French police arrive in Ukraine to assist in war-crimes investigation into alleged Russian atrocities**
BY By Matthew Dalton, Yaroslav Trofimov and Mauro Orru
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Corrections & Amplifications

Ukrainian President Volodymyr Zelensky met with Austrian Chancellor Karl Nehammer on Saturday. An earlier version of this article incorrectly said Mr. Nehammer's planned Monday meeting with Russian President Vladimir Putin came a day after his meeting with Mr. Zelensky. (Corrected on April 11.)

LP

Ukrainian President Volodymyr Zelensky on Monday launched a fresh appeal for military aid as the country prepared for [some of the conflict's heaviest fighting](#) so far, while France sent a police unit from its armed forces to Ukraine to investigate possible war crimes, the first disclosed deployment of military personnel in Ukraine from a North Atlantic Treaty Organization country.

Meanwhile, Ukrainian authorities said they were investigating a claim by its troops in the besieged city of Mariupol that they came under a Russian chemical weapons attack Monday. The Russian government hasn't commented publicly about the alleged use of chemical weapons in Mariupol.

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In a virtual address to South Korean lawmakers Monday, Mr. Zelensky [pressed Seoul to deliver](#) more than the humanitarian assistance and nonlethal aid it has given so far, stating a need for heavier equipment to fight Russian tanks and missiles. "We thank South Korea for the help you have provided, but to survive from the war with Russia we need more help," Mr. Zelensky said.

Ukraine has stepped up its pleas for heavy military equipment to fight the conventional tank and artillery battles that are expected in the Donbas area of eastern Ukraine. Having failed to capture Kyiv, Russia has shifted its objective to seizing the parts of the eastern Donbas area it doesn't already control. Both Ukraine and Russia are moving troops and equipment into the region, with Ukraine redeploying combat units from northern areas that it recovered.

Railway connections were disrupted overnight in the Russian town of Shebekino, near the Ukrainian border northeast of Kharkiv, the regional governor told the RIA news agency. There were no casualties, he said, and the cause of the disruption was being investigated.

Russia uses the railways heavily to reinforce and resupply its troops preparing the Donbas offensive, and Shebekino, in Russia's Belgorod region, sits on one of its main rail connections to the area. Russia recently said two Ukrainian helicopters launched [an airstrike on a fuel depot](#) in Belgorod, a claim Kyiv didn't confirm or deny.

Skirmishes along the contact line in Donbas and nearby regions occur daily, and Russia has continued its long-range missile campaign on Ukrainian infrastructure. The Russian Defense Ministry said Monday that missiles destroyed a weapons and military equipment repair base of the Ukrainian air-defense forces overnight, as well as two ammunition depots. Those claims couldn't be independently verified.

The Ukrainian unit deployed in Mariupol, the Azov regiment, said Russian forces dropped an unknown chemical substance from a drone, causing respiratory and nervous-system symptoms among its defenders and civilians.

No independent evidence of the attack emerged Monday from Mariupol. Oleksiy Arestovych, a senior adviser to the Ukrainian president, said in a social-media post that the government is "checking the information about a possible chemical attack against the defenders of Mariupol."

The Azov regiment, a unit of the Ukrainian military formed from a far-right volunteer force that was created in 2014, has been resisting Russia's military in Mariupol alongside Ukrainian marines and other forces for more than a month, despite being surrounded and cut off from resupply.

Azov's commander Andriy Biletskiy said in a video recording that the chemical substance affected three people in the Azovstal industrial area of Mariupol, his unit's stronghold, but didn't cause "catastrophic consequences."

Western officials have warned for weeks that Russia could use chemical weapons in Ukraine, and Russian forces were supporting the regime of Syrian President Bashar al-Assad when its military [was credibly accused of using chemical weapons](#).

Just hours before Monday's alleged attack, Eduard Basurin, military spokesman for the pro-Russian statelet in Donetsk, was quoted by Russia's RIA state news agency as calling for the use of "chemical troops, which will find a way how to smoke the moles out" in Mariupol.

In his nightly address, Mr. Zelensky said the government is preparing "for a new stage of terror against Ukraine," noting Mr. Basurin's comments. "We take this as seriously as possible," Mr. Zelensky said.

Mr. Basurin's Donetsk People's Republic, formed in 2014 and [recognized by Moscow as an independent state](#) in February, claims Mariupol as part of its territory and has sent its own fighters there alongside regular Russian troops.

Ukrainian authorities say as many as 10,000 people died in Mariupol in weeks of fighting that leveled much of the city. Some 400,000 people lived in Mariupol before the war.

Officials in the U.S. and U.K. said they were aware of the reports of a potential chemical munition used in Mariupol, but hadn't confirmed their authenticity.

"These reports, if true, are deeply concerning and reflective of concerns that we have had about Russia's potential to use a variety of riot control agents, including tear gas mixed with chemical agents, in Ukraine," Pentagon press secretary John Kirby said in a statement.

Ukrainian and Western authorities separately pushed ahead with [investigations into alleged war crimes](#) committed in formerly Russian-held towns in northern Ukraine before Moscow's withdrawal at the end of March. The French government said its gendarmes, a police force that is part of the French army, would assist local authorities in probing any war crimes around the capital, Kyiv.

French prosecutors said last week they were probing whether war crimes had been committed in Ukraine following accounts of rape and killings of hundreds of [civilians in Bucha](#) and other formerly Russian-occupied towns.

Prosecutors also opened a separate probe March 16 following the killing two days earlier of a Franco-Irish journalist and his research consultant near Kyiv.

Russia has denied targeting civilians in its military assault on Ukraine and called the video and photos from Bucha staged.

In Moscow, Austrian Chancellor Karl Nehammer met with Russian President Vladimir Putin, in what was the first meeting between a European leader and Mr. Putin since the start of Russia's invasion.

Mr. Nehammer, who also met Saturday in Kyiv with Mr. Zelensky, asked the Russian leader for a cease-fire, for safe passage for civilians encircled by Russian forces and for supplies to occupied regions, the chancellor said in a statement. Ukrainian authorities have said Russia hasn't allowed civilians to flee along evacuation corridors toward central Ukraine.

He said he warned Mr. Putin that continuing the invasion would incur more sanctions and that those responsible for war crimes should be brought to justice.

"This is not a friendly visit," Mr. Nehammer said. "I have just returned from Ukraine and I have seen with my own eyes the immeasurable suffering caused by the Russian war of aggression."

Austria, which is heavily dependent on Russian natural gas, has been blocking sanctions against Russian energy imports to Europe together with Germany and other nations.

European Union foreign ministers discussed the bloc's efforts to pressure Russia's economy with sanctions at a meeting Monday, including the possibility of further energy sanctions. "Nothing is off the table, including sanctions on oil and gas," EU foreign-policy chief Josep Borrell said after the meeting, which was held in Luxembourg. "But today no decision was taken."

The EU approved a fifth package of sanctions Friday that included the first significant ban on imports of Russian energy—coal. However, the bloc remains deeply divided over whether to advance with further energy import bans, starting with oil.

A senior EU official briefed on Monday's discussions said there was little detailed discussion of the options Monday and no progress in narrowing the divide within the bloc. A group of countries, led by Germany, oppose a speedy cutoff of oil imports. Others, led by Poland, are urging the bloc to stop buying Russian energy.

U.S. officials say they have urged the Indian government not to increase imports of Russian energy. President Biden met virtually Monday with Indian Prime Minister Narendra Modi as Washington presses New Delhi to take a tougher stance against Russia. India [has avoided publicly denouncing Moscow](#). Mr. Modi said during the meeting that he has spoken several times with both Mr. Putin and Mr. Zelensky and advised the two leaders to engage in direct talks.

Western and Ukrainian officials say the timing of Russia's next major campaign is up to Moscow, which may press the eastern offensive imminently with available forces, or wait a few weeks to reconstitute units that suffered losses in northern Ukraine.

The Russian Defense Ministry said that its missiles targeted a Ukrainian repair base near Velyka Novosilka in the Donetsk region, and that an ammunition depot it targeted near Mykolaiv, in southern Ukraine, was also destroyed.

More Western companies announced sales or suspensions of their Russian operations Monday following sanctions imposed by the European Union and the U.S. Further, French bank Société Générale SA said it would cease its banking and insurance activities in Russia, including selling Rosbank, while Swedish telecommunications company Ericsson AB said that it [was suspending its business in Russia indefinitely](#).

Société Générale said it [was selling its entire stake](#) in Rosbank and its Russian insurance units to Interros, a conglomerate controlled by metals billionaire Vladimir Potanin. Mr. Potanin and Interros have eluded sanctions from the U.S., EU and the United Kingdom. He was included on Canada's list of sanctioned individuals last week. Société Générale has had investment banking operations in Canada since 1974.

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[Ukraine's Zelensky Calls for More Military Aid Ahead of Battles in Eastern Regions](#)

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The U.S. State Department orders nonemergency consulate staff to depart Shanghai amid a growing Covid-19 outbreak. The Biden administration plans to allow more ethanol in gasoline this summer in an effort to lower prices at the pump. "Fortnite" creator Epic Games raises \$2 billion in a funding round. Keith Collins hosts.

[Click here to listen to the podcast](#)

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KEITH COLLINS: Here's your morning brief for Tuesday, April 12th. I'm KEITH COLLINS for the Wall Street Journal.

Ukrainian authorities say they are investigating a claim by its troops that they came under a Russian chemical weapons attack in the city of Mariupol. No independent evidence of the attack has emerged from the city. The Russian government has not commented publicly about the alleged use of chemical weapons in Mariupol.

The US State Department has ordered the departure of all non-emergency consulate staff and their families in Shanghai amid a growing COVID-19 outbreak. US officials said China's measures to limit the spread of the virus are affecting travel and access to public services. A lockdown imposed on Shanghai's 25 million residents has stretched into its third week.

The US plans to temporarily allow gasoline with high ethanol content to be sold this summer in an effort to tame high fuel prices. That's according to White House officials who say the Environmental Protection Agency will cite Russia's invasion of Ukraine in issuing the emergency exemption.

Epic Games, the company behind Fortnite says it raised \$2 billion in a new funding round from a pair of investors, including Sony. The funding was the most for any gaming company in two decades, and it means that Epic is now valued at \$31.5 billion.

Markets in Asia ended mixed and European shares fell in early trading. US stock features decline after yesterday's sell off. Investors will be watching consumer inflation figures throughout this morning.

And Federal Reserve Governor Lael Brainard speaks at the WSJ Job Summit later today.

We have a lot more coverage of the day's news on the WSJ's What's News podcast. You can edit your playlist on your smart speaker or listen and subscribe wherever you get your podcast.

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WASHINGTON—President Biden met virtually with Indian Prime Minister Narendra Modi on Monday as Washington presses New Delhi to take a tougher stance against Russia over [its invasion of Ukraine](#).

India [has remained neutral](#) amid the conflict despite efforts by the U.S. and Western allies to rally global leaders against Russian President Vladimir Putin and isolate Moscow economically and militarily.

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While the Biden administration has stopped short of publicly criticizing India over its stance, U.S. officials say they have urged the Indian government not to increase imports of Russian energy and that countries should avoid undermining [sanctions imposed](#) by the U.S. and European partners.

Addressing Mr. Modi at the beginning of their meeting Monday, Mr. Biden said he welcomed humanitarian assistance that India has provided to Ukraine.

"The United States and India are going to continue our close consultation on how to manage the destabilizing effects of this Russian war," Mr. Biden said. "Our continued consultation and dialogue are key to ensuring the U.S.-India relationship continues to grow deeper and stronger."

Mr. Modi said during the meeting that he has spoken several times with both Mr. Putin and Ukraine's President Volodymyr Zelensky and advised the two leaders to engage in direct talks. He also condemned [the recent killings of Ukrainian civilians](#) in the city of Bucha and called for an independent inquiry into the violence.

The White House said the meeting covered a range of issues, including the Covid-19 pandemic and cooperation on clean energy and technology. A senior administration official said that it was a candid conversation and that it is ultimately India's decision whether to cut off Russian oil imports.

White House press secretary Jen Psaki said Mr. Biden communicated to Mr. Modi that the U.S. was willing to help diversify India's sources of energy.

"The president also made clear that he does not believe it's in India's interest to accelerate or increase imports of Russian energy and other commodities," Ms. Psaki said Monday. She declined to say whether Mr. Biden had secured any commitments from India during the call with respect to its approach to Moscow.

"I would not see it as an adversarial call," she said.

Asked Monday about India's purchases of Russian energy, Minister of External Affairs Subrahmanyam Jaishankar said that "attention should be focused on Europe." He characterized India's purchases as necessary to maintain its energy security, and estimated that "our total purchases for the month would be less than what Europe does in an afternoon."

Tensions have escalated between the U.S. and India as New Delhi, which has longstanding defense ties to Moscow, has declined to publicly denounce [Russia's invasion](#) and abstained from multiple resolutions in the United Nations related to the war.

Last week, India was among 58 countries that abstained when United Nations members voted to suspend Russia from the U.N. Human Rights Council for "gross and systematic violations of human rights."

Earlier this month, Russian Foreign Minister Sergei Lavrov traveled to India and [praised New Delhi](#) for refusing to take sides in the conflict.

"We will be ready to supply to India any goods which India wants to buy," he said.

Mr. Lavrov's visit came just after U.S. deputy national security adviser for international economics Daleep Singh, a key architect of the Biden administration's sanctions against Russia, also met with officials in New Delhi.

The White House characterized Mr. Singh's conversations with counterparts in New Delhi as cordial, but he said there would be consequences to countries seeking to circumvent sanctions against Russia.

Also at issue is India's \$5.5 billion purchase of a Russian missile-defense system, which would trigger automatic sanctions under a 2017 U.S. law that penalizes the purchase of weapons from blacklisted suppliers such as Russia. The Indian government has said it plans to proceed with the delivery of the S-400 missile-defense system and hopes for a waiver from the Biden administration.

Ms. Psaki said the U.S. hadn't reached a decision on whether to grant India a waiver.

"We continue to urge all countries to avoid major new transactions for Russian weapons systems, particularly in light of what Russia is doing to Ukraine," Secretary of State Antony Blinken said. The Biden administration hasn't yet made a decision regarding potential sanctions for India's purchase of the S-400 system, he said.

Mr. Blinken acknowledged that "India's relationship with Russia was developed over decades, at a time when the United States was not able to be a partner to India. Times have changed. Today we are able and willing to be a partner of choice with India across virtually every realm: commerce, technology, education and security."

Defense Secretary Lloyd Austin declined to address "policy decisions that were made before my time," but said the Biden administration values and intends to strengthen the U.S. relationship with India. He said the Defense Department is "engaged in active discussions with India on how to best support their modernization needs," including ensuring interoperability with the U.S. military and affordability of weapons systems.

The U.S. [has sought to deepen its alliance](#) with India in recent years as it seeks to counter China's influence in the Indo-Pacific region. The Biden administration, which identified competition with Beijing as its top foreign-policy objective when taking office, has heavily promoted the Quadrilateral Security Dialogue, a partnership among the U.S., Japan, Australia and India.

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[Biden Meets Modi as U.S. Presses India Over Russia](#)

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