

## THE WALL STREET JOURNAL.

CLM East is East  
 SE Opinion  
 HD **Russia** Can't Depend on India Either; New Delhi may be frustratingly tolerant of Putin, but it isn't likely to help him substantively.  
 BY By Sadanand Dhume  
 WC 914 words  
 PD 29 April 2022  
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 LA English  
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LP

India's neutrality in the growing confrontation between Russia and the West over Ukraine is causing heartburn in Western capitals. But while disappointment may be justified, undue focus on New Delhi's unwillingness to condemn Moscow or impose sanctions misses an important detail: India's apparent forbearance toward Russia is largely symbolic. As a practical matter, New Delhi is unlikely to help its "special and privileged strategic partner" stave off Western pressure.

TD

Take energy. Since the conflict in Ukraine began, India has placed orders for at least 40 million barrels of Russian oil on the cheap—more than twice as much as it purchased in all of 2021. This might seem to signal a willingness to give Moscow the cash it desperately needs by increasing energy imports. As the world's third-largest importer of oil, India could make a big difference for Vladimir Putin. And the low price could make a big difference for New Delhi. According to a 2019 Reserve Bank of India [study](#), every extra dollar a barrel India pays for oil imports increases the country's budget deficit by \$1.25 billion.

But dramatically expanding oil imports from Russia would pose several practical difficulties for India. Though Russian oil may not face official sanctions, it still carries reputational risks, at which private companies spanning insurance to logistics to payments may balk. "They've tried to mop up some discounted prices on relatively modest contracts," says Ashley Tellis of the Carnegie Endowment for International Peace in a phone interview. "Actually getting vendors to bring that energy to India is proving to be quite a challenge."

Russian oil makes up a small fraction of Indian oil imports—only around 2% in 2021. Despite its recent purchases, India isn't among the top 10 importers of Russian energy. As Foreign Minister Subrahmanyam Jaishankar [pointed out](#) last month, this is unlikely to change. Most of Indian energy comes from Gulf nations that are friendly to America. As of 2020, its top three oil suppliers were Iraq, Saudi Arabia and the United Arab Emirates, while its top gas suppliers were Qatar and the U.S. With access to reliable energy supplies from the Gulf, Indian refiners don't need to turn to faraway Russia.

Indian businesses are also far more deeply integrated with the West than with Russia. At roughly \$150 billion a year, U.S.-India trade alone is more than 12 times as large as Russia-India trade. Indian billionaires like Mukesh Ambani own vacation homes in London and educate their children in the Ivy League. For many of them, cheaper energy simply isn't worth the potential risk of being cut off from U.S. financing or consumers.

Some could argue that even if New Delhi doesn't have economic incentives to buy up Russian oil, it could still offer Moscow a lifeline as the largest customer for another key Russian export: weapons. A little over a quarter of Russia's arms exports from 2017 through 2021 went to India. (The second-place recipient of Russian arms, China, accounted for about a fifth.)

India has compelling reasons to buy Russian weapons, Mr. Tellis says. Russian equipment tends to be cheaper to acquire than its Western equivalent, though the long-term operating costs can be higher. Russia also offers India its most sophisticated weapons—such as the Sukhoi Su-30 fighter and the S-400 missile defense system—while the West often holds back its newest gear.

Mr. Tellis also notes that Russia has had more success than the U.S. at co-producing and co-developing weapons with India, including the mid-range cruise missile BrahMos, named for the Brahmaputra and Moskva rivers. Russia's arms manufacturers are tightly linked to the government. Unlike American firms, they don't need to worry about justifying co-development decisions on commercial terms.

Despite all this, India's reliance on Russian arms has been declining—down from 69% of Indian arms purchases in 2012-16 to 46% in 2017-21. Western sanctions on Russia could accelerate this decline by undermining Russia's ability to maintain a sophisticated defense-industrial base. Russia's battlefield losses may also force its arms producers to focus on replenishing its own stocks over expanding exports. And though Moscow has been a reliable strategic partner to New Delhi in the past, its growing closeness to Beijing makes it less dependable. Mr. Tellis predicts a continued "gentle decline" in Indian arms imports from Russia, at least compared with India's imports from other nations such as the U.S., Israel and France.

Another area of Indian cooperation with Russia is its membership in non-Western groupings such as Brics (Brazil, Russia, India, China, South Africa), RIC (Russia, India, China) and the Shanghai Cooperation Organization. But these are really only talk shops with little policy coherence or influence. Besides, India's involvement is in large part meant to ensure that Russia does not draw too close to China, which may be fruitless at this point. None of these groupings will materially influence the outcome of the war in Ukraine.

As the conflict grinds on, many in the West will continue to bemoan India's unreliability. They should feel encouraged that Moscow can't rely on New Delhi either.

#### [Russia Can't Depend on India Either](#)

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

**NS** c13 : Regulation/Government Policy | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gesanc : International Sanctions | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | ncolu : Columns | nedc : Commentaries/Opinions | gcat : Political/General News | gdip : International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter | nfcpin : C&E Industry News Filter

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**IPD** Opinion |

**IPC** I/ARO

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# THE WALL STREET JOURNAL.

CLM Declarations

SE Opinion

HD **Putin Really May Break the Nuclear Taboo in Ukraine; It seems unthinkable, but American leaders' failure to think about it heightens the risk it will happen.**

BY By Peggy Noonan

WC 1,309 words

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LP

Sometimes a thing keeps nagging around your brain and though you've said it before you have to say it again. We factor in but do not sufficiently appreciate the real possibility of nuclear-weapon use by Russia in Ukraine. This is the key and crucial historic possibility in the drama, and it really could come to pass.

And once it starts, it doesn't stop. Once the taboo that has held since 1945 is broken, it's broken. The door has been pushed open and we step through to the new age. We don't want to step into that age.

TD

The war is in its third month. Diplomatic solutions are less likely than ever; war crimes and atrocities have hardened the Ukrainians, and in any case they're winning and the world is on their side. British intelligence this week reported Russia has lost around 15,000 troops, 2,000 armored vehicles and 60 aircraft. The ground invasion force has lost an estimated 25% of its combat strength. Russia is grinding through a disaster.

We aren't worried enough about Russian nuclear use in part because we imagine such a thing as huge missiles with huge warheads launched from another continent and speeding through space. We think: That won't happen! It has never happened! But the more likely use would be not of big strategic nuclear weapons but smaller tactical ones on the battlefield. Such weapons have a shorter range and carry lower-yield warheads. America and Russia have rough parity in the number of strategic nuclear weapons, but Russia has an estimated 10 times as many tactical nuclear weapons as the U.S. and delivery systems that range from artillery shells to aircraft.

Why would Vladimir Putin use tactical nuclear weapons? Why would he make such a madman move?

To change the story. To shock and destabilize his adversaries. To scare the people of North Atlantic Treaty Organization countries so they'll force their leaders to back away. To remind the world—and Russians—that he does have military power. To avoid a massive and public military defeat. To win.

Mr. Putin talks about nuclear weapons a lot. He did it again Wednesday: In a meeting with politicians in St. Petersburg, he said if anyone intervenes in Ukraine and "creates unacceptable threats for us that are strategic in nature," the Russian response will be "lightning fast." He said: "We have all the tools for this that no one else can boast of having. We won't boast about it, we'll use them, if needed."

He's talked like this since the invasion. It's a tactic: He's trying to scare everybody. That doesn't mean the threat is empty.

There are signs the Russians are deliberately creating a historical paper trail, as if to say they warned us. On Monday Foreign Minister Sergei Lavrov said the risk of nuclear conflict is "serious" and "should not be underestimated." Earlier, Anatoly Antonov, Russia's ambassador to Washington, sent a formal diplomatic note to the U.S. saying it was inflaming the conflict. The Washington Post got a copy. It said shipments of the "most sensitive" weapons systems to Ukraine were "adding fuel" to the conflict and could bring "unpredictable consequences."

The U.S. at the same time has become rhetorically bolder. This month President Biden referred to Mr. Putin as a war criminal. In March Mr. Biden called for regime change; the White House walked it back. This week Defense Secretary Lloyd Austin told reporters the U.S. aim in Ukraine: "We want to see Russia weakened to the degree it can't do the kinds of things it's done in Ukraine." The original American aim was to protect Ukraine's sovereignty and independence. Has the U.S. strategy changed, or has its officials' talk simply become looser? What larger strategic vision is the administration acting on?

In my experience with American diplomats, they are aware of but don't always grasp the full implications of their opponents' histories. Mr. Putin was a KGB spy who in 1991 saw the Soviet system in which he'd risen crash all around him. He called the fall of the Soviet Union a catastrophe because it left his country weakened, humiliated and stripped of dominance and hegemony in Eastern Europe. He is a walking, talking cauldron of resentments, which he deploys for maximum manipulation. He isn't secretive about his grievances. In his 2007 speech to the Munich Security Conference he accused the U.S. of arrogance, hypocrisy and having created a "unipolar world" with "one center of authority, one center of force, one center of decision making," headed by "one master, one sovereign." As for NATO, "we have the right to ask: Against whom is this expansion intended?"

Antagonism to the West has been the central intellectual organizing principle of his life. America is an object of his life's obsession.

So let me make an argument for my anxieties: For this man, Russia can't lose to the West. Ukraine isn't the Mideast, a side show; it is the main event. I read him as someone who will do anything not to lose.

In October he will turn 70, and whatever his physical and mental health his life is in its fourth act. I am dubious that he will accept the idea that the signal fact of its end will be his defeat by the West. He can't, his psychology will not allow it.

It seems to me he has become more careless, operating with a different historical consciousness. He launched a world-historic military invasion that, whatever his geostrategic aims, was shambolic—fully aggressive and confident, yet not realistically thought through. His army wasn't up to the task. It seemed thrown together, almost haphazard, certainly not professional.

Richard Haass, president of the Council on Foreign Relations, often notes that Mr. Putin has killed all the institutions in his country, sucked the strength, independence and respectability from them, as dictators do. They take out power centers that might threaten them but might also warn them of weaknesses in their own governments. All dictatorships are ultimately self-weakening in that way. But this means Mr. Putin has no collective leadership in Russia. It's all him. And he's Vladimir Putin.

When I look at him I see a new nihilistic edge, not the calculating and somewhat reptilian person of the past.

People who have known Mr. Putin have told me I am wrong in my concern about his potential nuclear use in that he knows if he makes one move with such a weapon, Moscow will in turn be reduced to a smoking ruin. But I am reading Mr. Putin as someone who's grown bored of that threat, who believes he can more than match it, who maybe doesn't even believe it anymore. In any case the Americans would not respond disproportionately.

No one since 1945, in spite of all the wars, has used nuclear weapons. We are in the habit, no matter what we acknowledge as a hypothetical possibility, of thinking: It still won't happen, history will proceed as it has in the past.

But maybe not. History is full of swerves, of impossibilities that become inevitabilities.

For the administration's leaders this should be front of mind every day. They should return to the admirable terseness of the early days of the invasion. They should wake up every day thinking: What can we do to lower the odds?

Think more, talk less. And when you think, think dark.

[Putin Really May Break the Nuclear Taboo in Ukraine](#)

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**IPD** COLUMN

**IPC** N/GEN

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# THE WALL STREET JOURNAL.

**CLM** Review & Outlook (U.S.)  
**SE** Opinion  
**HD** **Congress's Turn to Step Up on Ukraine; Biden's request to help Kyiv is an investment in U.S. security.**  
**BY** By The Editorial Board  
**WC** 502 words  
**PD** 29 April 2022  
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**LP**

The Biden Administration on Thursday rolled out a \$33 billion request for assistance for Ukraine, and let's hope Congress doesn't suddenly plead poverty. Vladimir Putin seems set on a long war, and the investment in defeating him will be cheap if it succeeds.

About \$20 billion of the package is earmarked for military aid, with more for a mix of humanitarian and economic assistance, as well as sanctions enforcement. "The cost of this fight is not cheap. But caving to aggression is going to be more costly, if we allow it to happen," said President Biden.

**TD**

The request includes such crucial Ukrainian needs as "accelerated cyber capabilities and advanced air defense systems"; increased intelligence support; and more "artillery, armored vehicles, anti-armor and anti-air capabilities." Ditto for funding for a "stronger NATO security posture" to underwrite U.S. troop deployments to deter a Putin foray into Poland or the Baltic states.

Congress can scrutinize and shape the details to ensure the Ukrainians will end up with long-range artillery, as well as training on more complex Western systems such as air defenses and unmanned vehicles. The Ukrainians also need systems that can operate together and at scale, not merely a potpourri of whatever is available in Western stocks.

A promising development on that front was this week's meeting at Ramstein Air Base in Germany, where Western countries discussed how better to coordinate military aid for Ukraine. Germany committed heavy weaponry such as 50 Cheetah anti-aircraft tanks. A test will be whether these weapons move into Ukraine at what U.S. Defense Secretary Lloyd Austin called "the speed of war."

Another urgent priority is replenishing U.S. weapons stocks. A panel of Pentagon purchasing experts told Congress this week that the U.S. has burned one-third of its Javelin antitank supply in two months in Ukraine. Stinger anti-aircraft missiles are also dwindling. Refills will take years, owing to brittle or closed production lines, and better to get started now.

The risk, as ever, is that Mr. Biden's Ukraine funding becomes a hostage in Congress. Mr. Biden's [Thursday letter](#) to Congress mentions his request for \$22.5 billion for more Covid-19 aid, and Democrats want to hold up Ukraine's weapons over domestic spending. Immigration fights also threaten to derail the bill.

But voters understand these are separate matters, and lawmakers can sort out their differences accordingly. The stakes in Ukraine are enormous for U.S. security. The war is in a crucial phase, as Russia tries to expand its control in Ukraine's east and crush the Ukrainian army. Defeating Mr. Putin's war of conquest is still possible, and the West can make the world safer by showing that an alliance of democracies can defeat a marauding dictator.

[Congress's Turn to Step Up on Ukraine](#)

**CO** uscong : United States Congress

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**IPD** Opinion |

**IPC** G/CNG

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# THE WALL STREET JOURNAL.

**CLM** Politics and Policy  
**SE** Politics  
**HD** **Biden Asks Congress for \$33 Billion to Support [Ukraine](#); Package includes \$20 billion in military and security assistance to maintain flow of weapons and ammunition to Kyiv**  
**BY** By Ken Thomas  
**WC** 1,239 words  
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**LP**

WASHINGTON—Democratic and Republican lawmakers welcomed President Biden's request for \$33 billion to fund weapons and provide longer-term economic and humanitarian aid to Ukraine, as [the country's conflict with Russia](#) enters its third month.

The proposal, announced by Mr. Biden Thursday, is designed to back [Ukraine's war effort](#) through the end of September. Lawmakers must now work out how to approve the aid while also trying to advance a package funding Covid-19 vaccines and treatments and resolving a dispute over U.S.-Mexico border policy.

**TD**

"We either back the Ukrainian people as they defend their country or we stand by as the Russians continue their atrocities and aggression in Ukraine," Mr. Biden said at the White House, terming it a "fight for freedom."

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Does the proposed aid package offer the right amount of support for Ukraine? Join the conversation below.

Congress provided Ukraine earlier this year with \$13.6 billion in [military, humanitarian and economic aid](#) as part of a broader spending bill, covering the first two months of the war. In his remarks, Mr. Biden said that money was nearly exhausted, requiring Congress to provide more to sustain Ukraine's defenses.

White House officials said of the \$3.5 billion in that initial package devoted to shipping weapons and ammunition to Ukraine's military, about \$250 million remains, making it important for Congress to act quickly.

Mr. Biden, who prepared the proposal after consulting with military and national security advisers, made the request to Congress as the U.S. and European allies prepare for a conflict that could continue for months.

Lawmakers, who returned from recess this week, backed the new proposal and said they were prepared to quickly approve another package of Ukraine aid. The House is out of Washington next week, putting off immediate action.

House Majority Leader Steny Hoyer (D., Md.) said Congress would provide Ukraine "all they need," saying the country "is fighting for freedom and democracy, not only in their own homeland but throughout the world."

The proposal, described by administration officials, includes, \$20.4 billion in military and security aid, an additional \$8.5 billion in economic assistance to help Ukraine respond to the crisis and provide



basic services for its people and another \$3 billion in humanitarian aid, including efforts to support the nation's wheat crop and food supply.

Administration officials said it would also include "targeted funding" of an additional \$500 million to address economic disruptions at home and abroad, particularly to help increase the production of crops such as wheat and soybeans.

Mr. Biden said the military aid "would provide even more artillery, armored vehicles, anti-armored systems, anti-air capabilities that have been used so effectively in the battlefield by Ukrainian warriors."

The House on Thursday voted 417-10 to [approve legislation to create a lend-lease agreement](#) designed to speed up the transfer of military equipment to Ukraine, similar to what the U.S. did with Britain in World War II. The Senate passed the bill earlier this month.

#### Inside the Russian Siege of Mariupol

Recent photos reveal the suffering of residents in the once-thriving Ukrainian city

Already, the U.S. has sent nearly \$4 billion worth of military equipment to Ukraine this year. The gear has ranged from small drones to helicopters to Javelin anti-armor and Stinger anti-aircraft systems, and more recently, heavy artillery, including Howitzers.

The first batch of training on those Howitzers, which occurred outside Ukraine, is complete, a senior defense official said Thursday. Additional training, on a radar system the U.S. has provided and on armored personnel carriers, is either complete or under way.

The Howitzers, radar systems, small drones and other weaponry are tailored to the needs of the fight as it begins to unfold in the open terrain in the Donbas region in eastern Ukraine, the official said.

"We're trying to send them systems that will help them with the fight in the Donbas," the official said, "but that don't require such an onerous training regimen that you have to take fighters out of the fight for too long."

The Ukrainians have continually sought more and bigger weapons systems, including jet fighters and more advanced drones. They also have called for the U.S. and allies to maintain a no-fly zone over Ukraine, which Washington has rejected as potentially leading to direct conflict with Moscow.

The Ukraine aid garnered broad bipartisan support in Congress, but Republicans have urged Democrats to keep it separate from other spending priorities, such as a package funding Covid-19 vaccines and treatments, which has been stalled by a dispute over border policy.

The president—asked if he wanted the Democratic majority in Congress to combine the two funds in a single spending bill—said he was agnostic. "I don't care how they do it," he said.

Democrats would like to combine the two requests. However, Republicans have insisted that any pandemic aid that moves through Congress must also include a vote sustaining Title 42, which [allows Border Patrol agents to quickly turn away migrants](#) at the southern border. Some Democrats have sided with Republicans in calling for a vote on Title 42, making the issue delicate for Democratic leadership.

"It's enough for now," said Sen. Dick Durbin (D., Ill.) of the Ukraine aid request. Asked if it would be combined with Covid-19 aid, he said it should be done in a way that would help it pass quickly.

Lawmakers didn't indicate that the emergency aid would need to be tied to any revenue generation.

"I'd like to pay for some of it, but this is truly an emergency and we've got a chance to deliver a decisive blow for freedom," said Sen. Lindsey Graham (R., S.C.), noting he was glad to see Mr. Biden send the request to Congress.

In addition to the funding request, Mr. Biden is asking Congress to approve a legislative package targeting Russian oligarchs, including a measure that would allow forfeited funds to be used to help Ukraine.

Proposals in the package include creating a criminal offense by making it unlawful for a person to knowingly possess proceeds obtained from corrupt dealings with the Russian government; allowing for the forfeiture of property that Russian oligarchs use to evade sanctions; adding sanctions evasion to the definition of "racketeering activity" under the Racketeer Influenced and Corrupt Organizations Act, or RICO; and extending the statute of limitations to pursue money laundering prosecutions from five years to 10 years.

"This package of proposals will establish new authorities for the forfeiture of property linked to Russian kleptocracy, allow the government to use the proceeds to support Ukraine, and further strengthen related law enforcement tools," a White House fact sheet says.

Mr. Biden's remarks came as Russia [has moved to cut off natural-gas supplies](#) to Poland and Bulgaria. The president said both countries had gas reserves, and he has been in touch with U.S. allies to divert supplies to the two nations.

Natalie Andrews, Gordon Lubold and Alex Leary contributed to this article.

Write to Ken Thomas at [ken.thomas@wsj.com](mailto:ken.thomas@wsj.com)

[Biden Asks Congress for \\$33 Billion to Support Ukraine](#)

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**IPD** Wires

**IPC** G/CNG

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**HD      The **Ukraine** Crisis: Retired Marine Is Released in Exchange for a Russian Prisoner**

**BY**      By Ann M. Simmons and Brett Forrest

**WC**      676 words

**PD**      28 April 2022

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**LP**

Trevor Reed, a U.S. citizen and retired Marine who has been detained in Russia since 2019, was released in a prisoner swap in a move lauded by Washington at a time when relations between the countries are at a historic low.

Russian foreign ministry spokeswoman Maria Zakharova said Mr. Reed was exchanged for Russian citizen Konstantin Yaroshenko, who was sentenced to 20 years in prison in 2010 for conspiracy to smuggle cocaine into the U.S.

**TD**

The release of Mr. Reed, a student at the University of North Texas, who in 2020 was sentenced to nine years in prison after being found guilty of assaulting two police officers, comes as Russia stands at odds with the U.S. and Europe over its invasion of Ukraine.

President Biden praised the release. "We welcome home Trevor Reed and celebrate his return to the family that missed him dearly," he said.

Mr. Reed was found guilty of using violence against government officials and was ordered to pay each officer 100,000 rubles, equivalent to about \$1,378, at the time.

Officials at the U.S. State Department said talks to win Mr. Reed's release unfolded over months, starting well before Moscow's broad invasion of Ukraine in February.

"It took a very, very long time. The highest levels of government were involved. Like the absolute top, said Alexey Tarasov, a Houston-based lawyer who represents Mr. Yaroshenko.

The Reed family praised Bill Richardson, a former U.S. ambassador to the United Nations and governor of New Mexico who has advocated on behalf of Mr. Reed and Paul Whelan, another retired Marine, of Novi, Mich., who was found guilty of espionage and sentenced in June 2020 to 16 years in prison in a case that also drew U.S. condemnation.

Mr. Whelan, who holds U.S., U.K., Canadian and Irish citizenship, maintains his innocence.

A senior administration official said the "discussions with the Russians that led to this exchange were strictly limited to these topics, not a broader diplomatic conversation."

Mr. Reed's lawyer, Sergey Nikitenkov, said in a phone call Wednesday that the "fact of the exchange does not mean that he agreed with something, signed something about guilt or asked that he wants to be pardoned or repent of something," he said. "He considers himself innocent."

Mr. Nikitenkov said Mr. Reed's mood and reaction to his release was mixed. On one hand he is "a person who was kept in harsh conditions. . .he was ill there repeatedly. . .his physical condition is difficult," the lawyer said. But on the other hand, "of course, yes, he is happy."

Mr. Yaroshenko, a 53-year-old pilot from Rostov-on-Don, in Russia's south, was arrested in Liberia by the U.S. Drug Enforcement Administration and local police. He was flown to the U.S. and charged with conspiring to transport South American cocaine from Liberia to the U.S. He was convicted in Manhattan federal court and sentenced to 20 years.

On Friday, Russia and the U.S. completed a deal to exchange the two detainees, Mr. Tarasov said. Attorneys for both prisoners confirmed that the swap took place in a third country.

Even after the deal was brokered, Mr. Yaroshenko remained circumspect, his lawyer said. "After 12 years of incarceration, you'll always take things with a grain of salt," Mr. Tarasov said. He was "cautiously optimistic."

A senior U.S. administration official told reporters Wednesday that Mr. Yaroshenko has "already paid a steep price in the U.S. justice system," adding that he currently is in Russian custody.

Mr. Yaroshenko plans to rejoin his wife, Viktoria, in Rostov-on-Don, his lawyer said.

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Corrections & Amplifications

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Trevor Reed and Paul Whelan served in the Marines. A Ukraine Crisis article on Thursday about a prisoner swap with Russia incorrectly said they are retired Marines.

(WSJ April 29, 2022)

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**IPC** IGV

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CLM World News  
SE World  
HD **Biden Seeks New Aid for [Ukraine](#) as [Russia](#) Makes Slow Progress in Seizing East; Congress is asked to provide \$33 billion to fund more weapons and provide longer-term economic assistance**

BY By James Marson

WC 1,674 words

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LP

President Biden sent Congress a [\\$33 billion request](#) to fund more weapons and provide longer-term economic assistance for Kyiv, as Russia's military is gradually seizing more territory in [Ukraine's east](#), pushing south from the city of Izyum with the apparent aim of cutting off Ukrainian forces.

Mr. Biden said Thursday that the \$13.6 billion in funding that Congress had initially provided to Ukraine to help cover the first two months of the war was nearly depleted and that far more was needed, describing the conflict as being at a pivotal point.

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The push for more Ukraine aid has garnered broad bipartisan support in Congress and signals how the U.S. and its European allies are preparing for a longer war that could grind on for months.

Thursday's proposal, as described by administration officials, includes [\\$20.4 billion in military and security aid](#). It comes a day after Russian President Vladimir Putin vowed a swift response to any greater Western involvement in the conflict.

Russian forces have seized villages south of Izyum in recent days and are gathering for a fresh thrust after Ukraine halted their progress, Ukraine's military said Thursday. Ukrainian and Western officials and analysts say Moscow's progress is slow and has yet to achieve a decisive breakthrough.

Russia at the end of March switched its immediate objectives from taking Kyiv and ousting the elected government to seizing chunks of territory in Ukraine's east. But any success in severing Ukrainian units' supply lines might not be decisive, analysts say, because [Russian forces](#) would be vulnerable to Ukrainian counterattacks and face tough urban fighting.

Moscow is seeking a quick advance before Ukraine is able to transfer new and rejuvenated units to the east, bolstered by heavy weapons promised or already delivered by the West, analysts say. Ukrainian officials say [Russia is suffering heavy losses](#).

Ukrainian President Volodymyr Zelensky said in a late-night address that he was grateful to the American people and to Mr. Biden for the request for more aid for his country and that he hoped Congress would act quickly.

"The negative consequences of Russia's aggression against Ukraine and against democracy are so large-scale for the whole world that, in comparison with them, this support from the United States is necessary," Mr. Zelensky said.

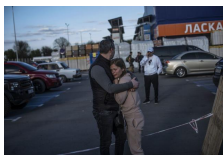
Lawmakers in Washington have said that they have been prepared to approve another package of military, humanitarian and economic aid for Ukraine quickly, but that they have

disagreed over whether to tackle Mr. Biden's request on its own, as Republicans want, or combine the Ukraine request with other spending packages, as Democrats prefer.

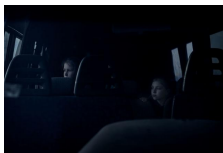
The House on Thursday approved legislation to create a lend-lease agreement designed to speed up the transfer of military equipment to Ukraine, similar to what the U.S. did with Britain during World War II. The Senate passed the bill earlier this month.

The Pentagon said Wednesday that more than half of the 90 howitzers it recently pledged to Ukraine had been delivered. Oleksiy Arestovych, a Ukrainian presidential adviser, said that by the end of May, arms would have arrived in sufficient quantities to change the balance of forces on the front.

"By the middle of June...we will be ready to go on the attack," he said in a Ukrainian television interview late Wednesday.



An embrace Thursday at a reception point in Zaporizhzhia, Ukraine, for people displaced by the war. PHOTO: Manu Brabo for The Wall Street Journal



Ukrainian girls upon their arrival at the reception point in Zaporizhzhia. PHOTO: Manu Brabo for The Wall Street Journal

The West is funneling arms, such as artillery and antiaircraft guns, and ammunition to Ukraine to help it defend itself in [a new phase of the war](#), in which heavy weapons are expected to play a more important role. The weapons will take time to have an effect on the battlefield. Some of the systems are new to Ukrainians and require training and integrating into Kyiv's military. The Pentagon said it had completed howitzer training this week for 50 Ukrainians who can pass on the knowledge to teammates.

Russia has quickly thrown together the remnants of units that were decimated in [fighting around Kyiv](#) in the first weeks of the war and sent them into fighting in the east. That has left Russian forces there without sufficient logistical and other support, preventing a significant breakthrough, the U.K. Ministry of Defense said Wednesday, describing Russian advances as minor.

"They have not taken enough time to rebuild forces wrecked in fighting around Kyiv," said Frederick Kagan, senior fellow at the American Enterprise Institute, a think tank in Washington. "They are hurling them into combat as they become available."

Russian officials say they intend to push Ukrainian forces out of the Donetsk and Luhansk regions in eastern Ukraine, which the Kremlin recognized as independent in February. Moscow says the invasion, which it calls a special military operation, is going according to plan.

Mr. Arestovych, the Ukrainian presidential adviser, said that Russia could achieve further advances where it has concentrated artillery and aerial power for bombardments, but that

Ukrainian forces were inflicting heavy losses and withdrawing only to take up better defensive positions.



A Ukrainian serviceman cleaning his weapon Thursday in a bunker outside Kyiv. PHOTO: Justyna Mielnikiewicz/MAPS for The Wall Street Journal

Russia's military has so far had little success breaching the defensive line that Ukraine's army set up along the front line of [an eight-year conflict](#) with Russian proxies in eastern Ukraine. But Russia has made progress striking from Russian territory in the north, where Ukrainian defenses were less prepared.

The Russian advances south of Izyum appear aimed at cutting off Ukrainian troops in the cities of Sloviansk and Kramatorsk. Another Russian advance farther east, toward the city of Lyman, is attempting to encircle the cities of Severodonetsk and Lysychansk. Analysts said it was as yet unclear whether Russia would seek a large encirclement of Ukrainian troops or smaller pockets.

But even if they surround Ukrainian units, Russian forces will be vulnerable to counterattacks and would have to pursue urban fighting, in which defenders have a significant advantage. Russia's military surrounded large cities [such as Chernihiv](#) in northern Ukraine in March but failed to capture them.

"At a certain point it is possible, but not inevitable, that the Russian will to fight will break, that they will not be able to conduct offensive operations if they continue to take terrible losses," said Mr. Kagan.

Russia's Defense Ministry said Thursday that its forces shot down a Ukrainian Su-24 aircraft near Mykolaivka in eastern Ukraine. It said that Russia's air force struck 67 Ukrainian military facilities over the previous 24 hours and that Russian forces had repelled an attack by Ukrainian forces with Tochka-U missiles and rocket launchers in Russian-held territory in Kherson, in Ukraine's south.

Mr. Zelensky, meanwhile, accused Russia of using what he called energy blackmail to warn European countries off providing further support for Ukraine. [Moscow cut off gas supplies](#) to Poland and Bulgaria on Wednesday, a move that the Ukrainian leader called a clear demonstration that "no one in Europe can hope to maintain any normal economic cooperation with Russia."

Some European officials have said that Russia's moves against Poland and Bulgaria were intended as a warning against all European Union members sending weapons and ammunition to Ukraine. Germany's Parliament on Thursday approved plans to deliver [antiaircraft cannon tanks to Ukraine](#), ditching its previous reluctance to send heavy weapons.

The EU has vowed to continue phasing out purchases of Russian natural gas, with Germany also now ready to [stop buying Russian oil](#), clearing the way for an EU-wide ban on crude imports from Russia.

In Kyiv, United Nations Secretary-General António Guterres met with Mr. Zelensky on Thursday after meeting with Mr. Putin and Russian Foreign Minister Sergei Lavrov in Moscow earlier this week. He said the U.N. would continue to push for a full-scale cease-fire while expanding cash assistance and "striving for immediate practical steps to save lives and reduce human suffering."



A return Thursday to a heavily damaged house in Bucha, Ukraine, to retrieve belongings and board up entrances. PHOTO: Justyna Mielnikiewicz/MAPS for The Wall Street Journal

Mr. Guterres also visited Bucha, a commuter town just north of Kyiv where [hundreds of residents were killed](#) during Russia's initial attempt to seize the Ukrainian capital in the early days of the invasion and a subsequent occupation. The area is now the focus of a war-crimes investigation by the International Criminal Court, though Russia isn't a party to the court and is unlikely to extradite any commanders to stand trial.

"I appeal to the Russian Federation to accept to cooperate with the International Criminal Court," Mr. Guterres said. "But when we talk about war crimes, we cannot forget that the worst of crimes is war itself."

Ukrainian authorities on Thursday [filed criminal charges](#) against 10 Russian soldiers accused of taking civilians hostage and mistreating them in Bucha, in the first such move by prosecutors investigating possible war crimes.

All were noncommissioned officers and privates from Russia's 64th Separate Guards Motor Rifle Brigade, one of the units that took part in the monthlong occupation of the Kyiv suburb. Ukrainian authorities said they discovered more than 400 dead civilians after Russian forces retreated in late March, their bodies packed in mass graves or left splayed on streets and sidewalks.

Russia has previously rejected allegations of war crimes, including accusations of targeting civilians.

Georgi Kantchev, Brett Forrest and Ken Thomas contributed to this article.

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[Biden Seeks New Aid for Ukraine as Russia Makes Slow Progress in Seizing East](#)

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# THE WALL STREET JOURNAL.

CLM Business  
SE Business  
HD **U.S. Efforts to Arm [Ukraine](#) Shine Light on Limited Production Lines; Years after the U.S. stopped buying older weapons, like the Stinger missile, the Pentagon is struggling to replenish its stocks**  
BY By Doug Cameron and Gordon Lubold  
WC 1,598 words  
PD 28 April 2022  
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LA English  
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LP

More than two months into [Russia's invasion of Ukraine](#), the U.S., the world's largest arms maker and exporter, is running short of some weapons and has yet to boost production to replace the depleted stocks.

Pandemic-driven [shortages of computer chips, rocket motors, propellant and labor](#) have exacerbated long-held concerns about the U.S. military-industrial base and its ability to increase production in times of conflict.

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## SHARE YOUR THOUGHTS

Is the U.S. doing enough to help Ukraine defend itself from Russia? Why or why not? Join the conversation below.

Military spending is set to rise, with the [Biden administration requesting \\$773 billion](#) for the Pentagon's next financial year, but the military is still running short of some weapons widely used in Ukraine.

Defense-company executives say they are ready to increase production of most weapons, but some experts say the Pentagon has only just begun issuing new contracts that would be required to replace some of the weaponry sent overseas.

"Industry really can't do a lot until they have their contracts in hand," said Bill Greenwalt, a former Pentagon official who managed the military's industrial policy and is now a visiting fellow at the American Enterprise Institute in Washington. "We are still in that limbo phase."

The Pentagon has sent more than \$3.7 billion worth of military goods from existing stockpiles to Ukraine since the Feb. 24 invasion, from heavy artillery and tactical drones, to shoulder-fired Stingers and Javelins. But so far, the Pentagon has issued only one new contract, for Puma drones. A Pentagon official last week said the military was working to get others issued soon.

One of the challenges to boosting production is that the military-industrial base is smaller than it once was. Years of budget cuts and industry consolidation has left the U.S. with just two producers of missile rocket motors. That is down from six in 1995, while the number of companies' sub-suppliers has shrunk to 1,000 from about 5,000, according to the Government Accountability Office.

Raytheon Technologies Corp., the Pentagon's second-largest supplier and maker of Javelins and Stingers, said Tuesday that a rocket motor shortage could stretch into next year.

Chief Executive Greg Hayes said the Pentagon hasn't bought new Stingers for almost two decades. While it reopened the Stinger production line for an overseas customer last year, it had to redesign some parts that are no longer produced.

"That's going to take us a little bit of time," said Mr. Hayes on an investor call.

Ellen Lord, the Pentagon's chief weapons buyer under the Trump administration, said the U.S. had already sent a quarter of its Stinger stocks to Ukraine. The Pentagon said it has so far earmarked around 1,400 Stingers for Ukraine.

More on the War in Ukraine

#### [Inside the Russian Siege of Mariupol](#)

"We have a problem with the government not paying to maintain production capacity," Ms. Lord, now a senior adviser at The Chertoff Group, a security risk consultant, said Tuesday at a Congressional hearing. It could take two to five years to increase production and replenish supplies being sent to Ukraine, she said.

Industry representatives say the issues raised by the war in Ukraine and the expected need to surge production capacity require the government and Congress to think more broadly about industrial strategy.

"All of this points to the need to think of the defense industrial base as a capability in and of itself in which we need to invest," said Eric Fanning, president and chief executive officer of the Aerospace Industries Association, in Arlington Va. "We need to be investing in it in a sustained way so it's there when we need it to surge."

Bill LaPlante, who started April 15 as the Pentagon's new chief arms buyer, said at a confirmation hearing last month that his priority was to speed the flow of supplies to Ukraine and have production lines ready to surge output. "I believe we need multiple hot production lines," he said, citing munitions and drones.

The drawdown of U.S. stockpiles and lack of replacement production has begun to attract the attention of lawmakers.

Sen. Dick Durbin (D., Ill.), chair of the Senate Appropriations Committee, said last week he was open to invoking the Defense Production Act to spur [weapons output for Ukraine](#), reprising the directives that helped two years ago to push some defense companies to pivot and produce pandemic-related supplies.

"The pressure is on," said Mr. Durbin, who added that he was in regular contact on the matter with Defense Secretary Lloyd Austin.

The Pentagon is looking at the Defense Production Act and other legal mechanisms "to determine whether they are applicable or prudent, and is applying those authorities as needed to help replenish stockpiles in the most efficient manner," said a Pentagon spokeswoman.

Speaking Wednesday at the Pentagon, department spokesman John Kirby said that Defense Secretary Lloyd Austin spoke about industrial-base issues the previous day with his counterparts at the Ukraine Security Consultative Group meeting in Ramstein, Germany. The U.S., Kirby said, is looking at its defense industrial base and is also asking allies to look at their own to determine "the degree to which there might need to be changes in terms of production of certain systems or not, or accelerations or not."

To date, almost all the [shipments of weapons to Ukraine](#) have come from existing stocks, according to the Pentagon. Officials have emphasized that the transfers to Ukraine haven't affected U.S. military readiness.

Lockheed Martin Corp. said last week that while it was in talks with the Pentagon, it hasn't increased production of any of the weapons being sought by Ukraine. Lockheed, the world's largest defense company by sales, produces the Javelin in a joint venture with Raytheon.

Jay Malave, Lockheed's chief financial officer, said the company was evaluating requests from the Pentagon to raise output of equipment, but he did not specify which ones. He said fulfilling the orders has been complicated by the pandemic-driven supply chain issues that started to affect defense companies in the final quarter of last year—later than most manufacturers.

The U.S. has provided Ukraine with more than 5,500 Javelins, but won't disclose how many are left in its inventory. The Center for Strategic and International Studies, a nonpartisan think tank, estimates the Pentagon has used around a third of its stock.

The Pentagon declined to comment on how many Stingers and Javelins were currently in U.S. stockpiles.

The Defense Department will issue new contracts "as quickly as possible, consistent with existing laws and policies," the Pentagon spokeswoman said in a statement.

Part of the issue is that while the U.S. has Stingers and Javelins in its arsenal, the weapons are rarely used by the U.S. on the battlefield, limiting demand for new ones, officials said. The Pentagon has in recent years directed more funding toward higher-end weapons designed to tackle China's military expansion often at the expense of older, simpler systems like the Javelin, said industry experts.

Aerojet Rocketdyne Holdings Inc., which makes rocket motors for the Javelin and Stinger, said it could increase production, but was waiting for the Pentagon to order more. The company, which is in the midst of a proxy board battle, declined to comment on Raytheon's assertion that industry could take months to raise output.

Other defense suppliers, such as AeroVironment Inc., which makes the armed Switchblade drones being supplied to Ukraine, have cited shortages of high-end semiconductors.

At a Senate hearing Wednesday, Commerce Secretary Gina Raimondo said semiconductor shortages were constraining the ability of U.S. military contractors to supply weapons to Ukraine. "I talked to all the national defense contractors recently, who are working overtime in the Ukraine replenishment issue and their biggest pain point is chips," she said. "There are 250 chips or more in every Javelin launching system."

The Pentagon, in an apparent nod to concerns about the industrial base, said last week it was diversifying its supplies of armed drones being sent to Ukraine, with more than 100 recently developed Phoenix Ghosts slated to join the Switchblades already being dispatched.

The agency has also reached out to some defense companies to discuss boosting production. On April 12, Deputy Secretary of Defense Kathleen Hicks alongside Air Force acquisition chief Andrew Hunter convened a meeting of top defense-industry CEOs to discuss the issue.

Lockheed, Raytheon, Boeing Co., Northrop Grumman Corp., General Dynamics Corp. L3Harris Technologies Inc., and the U.S. arm of BAE Systems PLC were among those who attended, according to the Pentagon.

David Berteau, chief executive of the Professional Services Council, an Arlington, Va., trade association representing government contractors, said at a congressional hearing Tuesday that efforts should have been made six years ago to prime the missile supply chain.

"We're behind," said Mr. Berteau, a former Pentagon official in charge of logistics during the Obama administration, "and you guys should push them."

Yuka Hayashi contributed to this article.

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[U.S. Efforts to Arm Ukraine Shine Light on Limited Production Lines](#)

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**NS** gvdef : Defense Department | c21 : Output/Production | cpshrt : Product Shortage | cactio : Corporate Actions | ccat : Corporate/Industrial News | gpir : Politics/International Relations | gvio : Military Action | ncolu : Columns | npda : DJ Exclusive Analysis - All | gcat : Political/General News | cexpro : Products/Services | gcns : National/Public Security | gpol : Domestic Politics | grisk : Risk News | gvbod : Government Bodies | gvexe : Executive Branch | ncat : Content Types | nfact : Factiva Filters

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# THE WALL STREET JOURNAL.

CLM Commodities  
SE Markets  
HD **Oil Middlemen Fueled Putin's War Machine. Now They're Getting Out. Russia relies on exporters like discreet Swiss firm Trafigura to sell its crude supply, but Ukraine invasion tested even their legendary tolerance for risk**  
BY By Joe Wallace and Eliot Brown  
WC 1,906 words  
PD 28 April 2022  
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LA English  
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LP

Russia built a self-proclaimed fortress around its economy in the run-up to war—but there was a crack. Moscow depended on foreign middlemen to ferry its most strategic and lucrative export around the world: oil.

Now the most-important middleman, Trafigura Group, is joining several competitors in [cutting off Russian giant Rosneft Oil Co. from global oil markets](#). In a high-stakes move that goes farther than official Western sanctions, the Swiss commodities trader plans to stop exporting Rosneft's crude altogether. It will cut its business with the state producer to a sliver of prewar levels, supplying only some refined products such as diesel into Europe, according to a spokeswoman.

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Trafigura and other traders were already poised to lose a big chunk of their Russian business on May 15, when sanctions go into effect that bar them from selling Rosneft oil to countries outside the European Union and Switzerland. In also deciding to cut exports to Europe, long the biggest buyer of Russian oil, they are getting ahead of [EU countries that are discussing a full ban](#).

Vitol, Trafigura's biggest competitor in oil, also plans to retreat from the Russian market, according to people familiar with the decision. [Glencore PLC, a mining and trading giant with a long history in Russia](#), suspended its contract to export Rosneft oil in March, people familiar with the decision said.

It marks a shift for the traders, which have long done business where few other Western companies would dare, given that many of the world's valuable commodities are found in places that have struggled with corruption, instability and war.

While the traders continued to ship Russian oil after war broke out, they faced mounting pressures from Western governments, financial institutions and Ukrainian officials. A huge drop in European demand, given the stigma of sending petrodollars to Moscow, made the decision easier.

"The world has changed," said Jean-François Lambert, a consultant to the commodities industry and former head of commodities trade finance at HSBC. "We are not in a twilight situation. We are in a black-and-white situation."

Their disengagement is forcing Russia to hastily rework its commodity-export business, [the foundation of the country's economic wealth](#) and the feedstock for Vladimir Putin's war machine. Rosneft accounts for about a third of Russia's total oil production and about a fifth of the government's revenues.

The retreat will also likely mean substantial losses on investments the traders made in the country as they sought to deepen their roots, such as [a giant drilling project in the Arctic Circle partly owned by Trafigura and Vitol](#). On the core business of trading, the merchants face risks as they pull out, as a messy unwinding from Russia could stick them with millions of barrels of unsalable oil if they aren't adroit.

Trafigura, like many traders, is privately held and offers less disclosure about its operations and financial results than public companies. Owned by its 1,000-odd partners, it competes with the likes of Vitol and Geneva-based Gunvor Group as well as the trading arms of oil producers including BP PLC and Shell PLC.

Headed by Australian Chief Executive Jeremy Weir, the firm is legally based in Singapore, though its top executives operate out of a bland seven-story office building in Geneva with a pharmacy on the ground level.

The company generates almost twice as much revenue as Facebook owner Meta Platforms. It churned out a profit of \$3.1 billion in the year through last September.

Last month, Trafigura announced [it had doubled the size of a credit facility with banks to more than \\$2 billion](#) to weather extreme price moves sparked by the war in Ukraine. A set of Trafigura bonds issued late last year have fallen nearly 10% since just before the start of the war. Bonds of other commodity traders fell in price, too.

Trafigura dates back to a bust-up in 1993 at Marc Rich & Co., run by trader and fugitive from U.S. justice Marc Rich. Trafigura—a name plucked from a selection of registered Dutch companies—struck out as a breakaway and expanded under founder Claude Dauphin.

Post-Soviet Russia was a highly sought-after prize. The country emerged from the collapse of the Soviet Union as a commodities superstore. It is [the world's biggest exporter of oil and a huge producer of natural gas, wheat, nickel, gold and more besides](#).

Together Trafigura and its competitors have channeled billions of dollars to Rosneft from Western lenders and invested in oil fields and port terminals in Russia—to endear themselves to producers in the country and gain access to their oil, current and former industry executives say.

Trafigura was late to the game in Russia, lagging Vitol, Glencore and others. It got its break in 2013 when it struck a \$1.5 billion deal with Rosneft that followed a \$10 billion deal between the Russian producer and those rivals.

The money helped fund [Rosneft's purchase of TNK-BP](#), a bumper deal that turned the state-aligned company into the world's biggest listed oil producer. Mr. Dauphin hired away TNK's top traders, gaining access to Russian business circles that Trafigura had previously lacked. Israeli-Canadian trader Jonathan Kollek—who had spent more than two decades working in Russian oil, starting at Marc Rich & Co., according to former colleagues—led Trafigura's new outfit in Moscow.

Trafigura didn't make Mr. Kollek available for an interview.

The relationship between Rosneft and Trafigura grew stronger after Russia's 2014 annexation of Crimea. Rosneft was in a pinch. It faced a wall of debt and sanctions imposed after the annexation banned Western banks from making loans that lasted longer than 30 days.

Trafigura, armed with a giant balance sheet and with ready access to financing from Western banks and the global bond market, swooped in. It agreed to buy oil in huge quantities and pay 25 days up front, easing the cash crunch at Rosneft. Trafigura catapulted above Vitol and Glencore to become the biggest Western exporter of Russian crude in 2015.

"There's no sanctions on oil trading in Russia, and therefore it's business as usual," said Mr. Weir at the time.

Trafigura went on to deepen its ties with Russia, striking deals beyond trading. It bought an Indian oil refinery with Rosneft. And it plowed the equivalent of \$8.4 billion into Rosneft's vast Vostok Arctic oil field in return for more barrels and a 10% stake in the project, largely funded by a Russian bank.

Rosneft—which counts a Russian state-owned company as its largest shareholder—is run by CEO Igor Sechin, a close ally of President Putin. Mr. Sechin's strategy was to grant barrels of oil in return for funding and investments, all the while playing Trafigura, Vitol and Glencore off against each other, said Mr. Lambert, the former banker. "If the price is you invest one billion here, one billion there and you can afford it, you do it," he said.

Physical commodity markets are opaque. But data tracking shipments from Russian ports and calculations by rival companies suggest Trafigura grew to be by far the biggest exporter of Rosneft oil. Last year, it shipped about 519,000 barrels a day, according to oil-tracking firm Petro-Logistics, more than twice as much as second-place Gunvor. Including oil from private Russian energy companies,

Trafigura was the second-biggest exporter of Russian oil behind Litasco, the trading arm of Moscow-based producer Lukoil, the data show.

A Trafigura spokeswoman called the data "materially incomplete and inaccurate" but declined to provide the company's own figures.

When Mr. Putin invaded Ukraine on Feb. 24, Trafigura's big Russian bet began to boomerang.

Details of agreements between Trafigura and Rosneft aren't disclosed. But people familiar with their terms say Trafigura, and its rivals, agree to long-term contracts to buy millions of barrels of Russian oil with prices set according to formulas based on recent prices of oil benchmarks.

Russia locks in a steady buyer of its oil, and Trafigura makes a profit by selling the oil at a slightly higher price to refiners and traders in Europe and Asia.

That recipe came undone when Russia invaded Ukraine. [Global markets for Russia's flagship Urals crude tanked](#), selling at roughly a \$30 a barrel discount compared with Brent, the international benchmark. It usually sells for around the same amount.

Trafigura and the other middlemen struggled to find companies to sell to, particularly in the West. "Not many," Mr. Weir said at a conference in late March when asked how many buyers there were for Russian oil.

They found takers farther afield. Cargoes that once headed to Europe instead traveled to markets such as India, which has avoided denouncing the war and [scooped up Russian oil on the cheap](#).

Share your thoughts

Should the West impose a full ban on Russian imports? Why or why not? Join the conversation below.

Unlike oil giant BP, which rapidly declared its intent to quit Russia in the days after the invasion, Trafigura and some other traders were more circumspect. [Trafigura froze its investment in Vostok](#) without detailing what that entailed, and industry executives expect the company to absorb a large loss on the project.

After a dialogue with European government officials and external lawyers about EU and Swiss sanctions targeting Rosneft, Trafigura decided to stop selling oil from the state company elsewhere in the world beyond May 15, even though it theoretically could have skirted the sanctions by operating through offshore units.

Even sales in Europe turned dicey, as numerous refiners and government officials on the continent balked at the thought of buying Russian oil.

With few takers, Trafigura could have been stuck buying oil from Russia based on its contract with Rosneft with nowhere to sell it.

France and other countries are urging a more sweeping ban on Russian oil that would halt sales in the EU, too. Meanwhile, staff at some ports are unwilling to unload shipments.

With the walls closing in on the traders, Moscow will have to turn elsewhere if it is to keep selling its oil. One option is to sell directly to select customers in Asia. Another is to build new pipelines to transport oil directly to China. A third is to replace Trafigura and others with smaller traders in the Middle East.

Smaller companies might be able to dance around the sanctions, for example by dealing out of non-European subsidiaries. But the big players likely can't risk undermining their relationships with banks by flouting the spirit of the rules, lawyers and traders say.

Rosneft is dashing to sell oil while it still can, and struggling. In recent days, the state producer [failed to find buyers for tens of millions of barrels of crude it put up for sale](#) after the traders began to leave Russia.

Alistair MacDonald contributed to this article.

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[Oil Middlemen Fueled Putin's War Machine. Now They're Getting Out.](#)

**CO**      rsneft : Rosneft Oil Company OJSC | trfig : Trafigura Beheer BV | rosnt : Rosneftegaz

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**NS** c13 : Regulation/Government Policy | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gesanc : International Sanctions | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | m14 : Commodity Markets | mcat : Commodity/Financial Market News | ncolu : Columns | npda : DJ Exclusive Analysis - All | gcat : Political/General News | m143 : Energy Markets | gdip : International Relations | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter

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**HD**      **The Ukraine Crisis: Gaps Mar Moscow Economic Data --- Inconsistent figures make it difficult to gauge impact of war, Western sanctions**

**BY**      By Paul Hannon, Georgi Kantchev and Yuliya Chernova

**WC**      961 words

**PD**      28 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A8

**LA**      English

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**LP**

The West has leveled waves of sanctions against the Russian economy. The crucial question is, are they working?

Russia on Wednesday released inconsistent data that showed the economy in March was either doing fine or just treading water. Private-sector data has shown a sharp slowdown in Russia.

**TD**

Economists had expected the first official Russian numbers on the economic impact of the invasion of Ukraine and the sanctions to show declines in economic growth and industrial output and a pickup in unemployment.

Russia's Ministry of Economic Development said on Wednesday that the country's economic output was 1.6% higher in March than a year earlier. That is a sharp deceleration from the 4.3% expansion recorded in February, and the 5.8% growth in gross domestic product seen in January, TASS, the state-owned news agency, reported.

The country's official statistics agency, known as Rostat, published more positive data, saying factory output was just 1% lower in March than in February when seasonal variations in activity are accounted for. The unemployment rate was unchanged at 4.1%, Rostat said.

It may be too soon for the impact of the war and sanctions to be reflected in the economic data. The numbers may also be less reliable than in the past, as Russia looks to clamp down on the view the outside world has on its economy.

Liam Peach, an economist with Capital Economics, said some of the data appeared to diverge from nonofficial measures of economic output. "Such a mild contraction in industrial production seems inconsistent with the expected hit from the imposition of Western sanctions last month," he said. He noted that private-sector manufacturing surveys showed a sharp decline for March.

A measure of private-sector activity in March based on a survey of 500 businesses by S&P Global recorded the sharpest fall since May 2020, when Russia was in the early stages of the Covid-19 pandemic.

Russia invaded its neighbor on Feb. 24, prompting governments to impose a punishing series of sanctions intended to weaken Russia's capacity to wage war. The sanctions imposed in the early weeks of the invasion aimed to sever many of Russia's links to the global financial system and limit its access to international logistics and transport networks.

On Wednesday, Russia halted natural-gas deliveries to European Union members Poland and Bulgaria in retaliation against those sanctions. The stakes are high for the Russian economy since oil and gas sales make up more than 40% of the federal budget and Europe is Russia's main gas market. Russia's oil production this year may decline by as much as 17% in volume terms because of Western sanctions, Finance Minister Anton Siluanov said Wednesday.

Russian policy makers, including President Vladimir Putin, have acknowledged that the sanctions have caused economic harm, but haven't publicly quantified the scale of the damage with hard



data. International economists have a range of estimates, with the International Monetary Fund expecting to see a decline in gross domestic product of 8.5% this year.

"This will be the deepest economic crisis since the early '90s," said Vasily Astrov, a Russia-focused economist at the Vienna Institute for International Economic Studies.

There are clear signs the economy has been shaken. Job recruiters have seen hiring plummet as foreign businesses lay off workers. Businesses have struggled to export goods and source parts for operations, while consumers grapple with inflation.

The downturn is Russia's latest in a series of dark times. Russia suffered a collapse in economic output following the breakup of the Soviet Union in the early 1990s, a government-debt meltdown in 1998, and a contraction and currency depreciation in 2015 in response to sanctions following Russia's annexation of Crimea.

Russian factories have struggled to find parts they had previously imported from Western suppliers, while seeing their access to foreign buyers cut off by financial and logistics roadblocks.

Production of cardboard, the packaging of choice for online commerce, has collapsed by 25% since the end of February because of sanctions and a fall in domestic consumption as Western brands suspended their work in the country, according to Russia's League of Waste Paper Processors.

"Everyone is busy looking for new markets in order to export maximum products," said Aleksey Sergeev, chief executive of the organization.

Around 650,000 tons of cardboard are sitting idle in warehouses across Russia. That is the equivalent of a month-and-a-half of stock, compared with a usual stock level covering seven to 10 days, Mr. Sergeev said.

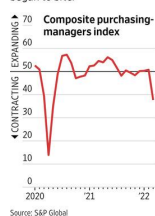
The data published Wednesday represent a curtailed view into the economy. Russian authorities stopped publishing some key figures, including data on government debt, trade flows and oil production. Some analysts say the partial blackout is part of an effort to deprive Western governments of the information they would need to effectively target new sanctions.

The statistics agency had a record of accurately reflecting the ups and downs of the economy in the years before the war. It had previously recorded a sharp pickup in inflation during March, reflecting the ruble's steep decline in the early weeks of the war and a rush to stockpile essentials by households in anticipation of shortages. The ruble, supported by restrictions on taking money out of the country, has since rebounded to its prewar levels. The rise in consumer prices has also slowed.

But the long-term effects of the war are still unfurling and the impact on Russia's job market may not be felt for months.

#### War Economy

Russian factories and service providers reported a decline in activity as Western sanctions began to bite.



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**CO** rumedt : Russia Ministry of Economic Development

**NS** ecat : Economic News | c13 : Regulation/Government Policy | gesanc : International Sanctions | gtrade : Trade Barriers/Restrictions | nimage : Images | e11 : Economic Performance/Indicators | ccat : Corporate/Industrial News | e51 : Trade/External Payments | 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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Europe | eurz : Europe

**IPC** PIC

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**HD The Ukraine Crisis: Drone Firm Suspends Business In Russia, Ukraine**

**BY** By Dan Strumpf

**WC** 269 words

**PD** 28 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A7

**LA** English

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**LP**

HONG KONG -- China's SZ DJI Technology Co., the world's largest maker of consumer drones, said it is suspending business activities in Ukraine and Russia pending a compliance review.

The disclosure by the Shenzhen-based company follows complaints from Ukrainian officials of technical glitches in its products that they said appeared to aid Russia's military activities in the country. DJI has said that it never tampered with its products, and that it was trying to fix the malfunction problems.

**TD**

DJI didn't say which compliance requirements were behind its decision. The U.S. and its allies have imposed export controls and sanctions on Russia in the wake of its invasion of Ukraine. They include a ban on exports to Russia's defense sector and complex restrictions on the export to Russia of foreign products made using U.S. equipment, software or blueprints.

Although numerous Western firms have publicly condemned the invasion and announced curtailments in business in Russia, Chinese companies have been largely silent despite controlling large shares of the market for many products.

Drones have played an outsize role in the Russia-Ukraine war. Recently, devices from U.S. startups increasingly have been used by Ukrainians in search-and-rescue efforts and other aspects of the country's defense. That comes after Ukrainian officials raised concerns about Russia's successful use of DJI equipment. In March, Ukrainian Vice Prime Minister Mykhailo Fedorov called on DJI in a public letter to halt its business in Russia.

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**CO** sdjtcc : SZ DJI Technology Co. Ltd.

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

**NS** gvio : Military Action | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News

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# THE WALL STREET JOURNAL.

CLM Europe News  
SE World  
HD **Germany Drops Opposition to Embargo on Russian Oil; The shift paves the way for a next round of European sanctions over the [Ukraine](#) war**  
BY By Bojan Pancevski, Laurence Norman and Georgi Kantchev  
WC 1,189 words  
PD 28 April 2022  
ET 22:54  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

BERLIN—Germany is now ready to stop buying Russian oil, clearing the way for a European Union ban on [crude imports from Russia](#), government officials said.

Berlin had been one of the main opponents of sanctioning the EU's oil-and-gas [trade with Moscow](#).

TD

However on Wednesday, German representatives to EU institutions lifted the country's objection to a full Russian oil embargo provided Berlin was given sufficient time to secure alternative supplies, two officials said.

The German shift increases the likelihood that EU countries will agree on a phased-in embargo on Russian oil, with a decision possible as soon as next week, diplomats and officials say. However, how quickly the bloc ends its Russian oil purchases, and whether it also uses measures such as price caps or tariffs, is still being negotiated. The U.S. is pressing its European allies to avoid steps that could lead to a protracted increase in oil prices.

Europe's debate on banning Russian oil has shifted decisively in recent days with Germany and some other countries taking practical steps to replace Russia with other suppliers. Some member states remain cautious about the economic impact of an oil embargo, including Hungary, Italy, Austria and Greece, diplomats say. All 27 EU governments must approve an oil ban.

The oil moves come as EU nations scramble to help member states Poland and Bulgaria make up for a natural gas shortfall [after Russia stopped deliveries](#) this week in reaction to what it said was the two countries' refusal to pay for imports in rubles. The Kremlin demands EU buyers pay into special bank accounts where deposits would be converted from euros and dollars into rubles.

The EU pays state-controlled Russian firms around €1 billion, equivalent to \$1.05 billion, a day for energy, according to estimates by Bruegel, a Brussels-based think tank. Critics have said that these funds are bankrolling Russian President Vladimir Putin's regime and its [war in Ukraine](#).

On Thursday, Gazprom PJSC, Russia's biggest gas producer, said profit soared in 2021 on the back of higher gas and oil prices.

Senior officials from EU member states discussed oil sanctions at length on Wednesday and the European Commission, the EU's executive body, will hold further discussions with EU countries in coming days before presenting a proposal probably early next week, officials and diplomats say.

U.S. Treasury Secretary Janet Yellen said last week that a full European oil embargo on Russia would push up international oil prices, hurting a fragile global economy, and might "actually have very little negative impact on Russia," which would benefit from higher oil prices on its remaining exports. She suggested Europe could keep buying oil while restricting Russia's access to payments, echoing talk in Europe of making payments into an escrow account.

The EU imports between 3 million and 3.5 million barrels of oil a day from Russia, sending just under \$400 million in payments daily, according to Bruegel. That amounts to some 27% of EU oil imports. Oil and gas revenues accounted for 45% of Russia's federal budget in 2021, according to the International Energy Agency.

Many companies have been self-sanctioning, according to analysts and traders, avoiding trade in Russian oil over reputational concerns and the risk that the Western pressure campaign could soon encompass Moscow's energy exports. That is already contributing to a sharp fall in Russian oil exports, according to the IEA.

EU officials designing the next sanctions proposals have to factor in that it will take some European oil refineries time to adapt to receive non-Russian crude. They also acknowledge that for countries such as landlocked Hungary, which receives its Russian oil through pipelines, adjusting to a Russian oil embargo will be complex.

The bloc is considering the option of combining a gradual phaseout of oil purchases with more immediate measures to reduce demand or cut payments to Moscow, such as a price cap or a tariff on oil imports. Another possibility is to phase out shipped oil purchases quickly and pipeline deliveries more slowly.

"There are all sorts of things that we're running through," said a senior EU official. "The aim is to hit the Russians as hard as possible while at the same time minimizing" the cost.

While Germany has swung behind the idea of phasing out Russian oil purchases, Berlin remains skeptical of price caps, tariffs and proposals to put Russia's oil payments into escrow accounts.

German officials doubt that Mr. Putin would maintain oil deliveries if the EU unilaterally cut the price it pays, and they caution that Russia could easily sell its oil to other customers such as India and China instead of accepting a lower European price.

Berlin's change of mind on oil came after it struck a deal with Poland that will enable Germany to import oil from global exporters via the Baltic Sea port of Gdansk, officials said Wednesday.

The Polish port is located close to the PCK oil refinery in Schwedt, Germany, which is controlled by the Russian oil giant Rosneft and receives crude via a Russian pipeline known as Druzhba, Russian for friendship.

The Gdansk port infrastructure, which is equipped to receive oil supertankers, is connected to the Russian pipeline with a separate link operated by Poland. This means oil imports to Gdansk could be immediately channeled through the pipeline to the Schwedt refinery, replacing Russian supplies, government officials said.

The Schwedt refinery was the biggest obstacle to Germany accepting a ban on Russian oil imports because thousands of jobs in the region depend on it and there was no alternative supply to feed it until now, the officials said.

The Polish deal was necessary because the German port closest to the refinery, Rostock, doesn't have the capacity to receive supertankers. In addition, Germany's railways no longer operate oil wagons. The landmark deal was announced on Wednesday by German Economy Minister Robert Habeck during a visit to Poland.

Some 12% of Germany's oil consumption relies on Russian imports, down from 35% before the war, Mr. Habeck said in a video statement posted on his ministry's social media. He said Germany was now ready for the possibility that Rosneft would stop channeling oil, a scenario he said would no longer spell disaster for the German economy.

"Rosneft is a Russian state company and they have no interest in processing non-Russian oil," Mr. Habeck said.

Should Rosneft refuse to process non-Russian oil imports, Germany could put the refinery under state management under laws protecting strategic assets. Berlin has already assumed stewardship of the main Russian gas-trading hub in Germany, a subsidiary of Russia's state-controlled Gazprom.

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[Germany Drops Opposition to Embargo on Russian Oil](#)

**CO** brglcb : Brussels European and Global Economic Laboratory | euruno : European Union

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

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**IPD** WSJ

**IPC** GAZP.RS

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# THE WALL STREET JOURNAL.

CLM Commodities  
SE Markets  
HD **Corn and Soybeans Near Record Prices, Push Food Costs Higher; [Ukraine](#) war, drought in South America and biofuel demand pressure supplies of the crops**  
BY By Ryan Dezember  
WC 873 words  
PD 29 April 2022  
ET 00:51  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Corn and soybeans prices have risen nearly to records, signaling higher food inflation to come.

Global food prices had already reached records when [Russia invaded Ukraine](#) in late February and jeopardized big slices of the world's grain and oilseed supplies. Poor harvests in South America, inclement planting weather in the U.S. and rising biofuel demand threaten to stretch inventories even thinner and push prices higher.

TD

The price of soybeans, which are fed to cows, chicken and salmon and crushed into oils, has gained 26% so far this year. Futures are trading above \$17 a bushel for the first time since a hot, dry summer baked American farms and ruined crops in 2012. Until recently, that drought a decade ago was the only time that corn cost more than \$8 a bushel. Corn futures, up 37% this year, traded as high as \$8.24 on Thursday, about 15 cents shy of the all-time high.

If corn and soybeans notch new highs, they will be [the latest raw materials to do so](#) in the broadest and sharpest commodities rally of the modern trading era. Vegetable oils, oats and [wheat](#) already reached records in 2022.

Corn is more than twice as expensive as before the pandemic and in most years without drought. Soybeans have nearly doubled their typical price, too.

The rise in these key ingredients is spilling over into the cost of producing foods ranging from pork chops to Pepsi, eating away at [Americans' purchasing power](#) and adding another challenge to the postpandemic economic recovery.

Food companies say shoppers have so far kept up. But analysts say there are signs, such as stronger private-label sales, that show consumers are responding to the pinch.

"The elasticities that we're having in the business are better than historical and better than what we had planned," PepsiCo Inc. Chief Executive [Ramon Laguarta](#) told investors on a call this week. "However, we think the consumer is very early in this process of adjusting to the new inflationary environment."

U.S. food prices in March were up 8.8% from a year earlier, according to the Bureau of Labor Statistics. A United Nations group said global food prices hit a new high last month, and the World Bank said it expects war in Europe to boost food prices [about 23% this year](#), after a 31% climb in 2021 when snarled supply chains and [bad weather](#) jolted agricultural commodity markets.

The Federal Reserve responded last month with its first interest-rate increase in more than three years, lifting the benchmark rate to a range between 0.25% and 0.5% and penciling in additional hikes. Many expect the central bank to raise rates [another half-percentage point](#) next week.

The Biden administration doesn't anticipate food shortages at home and is directing aid abroad to places that might run low, White House press secretary Jen Psaki said Tuesday.

"We're really conducting extensive diplomacy to encourage all countries to refrain from export restrictions and excessive stockpiling," she said. "It would exacerbate supply-chain challenges and price inflation."

Ukraine is a major corn exporter, and there are [doubts that much will be planted](#) amid the fighting, or that bushels will make it to international markets following harvest. The U.S. Agriculture Department has lowered its projections for Ukraine's corn exports by about 30% [since Russia invaded](#).

Soybean gains have been driven lately by Brazil's [severe drought](#) and record temperatures, which threaten to shrink the biggest bean grower's crop.

Drought is a worry in North America, too, because of the [La Niña weather pattern](#). But currently it is cold, wet weather that is delaying planting in the Midwest. Just 7% of this year's corn was planted by the start of the week, compared with 16% a year ago, the Agriculture Department said. Soybeans are similarly behind schedule.

This year is expected to be just the third on record in which U.S. farmers plant more land with soybeans than with corn. [Soaring fertilizer prices](#) are behind the shift. Legumes fix nitrogen in the soil and don't need the nutrient added like corn does.

BofA Securities analysts say one way to boost food supplies would be for governments to cut rules mandating that biofuels made from crops be blended into gasoline and diesel.

The Biden administration [eased summer smog rules](#) to allow higher blends of corn-made ethanol, an effort to tame [prices at the pump](#). Oil producers, environmental groups and meat companies that feed their animals corn [were displeased](#).

The analysts forecast the U.S. will use about five times as much corn to make motor fuels this year than Ukraine typically exports in total.

"For wealthy countries, the pressure on food supply created by biofuel blending may seem tolerable, but lower-income countries would realize greater food inflation relief from even small reductions in blending," the BofA analysts wrote in a research note last week.

Write to Ryan Dezember at [ryan.dezember@wsj.com](mailto:ryan.dezember@wsj.com)

#### [Corn and Soybeans Near Record Prices, Push Food Costs Higher](#)

**IN** i0100223 : Soybean Farming | i0 : Agriculture | i1 : Energy | ialtful : Alternative Fuels | i010013205 : Corn Farming | i01001 : Farming | i0100132 : Oilseed/Grain Farming

**NS** mcorn : Corn Markets | gdroug : Drought | gntdis : Natural Disasters/Catastrophes | gvio : Military Action | m14 : Commodity Markets | magric : Soft Commodity Markets | mcat : Commodity/Financial Market News | mgroil : Grains/Edible Oils Markets | ncolu : Columns | gcat : Political/General News | moilsd : Oilseed Markets | gcns : National/Public Security | gdis : Disasters/Accidents | grisk : Risk News | gwea : Weather | m141 : Agricultural Commodity Markets | mgrain : Grain Markets | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter

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# THE WALL STREET JOURNAL.

CLM Risk & Compliance Journal

SE C Suite

HD **Russia Sanctions Complicate Paying Ransomware Hackers; An ever-increasing array of U.S. sanctions levied against Russia have made the already difficult problem of how to resolve ransomware attacks more thorny**

BY By Richard Vanderford

WC 894 words

PD 28 April 2022

ET 15:00

SN The Wall Street Journal Online

SC WSJO

LA English

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LP

The nearly nonstop series of new U.S. sanctions being levied in a bid to halt Russia's war machine have complicated events for companies facing their own external threat: ransomware attacks.

The ever-lengthening lists of sanctioned entities pose risks to U.S. companies that want to pay to get their systems back online after an attack, experts said.

TD

Ed McNicholas, co-leader of the cybersecurity practice at law firm Ropes & Gray LLP, said ensuring that ransomware payments aren't going to sanctioned Russian entities has gotten "much harder" recently.

"The overlap of the rise of ransomware and then these pervasive sanctions against Russia has created quite a firestorm in terms of the ability to pay ransoms," he said.

Traditionally, the list of entities under sanction has been mostly relevant to those in financial services, but recent surges in ransomware attacks have meant that cybersecurity experts have had to do their best to ensure ransom payments aren't going to blacklisted entities.

The work of staying up to date has become more intense as the U.S. has steadily piled on sanctions, said Bill Siegel, the chief executive of Coveware Inc., which helps companies handle negotiations and other work associated with attempts at cyber extortion.

"With the war, it's become incredibly dynamic where the entire landscape can shift or change when you wake up in the morning," Mr. Siegel said. "There's more sanctions happening every single day."

U.S. law imposes so-called strict liability on anyone that makes a payment to a sanctioned entity—meaning that a lack of intent to flaunt sanctions doesn't exonerate the paying party.

So far, U.S. enforcers haven't publicly targeted a company for making a ransomware payment to a sanctioned entity, but several experts have said some kind of enforcement activity is likely.

The U.S. Treasury Department's Office of Foreign Assets Control and its Financial Crimes Enforcement Network both have highlighted ransomware payments in recent months. OFAC said in September that it "strongly discourages" extortion payments and reiterated that it can take action against payers.

"It is likely that OFAC will seek to make an example," said Matt Lapin, a partner at the law firm Porter Wright Morris & Arthur LLP who specializes in international transactions and international trade law.

Mr. Lapin said he thought OFAC would most likely take action against a ransomware-paying company that had failed to conduct appropriate due diligence on its payment or failed to proactively communicate with law enforcement or OFAC itself.

FinCEN in March [warned financial institutions](#) to beware of Russia-linked ransomware attacks, and OFAC earlier this month [sanctioned a "darknet" market](#) and cryptocurrency exchange suspected of involvement in ransomware payments.

To keep companies from inadvertently running afoul of the law, Coveware runs information collected in connection to attacks through a series of analyses, collecting data on behavioral patterns, the code used and other forensic artifacts, Mr. Siegel said. The company also tries to ensure that the attacker is a financially motivated criminal, rather than a state-linked actor, he said.

Coveware refuses to facilitate a payment to a suspected sanctioned entity—anyone involved in facilitating a payment to a sanctioned entity can be found liable for violating the law—but has had clients ask that it ignore sanctions, Mr. Siegel said.

Even absent an enforcement action, the mere possibility of an action by OFAC, which enforces sanctions, can be enough to complicate a ransomware payment. Civil penalties could range from thousands to millions of dollars.

Insurance companies can be reluctant to make payments if there is even a hint of involvement by a sanctioned entity, said Roberta Sutton, a partner at Potomac Law Group PLLC whose practice focuses on insurance recovery and risk management.

After one of Ms. Sutton's clients, a firm she declined to name that provides information-technology-related services, made a ransomware payment to release its systems after a June 2020 attack, the company hasn't been paid by its insurer, she said. A third-party not involved in the investigation wrote an article suggesting the attack might be attributable to a sanctioned entity, which led the insurance company to halt the \$1 million payment, Ms. Sutton said.

"It's so frustrating," she said. "A million dollars is rather large for this client. It's had to call on its investors for more capital."

The insurance company, which she also declined to name, reached out to OFAC for guidance but hasn't yet received a response, she said.

Coveware's Mr. Siegel said companies should be proactive about beefing up their security and run tabletop exercises to try to avoid being caught off guard by an attack.

"Most companies approach this risk for the very first time when the incident happens," he said. "All of a sudden, during this horrible incident, the company's down—oh, and by the way, there's this terrible risk of this strict liability problem with one of the scariest regulators out there. They're forced to understand it under duress."

Write to Richard Vanderford at [richard.vanderford@wsj.com](mailto:richard.vanderford@wsj.com)

[Russia Sanctions Complicate Paying Ransomware Hackers](#)

<b>CO</b>	ropgry : Ropes & Gray LLP
<b>IN</b>	ibcs : Business/Consumer Services   i835 : Legal Services
<b>NS</b>	gcvir : Malware   gext : Extortion/Blackmail   gesanc : International Sanctions   gcrim : Crime/Legal Action   ghack : Cybercrime/Hacking   gpri : Politics/International Relations   ncolu : Columns   gcat : Political/General News   gdip : International Relations   gfinc : Financial Crime   ncat : Content Types   nfact : Factiva Filters   nfcpx : C&E Executive News Filter
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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Ukraine** Brings First War-Crimes Charges Against Russian Soldiers in Bucha; Prosecutors name 10 non-commissioned officers and privates they allege mistreated civilians in the Kyiv suburb  
BY By Brett Forrest  
WC 774 words  
PD 28 April 2022  
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SN The Wall Street Journal Online  
SC WSJO  
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LP



Ukrainian volunteer workers removed a body from a street in Bucha, Ukraine, at the start of April. PHOTO: Christopher Occhicone for the Wall Street Journal

TD

Ukrainian authorities filed criminal charges Thursday against 10 individual Russian soldiers accused of taking civilians hostage and mistreating them in the Kyiv suburb of Bucha—the first such move by prosecutors investigating possible war crimes by Moscow's forces.

All 10 were noncommissioned officers and privates from Russia's 64th Separate Guards Motor Rifle Brigade, one of the units that took part in the monthlong occupation of Bucha.

In late March, after the Russian military retreated, Ukrainian authorities said they discovered more than 400 dead civilians, their bodies packed in mass graves or left splayed on streets and sidewalks.

Many had bullet wounds and some had their wrists bound behind their backs, Ukrainian authorities said. Some residents of the town also have told investigators and [The Wall Street Journal](#) that Russian troops held them captive, denied them food and tortured them.

Since the Russian withdrawal, Ukrainian investigators and prosecutors have been combing Bucha for evidence and interviewing witnesses.

"Our goal is to identify every criminal who committed a crime, for every crime to find its perpetrator," said Ruslan Kravchenko, Bucha's chief prosecutor.

Also on Thursday, two days after meeting with Russian President Vladimir Putin in Moscow, United Nations Secretary-General António Guterres spoke in Kyiv about the need for a thorough investigation into alleged crimes in Bucha.

"I fully support the International Criminal Court and I appeal to the Russian Federation to accept to cooperate with the International Criminal Court," Mr. Guterres said.

Earlier this month, Mr. Putin granted the 64th Motor Rifle Brigade a "guards" honorific. In a Friday announcement on its Telegram channel, Russia's Ministry of Defense promoted an officer in the unit [Azatbek Omurbekov, to colonel](#).

Ukraine's Ministry of Defense responded by calling Col. Omurbekov an "executioner, killer, rapist, looter." Last week, the [U.K. sanctioned Col. Omurbekov](#) as part of a group of commanders of front-line units it said had been accused of committing "heinous acts."

The men charged on Thursday allegedly took part in two incidents, prosecutors said. Ukraine accused them of "ill-treatment of civilians, which is a violation of the laws and customs of war under international treaties."

In one instance, residents interviewed by Ukrainian prosecutors said a group of eight privates and corporals, carrying out the orders of a sergeant, rounded up civilians, held them hostage in two locations on [Bucha's Anatoly Mikhailovsky Street, and starved and intimidated them](#).



War crimes prosecutor Ruslan Kravchenko examined evidence in Bucha, Ukraine. PHOTO: Serhii Korovayny for The Wall Street Journal

Prosecutors alleged the Russian soldiers bound the hands of captives, struck them with rifle butts and said they would kill them and their family members.

Moscow has denied targeting civilians in its military assault on Ukraine and called video and photographic images from Bucha staged.

In a second case, prosecutors said a Russian sergeant took hostages in a private home on Bucha's Hrushevsky Street. Witnesses told investigators the sergeant forced one man to kneel and, after striking him in the head with a rifle butt, shot at him but missed. The sergeant had been drinking alcohol, witnesses said.

In both cases, civilians were held captive by Russian soldiers for a week or more.

While Ukrainian investigators and prosecutors continue to build cases against the alleged perpetrators of more-serious crimes in Bucha, Thursday's charges represent the first instances of prosecutors making what they said were positive identifications of those responsible of criminal acts.

Using rosters of Russian military units provided by Ukrainian intelligence agencies, prosecutors have combed social media and shown downloaded photos to witnesses and victims in Bucha in an effort to identify individual soldiers involved in alleged crimes.

Mr. Kravchenko said it was important that "the Russians understand that we can get everyone."

Ukraine plans to adjudicate all Bucha war-crimes cases in its domestic courts, in the capital Kyiv or the Kyiv region, which would allow for the issuance of international

criminal arrest warrants, before presenting a broader case against Russian war crimes to the International Criminal Court, Mr. Kravchenko said.

"We can't let the criminal go and let him live," Mr. Kravchenko said. "We must not miss the slightest crime."

Write to Brett Forrest at [brett.forrest@wsj.com](mailto:brett.forrest@wsj.com)

[Ukraine Brings First War-Crimes Charges Against Russian Soldiers in Bucha](#)

<b>NS</b>	gcrim : Crime/Legal Action   gwar : War Crimes   gdef : Armed Forces   gdip : International Relations   gpir : Politics/International Relations   gvio : Military Action   ncolu : Columns   nimage : Images   gcat : Political/General News   gcns : National/Public Security   grisk : Risk News   ncat : Content Types
<b>RE</b>	ukrn : Ukraine   asiaz : Asia   easiaz : Eastern Asia   eurz : Europe   russ : Russia   uk : United Kingdom   ussrz : CIS Countries   apacz : Asia Pacific   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcoz : Developing Economies   eeurz : Central/Eastern Europe   weurz : Western Europe
<b>IPD</b>	Wires
<b>IPC</b>	N/CRM
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220428ei4s002gx

# THE WALL STREET JOURNAL.

CLM European Business News  
SE Business  
HD **After Russian Retreat, Ukraine's Farmers Discover Fields Full of Mines; Damage to farmland threatens long-lasting disruption to food supplies from the region**  
BY By Alistair MacDonald  
WC 1,100 words  
PD 28 April 2022  
ET 18:30  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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CX

## Corrections & Amplifications

A hectare is equal to 2.47 acres. An earlier version of this article incorrectly said it was 2.42 acres. (Corrected on April 28)

## LP

Russian forces have riddled Ukrainian fields with mines and destroyed equipment in areas they once occupied, in what returning farmers and the Kyiv government allege is a campaign by Moscow to hobble the country's agricultural industry.

Russia's invasion already has decimated shipments of corn, wheat and sunflower oil from what was until recently one of the world's biggest food exporters. Prices have soared, [adding to global food-price inflation](#) and heaping misery on developing countries that had been dependent on imports from the region.

## TD

The extent of damage to some farms, together with port disruption and a shortage of fertilizer, demonstrates how the war's impact on Ukraine's agriculture industry could extend well into next year.

When Russian troops pulled out of areas around Kyiv, they left shattered buildings and [were accused of war crimes](#) against the local population. Farmers in northern Ukraine say they have returned to fields littered with mines, unexploded ordnance and large craters. Several workers have been killed, and the work has been placed on hold in some areas, the farmers add.

Alex Lissitsa, chief executive of IMC, one of Ukraine's largest agricultural companies, said his workers should now be planting sunflowers and corn on 30,000 hectares of land (a hectare is 2.47 acres) north of Chernihiv but can't because of unexploded shells and mines.

"It looks like this year or even the year after we will not be able to do anything here," Mr. Lissitsa said of parts of the land. The company also lost a grain storage facility, a chemicals laboratory and other buildings and equipment to Russian shelling.

Mr. Lissitsa said he frequently hears of deaths related to mines, adding that a worker on a neighboring farm was recently killed when his tractor ran over one.

The Ukrainian government estimates that mines are present in around 30% of farm fields in areas around Kyiv previously occupied by the Russians.

Taras Vysotskyi, Ukraine's deputy minister of agrarian policy and food, said it was clear that the targeting of agriculture was deliberate because Russian forces placed mines in fields of no military value and continued to do so even as they withdrew. "It was the case of blocking the possibility of making agriculture productive again in Ukraine," he said.

The two regions where the retreating Russians set mines and destroyed farm equipment and buildings are among the most agriculturally productive in Ukraine, Mr. Vysotskyi added.

Russian officials didn't respond to a request for comment about targeting Ukraine's agriculture industry. Moscow has previously denied targeting civilians.

Despite having been sent photos of damage to his farm near the northern city of Chernihiv, Petro Melnyk said he wasn't prepared for the extent of the destruction when he returned over two weeks ago.

"The Russians specifically want to stop farms," said Mr. Melnyk, the CEO and co-owner of Agricom Group, which owns farms across Ukraine. Mr. Melnyk said his properties had been heavily bombed, destroying buildings, tractors and other machinery, although no known Ukrainian military positions are nearby.

To be sure, not all farmers think they were deliberately targeted. Dmitry Skorniakov has found Russian mines on parts of his 8,000 hectares in the Sumy and Chernihiv regions but he believes that they were intended for the Ukrainian military rather than to hurt agriculture, partly because mines were at the edges of fields.

Either way, the damage to farming capacity and the continued occupation of farmland in Ukraine's east and south is a blow to an industry that provides 10% of global wheat exports, 14% of corn exports and about half of the world's sunflower oil, according to the U.S. Department of Agriculture. The World Bank recently [warned of a global food catastrophe](#) stemming from Russia's invasion of Ukraine.

Farmers are waiting for the Ukrainian military to clear the mines and munitions, which could take a while. Evgeniy Kharlan, who farms asparagus and blueberries, asked the military to clear unexploded munitions on his land close to the front line in eastern Ukraine and was told that clearing cities and towns was a higher priority. Mr. Kharlan also said the military told him to avoid his other farm near Chernobyl because of the risk posed by mines.

The delay in getting back to work likely will reduce the harvest this year and potentially next, Mr. Kharlan said, adding that only around 30% to 40% of his fields were now being farmed.

The Ukrainian government predicts 25% less land will be planted this spring than usual, though several farming companies operating in the country [say the projection is too optimistic](#).

Mr. Melnyk said he was confident that he can borrow or rent enough equipment to farm around 80% of his 9,000 hectares in the Chernihiv region, and that he already was farming a further 9,000 hectares elsewhere. However, he also has 6,000 hectares in the Luganz province in eastern Ukraine that Russian forces still control that he has written off farming this year.

Even where farmers are working, a lack of fertilizer and chemicals used for crop protection mean that yields will likely be lower.

Mr. Lissitsa's corn fields would typically yield around 10 metric tons per hectare (a metric ton is 1.1 tons). "Now, I would be happy with 8 tons a hectare, but it will definitely be less," he said.

Some Western companies, including Germany's Bayer AG, have donated seeds to Ukraine. Others, including Exxon Mobil Corp., have helped with fuel supplies, a government official said. Farmers say they have been able to buy more fuel in recent weeks after an acute shortage hampered their ability to plant and to spread fertilizer last month.

But Ukraine remains particularly low on fertilizers, which before the war it had bought from Russia and Belarus. Ukraine is also struggling to export its produce because Russia has blockaded its Black Sea ports or taken control of them. And farmers in some parts of the country have had to contend with heavy rain in recent weeks.

In the face of the challenges, farmers are racing against the clock. "We should be finished [spring] planting by the latest 20th May," Mr. Lissitsa said last week. "We have only 25 days to plant."

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[After Russian Retreat, Ukraine's Farmers Discover Fields Full of Mines](#)

**IN** i01001 : Farming | i0 : Agriculture

**NS** ccat : Corporate/Industrial News | gfdsec : Food/Drinking Water Security | gvio : Military Action | ncolu : Columns | ncor : Corrections | ncrx : Corrected Items | npda : DJ Exclusive Analysis - All | gcat :

Political/General News | gcns : National/Public Security | gcom : Society/Community | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters

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

**IPD** Wires

**IPC** BAYN.XE

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# THE WALL STREET JOURNAL.

CLM Essay  
SE Life  
HD **Russia's** Long Disdain for Ukrainian Nationhood; Even Russian liberals and dissidents have traditionally shared Putin's view that **Ukraine** has no distinct cultural identity.  
BY By Yaroslav Trofimov  
WC 1,350 words  
PD 28 April 2022  
ET 22:27  
SN The Wall Street Journal Online  
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LA English  
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LP

As a young poet in the Soviet Union, Joseph Brodsky was persecuted by the authorities before escaping to the U.S. in 1972 and going on to win the Nobel Prize in literature. In Soviet-era Kyiv, Ukrainian intellectuals used to trade coveted samizdat reprints of Brodsky's poems, reciting them at clandestine gatherings.

But the affection wasn't mutual. At a reading in 1992, less than a year into Ukraine's existence as an independent nation, Brodsky offered a new poem titled "To the Independence of Ukraine." "Farewell khokhols," he intoned, using a racial slur for Ukrainians. "We've lived together, now enough. Wish I could spit into the Dnipro river, perhaps it would now flow backwards." Brodsky went on to predict that when the ungrateful Ukrainians were wheezing on their deathbeds, they would surely revert to reciting the verse of the classic Russian poet Aleksandr Pushkin, rather than the "lies" of their own national poet, Taras Shevchenko.

TD

The idea that Ukrainians aren't a real people and that Ukrainian nationhood is an artificial construct has long been mainstream in Russian culture, literature and politics—including among liberal luminaries like Brodsky, who died in 1996. President Vladimir Putin's views on Ukraine, which he expounded in an essay last year that was read to Russian soldiers preparing for the invasion, are no outlier. They follow a lengthy tradition that helps to explain the continuing support for the war among Russia's citizens.

This blind spot dates to the beginnings of the modern Ukrainian quest for sovereignty more than a century ago. "The Russian democrat ends where the Ukrainian question begins," said Ukrainian writer and playwright Volodymyr Vynnychenko, who served as prime minister of the short-lived Ukrainian National Republic in 1917-18. It has become one of the best-known phrases in Ukrainian politics.

In Russia's historical narrative and literary tradition, Ukrainians have often been depicted as dimwitted but good-natured peasants who speak with a funny accent, and whose quest for an independent future can only be the product of foreign intrigues. Mikhail Bulgakov, born in Kyiv to parents who had moved from Russia, mocked the Ukrainian language in his novels, with one character arguing that Ukrainians can't have a word for whale because, unlike Russia, Ukraine doesn't have oceans. Natives of Ukraine who achieved undisputed artistic or scientific success, from the painter Kazimir Malevich to the father of the Soviet space program, Sergei Korolyov, have been appropriated as Russian.

"Many of those in Russia who pretend to be an intellectual elite have a condescending attitude to Ukrainians, and this includes many of those in the opposition who are supporting Ukraine now," said Russian politician Ilya Ponomarev, the only Russian lawmaker to vote against the annexation of Ukraine's Crimea peninsula in 2014. "They look at the Ukrainians as a little brother, a brother who still needs to grow up."

Every Russian, Mr. Ponomarev added, instinctively feels the heritage of the ancient Russian state when dismissing Ukraine as a recent invention. It's a view that Mr. Ponomarev himself says he had to reassess after emigrating to Ukraine, where he learned that historical figures viewed by Russians as the founders of their nation were in fact ruling from Kyiv centuries before Moscow came into existence. One

example is Prince Vladimir the Great, the 10th-century ruler who brought Christianity to the realm then known as the Kyivan Rus. Both Mr. Putin and Ukrainian President Volodymyr Zelensky are named after him.

The tradition of Russian hostility to Ukrainian aspirations comes in two strands. One simply denies the existence of Ukrainians as a people distinct from Russians. That was the line adopted by the Russian Empire for much of the 19th century, when it banned books in Ukrainian and the very term Ukraine, calling the region "Little Russia" instead. Another strand holds that while Ukrainians do in fact have their own identity and speak their own language, at least half the territory of present-day Ukraine really belongs to Russia and was unfairly pried away by the Soviet Union's founder Vladimir Lenin.

That was the view of the Russian novelist and former political prisoner Alexander Solzhenitsyn, another Nobel laureate, who was exiled by the Soviets in 1974 and returned to Russia in 1994. He initially expressed understanding of Ukrainian suffering. "We should prove the greatness of our nation not by the sheer size of our territory and the number of peoples in our care, but by the greatness of our actions," he wrote in his 1968 classic, "The Gulag Archipelago," describing encounters with Ukrainian political prisoners.

But after Ukraine's independence turned from a distant and unlikely prospect to reality, Solzhenitsyn adopted a different tone, one that Mr. Putin replicated in his essay last year. In a 2006 interview with Moskovskiy Novosti newspaper, Solzhenitsyn argued that southern and eastern Ukraine, the Crimea and Donbas have never belonged to historical Ukraine, and that the country was being dragged into NATO against the will of the inhabitants of these areas. "Under all these conditions, Russia can under no circumstances dare to betray the multimillion Russian population of Ukraine, renounce our unity with them," he said.

Mr. Putin paid a visit to Solzhenitsyn in his country home in 2007, a year before the novelist's death, and gave him one of Russia's highest prizes. Some of the Kremlin's policies, Mr. Putin said at the time, were inspired by the writer.

In 2014, Mr. Putin seized Crimea after Ukrainian protesters ousted Ukraine's pro-Russian President Viktor Yanukovich, who had reversed the country's longstanding policy toward integration with the European Union and sought a customs union with Russia. Mr. Putin also promoted the concept of Novorossiya, "New Russia," for the regions of southern and eastern Ukraine that he said rightfully belong to Moscow.

The annexation of Crimea was almost universally applauded in Russia. Even the imprisoned Russian opposition leader Alexei Navalny, who is now protesting vociferously against Mr. Putin's war on Ukraine, said at the time that Crimea should remain part of Russia. "Crimea is not a sausage sandwich to be given back," he told a radio interview.

Until the invasion began on Feb. 24, Kremlin statements challenged Ukraine's right to govern what Mr. Putin described as historic Russian lands in so-called Novorossiya but grudgingly acknowledged the existence of a Ukrainian state. According to Russian propaganda, the problem was a Western-installed clique that supposedly seized power in 2014, and whose removal would be welcomed by ordinary Ukrainians yearning to resume their brotherly kinship with Russia.

Once the fierce Ukrainian resistance showed that hardly any Ukrainians greeted Russian soldiers as liberators, the tone shifted. Now Russian state media and official discourse argue that Ukraine and its culture must be simply wiped out—an idea that explains the killing spree in towns like Bucha during the Russian occupation.

A commentary published by Russia's RIA state news agency on April 3 under the title "What Russia Must Do to Ukraine" argued that ordinary Ukrainians must be made to "atone for the guilt" of hostility to Moscow, the name Ukraine should be abolished once again and the country split into several pieces. Ukrainian elites should be physically liquidated and the remaining population re-educated and "de-Ukrainized."

Russia's former president and current deputy national security chief, Dmitry Medvedev, outlined a similar vision for the future of Ukraine days later, writing that after the Russian victory, the Ukrainian state will disappear just like the Nazi Third Reich. As for the Ukrainians' deep sense of their own separate nationhood, Mr. Medvedev explained, "It's a great fake fed by anti-Russian venom and an all-encompassing lie about their own identity. It never existed in history and doesn't exist today."

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[Russia's Long Disdain for Ukrainian Nationhood](#)

**NS** gvexe : Executive Branch | gcat : Political/General News | gpir : Politics/International Relations | ncat : Content Types | ncolu : Columns | gpol : Domestic Politics | gvbod : Government Bodies

**RE** ukrn : Ukraine | russ : Russia | asiaz : Asia | crimea : Crimea | easiaz : Eastern Asia | eurz : Europe | uk : United Kingdom | ussrz : CIS Countries | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | weurz : Western Europe

**IPD** Wires

**IPC** N/DJN

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Russia Suffers Another Fire at a Supply Depot as It Advances in Eastern Ukraine; EU leader accuses Moscow of economic blackmail after Russia stops gas flows to Bulgaria and Poland**  
BY By James Marson and Ann M. Simmons  
WC 1,380 words  
PD 28 April 2022  
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LA English  
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LP

An ammunition depot caught fire near [Russia's border with Ukraine](#), a local official said, the latest in a series of incidents to afflict Moscow's military facilities in recent weeks that could pressure supply lines to its forces.

The fire at the depot in a village near Belgorod, around 15 miles from the Ukrainian border, was extinguished by early morning Wednesday, according to Vyacheslav Gladkov, the regional governor.

TD

Authorities also reported blasts in Russia's Kursk and Voronezh regions, which are adjacent to Ukraine. The regions' governors said air-defense systems shot down drones in the early hours of Wednesday.

The incidents follow a series of similar events in recent weeks in the regions neighboring eastern Ukraine, where [Russia is attempting to seize territory](#). Russian officials said two Ukrainian helicopters [struck an oil-storage facility](#) on the outskirts of Belgorod on April 1. Fires broke out at two fuel-storage depots in [the Bryansk region](#) on Monday.

Russia said the flagship of its Black Sea Fleet, the missile cruiser Moskva, sank in a storm after an ammunition explosion on board on April 14, while the U.S. said it was [struck by Ukrainian missiles](#).

Ukrainian officials have hinted at some involvement in the incidents without expressly acknowledging them.

"Sooner or later, debts have to be repaid," Mykhailo Podolyak, a Ukrainian presidential adviser, wrote on Telegram on Wednesday. "Karma is a cruel thing."

Keir Giles, a Russian security expert at the Chatham House think tank in London, said Russia often suffers from accidents and disasters related to negligence and other factors, so the involvement of Ukraine was unclear so long as it didn't take responsibility for the incidents.

"The system suffers from self-inflicted injuries in peacetime," said Mr. Giles. "When put under additional strain of an offensive war, it is no surprise that the rate of natural accidents should increase."

Russia, meanwhile, said it [halted gas flows to Poland and Bulgaria](#) beginning Wednesday, marking a significant escalation in the economic conflict between Moscow and the West. Moscow has been trying to strengthen its faltering currency by insisting customers pay in rubles, raising the prospect that Russia could shut off gas flows to other European countries in response to the [sweeping economic sanctions](#) imposed by the West for its invasion of Ukraine.

Russia's finance minister, Anton Siluanov, said Wednesday that Russia's oil production this year could decline by as much as 17% due to the sanctions.

Ursula von der Leyen, president of the European Commission, decried the announcement from Russian gas company Gazprom as blackmail and said European Union states are working to secure [alternative sources of energy](#) and coordinate storage plans across the bloc.

"This is unjustified and unacceptable," she said. "And it shows once again the unreliability of Russia as a gas supplier."

Russian President Vladimir Putin on Wednesday again warned of dire consequences for any country that intends to "interfere in the ongoing events from the outside and create strategic threats for Russia that are unacceptable to us," in remarks to the Russian Federal Assembly's Council of Legislators in Russia's second city of St. Petersburg.

"They should know that our response to counter strikes will be lightning fast," Mr. Putin said.

Russia's Foreign Minister Sergei Lavrov had told Russian media on Monday that the West was now [engaged in a proxy war](#) with Russia by arming and assisting Ukraine, and that it could escalate into a global conflict with nuclear weapons.

U.S. Defense Secretary Lloyd Austin, speaking to reporters at Ramstein Air Base in Germany on Tuesday, said "any bluster about the possible use of nuclear weapons is dangerous and unhelpful."



A funeral for a member of Ukraine's territorial defense forces in Bucha, outside Kyiv, on Wednesday. PHOTO: Justyna Mielnikiewicz/MAPS for The Wall Street Journal

Mr. Austin met with defense officials from more than 40 countries in Germany and said that the U.S. and its allies would continue to meet Ukraine's needs, adding that [the stakes of the conflict](#) "reach beyond Ukraine and even Europe."

President Biden is scheduled to speak about the war in Ukraine on Thursday, the White House said.

Russia's Federal Security Service, meanwhile, said Wednesday that two Russian citizens were detained as they were allegedly preparing to sabotage a transport-infrastructure site in Belgorod. The agency said the suspects were supporters of Ukrainian nationalists and had sent data about Russian servicemen participating in Moscow's military operation in Ukraine to the Kyiv-based Peacemaker, a website that publishes the personal information of people who allegedly commit crimes against Ukraine and the country's national security.

The Wall Street Journal couldn't independently verify the agency's report of an attempted sabotage.

Russia's Defense Ministry said Wednesday that its forces had launched high-precision, long-range sea-based Kalibr missiles at the southeastern Ukrainian city of Zaporizhzhia, where they destroyed hangars at an aluminum plant containing a "large batch of foreign weapons and ammunition supplied by the U.S. and European countries for Ukrainian troops." Russian defense officials said their air force hit 59 military facilities in Ukraine overnight, while Russian air-defense systems shot down 18 Ukrainian drones and a Ukrainian tactical Tochka-U missile. Russia's claims couldn't be independently verified.



A worker inspected a damaged building in Irpin, Ukraine, on Wednesday. PHOTO: Justyna Mielnikiewicz/MAPS for The Wall Street Journal

The U.K.'s Defense Ministry said Wednesday that Russian air power is primarily focused on southern and eastern Ukraine, providing support for Russian ground forces as they gradually advance. "Russia has very limited air access to the north and west of Ukraine, limiting offensive actions to deep strikes with stand-off weapons," it said.

The General Staff of Ukraine's armed forces, meanwhile, said Russia had made some advances in the east, where it is pressing a new offensive after its initial [attempt to take the capital, Kyiv](#), and remove President Volodymyr Zelensky failed. Russian forces seized one village and took the outskirts of another as they tried to surround Ukrainian units in the east, where Ukraine has been fighting against Russian proxy forces since 2014.

Russian forces are also attempting to widen a land bridge from Russian-controlled areas of eastern Ukraine's Donbas region to the Crimean Peninsula in the south, which [Moscow annexed](#) eight years ago.

Concerns are growing that neighboring Moldova, another former Soviet republic, could be dragged into the conflict. The breakaway pro-Russian enclave of Transnistria on Wednesday reported gunfire and drones spotted over a village near its border with Ukraine after it said [three separate attacks earlier this week](#) targeted a Transnistrian military base, two radio towers and the headquarters of its state security service. The village, Cobasna, hosts what it says is Europe's largest ammunition depot. No casualties were reported in any of the incidents, but they have stirred concerns that the 1,500 Russian troops stationed in Transnistria could be deployed in western Ukraine.

Moldova has been on edge since the Russian invasion of Ukraine put it on the border of an active war zone, potentially inflaming Moldova's relationship with Transnistria. The narrow strip of land was carved out of Moldova after a civil war in 1992 and is held by pro-Russian nationalists. Many in the population of 350,000 hold Russian passports.

Diplomatic efforts to end the Ukraine conflict appear to be moving slowly. United Nations Secretary-General António Guterres met with Mr. Lavrov and Mr. Putin in Moscow on Tuesday. After the meeting, Mr. Lavrov blamed the war on the North Atlantic Treaty Organization's expansion and accused the West of attempting to create an alternative global governance outside the U.N.

Mr. Guterres is scheduled to meet with Mr. Zelensky in Kyiv on Thursday.

Matthew Luxmoore contributed to this article.

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[Russia Suffers Another Fire at a Supply Depot as It Advances in Eastern Ukraine](#)

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PUB	Dow Jones & Company, Inc.
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# WSJ Podcasts

**CLM** WSJ Podcast What's News

**HD** Is War Spilling Beyond **Ukraine's** Borders?

**WC** 2,374 words

**PD** 28 April 2022

**ET** 15:36

**SN** WSJ Podcasts

**SC** WSJPOD

**LA** English

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**LP**

A.M. Edition for April 28. From attacks in Russia to Moscow cutting off natural-gas supplies to parts of Europe, an increasing number of headlines about the war in Ukraine are playing out beyond the country's borders. WSJ reporter Matthew Luxmoore explains whether we can connect the dots among recent events and what they could tell us about the next phase of the conflict. Luke Vargas hosts.

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

**TD**

Luke Vargas: Natural gas prices in the US surge as Russia cut supplies to parts of Europe. Plus between cross-border attacks and more threatening rhetoric, is the war in Ukraine entering a new phase?

Matthew Luxmoore: It definitely seems like there is a pattern forming here, which suggests that the 10-week conflict now in Ukraine may be spilling out over the borders.

Luke Vargas: And President Biden plans his first visit to Asia to assure allies that Europe isn't his only focus. It's Thursday, April 28th. I'm Luke Vargas with The Wall Street Journal. Here's the A.M. Edition of What's News. The top headlines of business stories moving your world today.

UN Secretary-General António Guterres is visiting Kyiv today after a stop in Moscow earlier in the week where he called for humanitarian corridors from war-torn areas in Ukraine and a swift end to the conflict. The UN estimates that more than 13 million people are trapped in areas affected by war in Ukraine, many without access to food, water, or electricity. Meanwhile, the UK's Foreign Secretary Liz Truss has warned that if Russian President Vladimir Putin wins in his war in Ukraine, there would be "terrible consequences across the globe." And she called on Western allies to double down on their support for Ukraine.

Liz Truss: The world should have done more to deter the invasion and we will never make that same mistake again. Some argue that we shouldn't provide heavy weapons for fear of provoking something worse. But my view is that inaction would be the greatest provocation. This is a time for courage, not for caution.

Luke Vargas: We'll have more on whether the war in Ukraine is starting to spill beyond the country's borders later in the show. The White House has announced that President Joe Biden will make his first visit to Asia as president next month with planned stops in South Korea and Japan. WSJ Tokyo bureau chief Peter Landers has more on the goals of the visit, which includes a meeting with South Korean president-elect Yoon Suk-yeol just 10 days after his inauguration.

Peter Landers: President Biden wants to show that he can walk and chew gum at the same time. Yes, there's a war in Ukraine, but out here in Asia, we still have China threatening to take control of Taiwan by force and North Korea just had a big military parade showing off its latest intercontinental ballistic missiles. And leader Kim Jong-un said he would step up nuclear weapons development. So Biden is saying to Asian allies, we haven't forgotten you.

Luke Vargas: London-based lender Barclays place has reported a drop in its first-quarter net profits driven by lower levels of deal-making and a financial hit caused by a costly clerical error involving the sale of certain debt products. Last month, Barclays said it was facing a 450 million pound loss and a regulatory investigation in its US division after it accidentally sold more structured notes than it was



allowed by the Securities and Exchange Commission. The bank said it expects to buy the notes back at a loss. Barclays's earnings echo the performance of major US banks, including Morgan Stanley and City Group, which also reported sizable drops in profitability in the first quarter.

And Tesla chief executive Elon Musk won a major victory in a Delaware court Wednesday after a judge ruled that Musk didn't act unlawfully in Tesla's roughly \$2.1 billion takeover of SolarCity. A group of Tesla shareholders had alleged Musk controlled the 2016 acquisition while having a financial interest in both companies. They also said that many of Tesla's directors were conflicted and that it overpaid for the home solar company. Musk has said he didn't dictate the deal process or price and recused himself from the shareholder vote. An attorney for the shareholders said the plaintiffs were considering their options and an attorney for Musk didn't immediately respond to a request for comment.

Natural gas prices on both sides of the Atlantic swung higher on Wednesday in the wake of Russia cutting off gas exports to Poland and Bulgaria. European gas prices are still below their peak reached last month, but remain roughly five times as expensive as a year ago. And in the US the benchmark price also climbed at a time of the year when typically spring's milder weather sets in and drives prices lower. WSJ markets reporter, Caitlin Ostroff is here with more on whether we should expect continued price increases in Europe and the US and if so for how long. Hey, Caitlin.

Caitlin Ostroff: Hey, Luke.

Luke Vargas: I think it's obvious why Europe is seeing higher natural gas prices now that a major source of its supply is being threatened, but why are prices also up in the US?

Caitlin Ostroff: Yeah, so more US natural gas for obvious reasons has been loaded onto tankers and sent to European nations. And so because of that trade that's been happening, the market is thinking you're more likely to see that, especially as some European supply gets called into question as to whether Russia is just going to shut off taps. And even without that, as countries try and wean themselves off of dependency on Russia for gas. And so you're going to see some more US gas supplementing that. And so that's probably going to keep energy in heating costs a bit higher, both for Europe and the US, going into probably even the end of this year, beginning of next year.

Luke Vargas: And Caitlin, how long is this spike in prices likely to continue for on both sides of the Atlantic?

Caitlin Ostroff: Yeah. So in the near term, as you said, we're likely to see these prices remain elevated just because of the fact that even though it's spring and getting into summer, and you would see some of those prices naturally start to come down, there is all of this uncertainty over what happens with Russian energy supplies in the near term. Russia has said that they will cut off other countries outside of Poland if they don't pay in rubles, which some countries have said that they wouldn't do previously, but it's also if you're under threat of all of your gas being cut off, what if it remains to be seen what countries wind up actually doing.

And also most countries, even outside of that have said that they plan on winging themselves off of Russia by the end of the year for energy supplies. And so getting into next winter, the market is expecting that you're still going to have the same demand for energy as you did this past winter, but you're still going to see less supplies. And so that's probably going to feed through the higher energy prices, at least going in through next winter.

Luke Vargas: That was WSJ markets reporter Caitlin Ostroff. Caitlin, thank you.

Caitlin Ostroff: Thanks, Luke.

Luke Vargas: Coming up from energy cutoffs to attacks beyond Ukraine's borders. Is the war in Ukraine escalating into a broader conflict? We'll have that story after the break.

An increasing number of recent headlines about the war in Ukraine don't even concern events taking place there, whether it's a series of attacks beyond Ukraine's borders in Russia and Moldova, Russian warnings about a World War, or Moscow cutting off gas supplies to parts of Europe. WSJ reporter Matthew Luxmoore covers Russia for us. And he joins us now to try and put these events into context and see if we can connect some dots here. Hi, Matthew. Welcome.

Matthew Luxmoore: Sure. Thanks for having me.

Luke Vargas: So Matthew, could all of these disparate events actually be connected in some way? And if so, might they indicate we are entering maybe a new phase of this Ukraine war?

Matthew Luxmoore: Yes. It's pretty hard to say at this stage. It seems like every day when you wake up now you get some kind of report of a new blast in Russia or in the Moldovan breakaway state of Transnistria, so outside Ukraine's borders, which obviously would suggest that the conflict is spilling over. Ukraine hasn't claimed responsibility for the attacks on Russia, the attacks on Russian weapons depots, and a military research center. And Russia is kind of careful not to blame Ukraine directly for all of these attacks and has dismissed some of them at least, or explained some of them as fires, or some kind of spontaneous events beyond their control. But it definitely seems like there is a trend, a pattern forming here, which suggests that the 10-week conflict now in Ukraine may be spilling out over the borders and targeting Russia as well.

Luke Vargas: Matthew, could these attacks on Russian territory, even if they're not claimed by Ukraine imply a shift in its aims in this war?

Matthew Luxmoore: So it's not so much speculation now, it definitely does seem like the rhetoric has shifted and Ukraine has become more brazen, I guess, in using some of its Western-made missiles or indeed indigenous missiles to target Russian facilities. And it seems like the consensus is that this is more permissible for Ukraine to essentially do anything it can to prevent Russia from being able to stage these attacks or shore up its military campaign, which is now focused mainly on the east of Ukraine, so much closer to Russian territory.

Luke Vargas: Meanwhile, Matthew, Russia has accused NATO of fighting a proxy war in Ukraine. What is the risk that Moscow expands its operations too if attacks on Russian territory continue?

Matthew Luxmoore: In terms of its fight in Ukraine, it seems there's little it can do other than step up the intensity of its operation in Ukraine. It's already failed to capture Kyiv, which is part of the reason it's shifted to a single direction campaign in the east of the country, as opposed to a multi-pronged assault, which didn't work out the first time. But of course, we know that Russia has far more destructive weaponry, has long-range ballistic missiles, it has nuclear weapons. There has been speculation recently of a possible tactical nuclear strike. I wouldn't want to speculate on the possibility of Russia hitting Western weapons facilities far beyond the borders of Ukraine, but Russian officials, some lawmakers have already suggested that this might be a adequate response to Western attempts to Ukraine. So it does seem like we could be seeing some kind of real escalation beyond the borders of Ukraine if this rhetoric, if this standoff continues, especially as long as Russia's conventional campaign in Ukraine is not bearing fruit.

Luke Vargas: And finally Matthew, in our final moments, what do we need to be watching for next, if it's even possible at all to forecast the next turns this war could take?

Matthew Luxmoore: Yeah, I mean the war has taken so many twists and turns. I would definitely not want to be making any predictions, but it does seem like Russia's initial war aims have not worked out as it had planned. I think we are probably expecting a big intense thrust in the east of the country. Ukraine is obviously putting up a very strong resistance and is receiving more Western weaponry, which helps it wage this counter-campaign to Russia's invasion. The only other thing I'd mention is obviously, we should be watching out for increased rhetoric from Russia about the possibility of defending itself from these attacks, staged on its territory, maybe through the use of more heavy weaponry, including nuclear weapons, which obviously would be very concerning if those kinds of statements started coming out of Moscow.

Luke Vargas: That was WSJ reporter Matthew Luxmoore, who covers Russia for us. Matthew, thank you so much for the update.

Matthew Luxmoore: Sure, no problem. Thank you very much.

Luke Vargas: And finally, for more than a century, the message of America's pastime baseball to baseball-loving girls was essentially, you can be a fan, but don't expect to see women on the field or in the dugout. But that's quickly beginning to change. In 2018, there were no women in baseball coaching positions, now 11 women have on-field coaching jobs across the majors and minors this season. WSJ sports reporter, Jared Diamond says this change is thanks in part to MLB's Take The Field Program, which provides networking opportunities for women interested in working in baseball, as well as a shift in mentality across the sport.

Jared Diamond: This idea that you had to have played professional baseball to be a good coach of baseball, it's quickly becoming antiquated. We're in this era where so much about baseball is determined by data analytics. You clearly don't need to have played to be good at teaching the game. So why wouldn't that extend now to women? It's as if they finally realize that there's half the population out there that has never been considered for these jobs, that perhaps should be.

Luke Vargas: And that's What's News for Thursday 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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# WSJ Podcasts

**CLM** WSJ Podcast Minute Briefing  
**HD** **U.N. Chief Visits **Ukraine** for Talks With President Zelensky**  
**WC** 374 words  
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**ET** 15:22  
**SN** WSJ Podcasts  
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**LP**

Democratic lawmakers are working on a last-ditch effort to put together a narrower version of President Biden's economic agenda. Elon Musk criticizes Twitter and its staff, triggering a backlash from employees. Luke Vargas hosts.

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

**TD**

Luke Vargas: Here is your Morning Brief for Thursday, April 28th. I'm Luke Vargas for The Wall Street Journal. United Nations Secretary-General António Guterres is in Ukraine today to meet with President Volodymyr Zelenskyy days after meeting with Russian officials on a visit to Moscow. Guterres is calling for humanitarian corridors to be set up in war-torn areas of Ukraine, as well as a swift end to the war. Meanwhile, Russian President Vladimir Putin warned that Moscow would have a lightning fast response to any country that interferes in the conflict, and in Washington, the White House said President Biden is scheduled to speak about the war today.

On Capitol Hill, Democrats are working on a last-ditch effort to put together a narrower version of President Biden's once-sweeping economic agenda. Lawmakers are aiming to win the critical support of Democratic Senator Joe Manchin of West Virginia, who last year rejected a roughly \$2 trillion spending package.

Twitter's prospective owner Elon Musk has persisted in criticizing the company and its employees. He used the site to mock Twitter's top lawyer over the platform's alleged political bias, triggering a backlash among the company's employees. Musk's critiques have escalated despite an agreement, as part of the takeover deal, not to disparage Twitter or its workers. Twitter and Musk didn't immediately respond to requests for comment.

Markets in Asia ended higher, and European shares rose in early trading. In the US, investors will be watching a reading on first quarter GDP and weekly jobless numbers due out this morning, and on the earnings front, Twitter, Apple, Amazon, Comcast, and Merck are among the companies reporting results today. We have a lot more coverage of the day's news on the WSJ 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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**HD      The **Ukraine** Crisis: Natural-Gas Prices Climb on Concerns Of Supply Strains**

**BY**      By Matt Grossman

**WC**      569 words

**PD**      28 April 2022

**SN**      The Wall Street Journal

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**LP**

Natural-gas prices swung higher on both sides of the Atlantic on Wednesday after Russia stopped exports to Poland and Bulgaria, a move that investors fear could portend deeper global supply strains ahead.

Prices climbed as traders in Europe pondered whether Russia's action against two of its neighbors in Eastern Europe foreshadows trouble in bigger markets such as Germany's.

**TD**

In the U.S., trading was driven by the prospect that producers could continue to ship abroad as much natural gas as infrastructure allows in response to tighter supply abroad.

European benchmark prices rose Wednesday by 4.1% to settle at 107.43 euros, or about \$114.28, per megawatt-hour, in turbulent trading. That is well below the peak price European gas reached in March, but still roughly five times as expensive as a year ago.

Oil markets were calm, with Brent crude, the international benchmark, gaining 0.3% to settle at \$105.32. The U.S.'s domestic benchmark rose 0.3% to \$102.02. Lockdowns in China meant to contain Covid-19 outbreaks have slashed investors' views of world-wide demand, Robert Yawger, executive director for energy futures at Mizuho Securities USA, wrote in a note.

Russia's Gazprom said Wednesday it cut off exports to Poland and Bulgaria after the two countries refused to pay for shipments in rubles. Gas buyers have traditionally paid in dollars or euros, but Russian President Vladimir Putin last month demanded that countries it deemed hostile settle contracts in Russian currency.

On its own, Russia's move will likely have a limited impact on European supplies -- especially in Poland, which already was planning to end reliance on Russian exports by the end of this year.

But bigger European economies, such as Germany's and Italy's, could experience shortages if Russia turns off supplies, and the growing possibility of that scenario sent prices higher, analysts said. Most European countries have rejected Russia's demand for ruble payments.

Russia's decision "is increasing the likelihood of a sharp curtailment of Russian gas supply into Europe," said Jim Ritterbusch, president of energy-markets advisory firm Ritterbusch & Associates. "That's why we're seeing the strong gains."

In the U.S., the benchmark price climbed 6.1% Wednesday to settle at \$7.27 per million British thermal units, building on a significant surge that has lifted natural-gas prices from under \$4 at the start of the year. Typically, prices decline as spring's milder weather sets in.

As European prices rise, more U.S. natural gas has been loaded onto tankers and sent to European ports -- a trade that more Russian curtailments could further encourage. That could keep heating and energy costs high even into next winter's peak-demand period.

American exports overseas already had been rising before Russia invaded Ukraine in February. Last year marked the first when American tanker exports of liquefied natural gas exceeded pipeline exports to Canada and Mexico, Jefferies researchers said.

"We're probably going to be running at or near capacity levels of exported LNG through the rest of this year," Mr. Ritterbusch said.

U.S. prices for gas to be delivered in December were up almost as much as near-term contracts on Wednesday, rising about 4.7% to \$7.59.

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CLM REVIEW & OUTLOOK (Editorial)  
HD **Russia's** Energy Extortion  
WC 694 words  
PD 28 April 2022  
SN The Wall Street Journal  
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LP

An attack on one NATO ally is an attack on all, and that's how Europe and the U.S. should treat Russia's decision this week to stop supplying natural gas to Poland and Bulgaria. With enough allied coordination, this could boomerang on Vladimir Putin.

The Kremlin is extorting Europe by demanding that "unfriendly" countries pay for gas in rubles rather than euros or dollars as required under their Gazprom contracts. European companies have been ordered to set up two accounts at Gazprombank to enable the currency conversion. Countries that refuse, as Bulgaria and Poland have, risk a gas cutoff.

TD

"The request from the Russian side to pay in rubles is a unilateral decision and not according to the contracts," says European Commission President Ursula von der Leyen. "Companies with such contracts should not accede to the Russian demands. This would be a breach of the Russian sanctions." Mr. Putin hopes to erode Western sanctions, boost the ruble and divide Europe.

This may be a tactical blunder. Europe can't replace the 40% or so of its gas that it imports from Russia overnight. But Mr. Putin's extortion should harden Europe's resolve to reduce its dependence on Russian fuel. Poland shows it can be done sooner than many think.

The Poles saw how Mr. Putin had repeatedly weaponized natural gas against Ukraine and prepared by building a large liquefied natural gas import terminal on the Baltic Sea. Next week Poland plans to open a pipeline linked to Lithuania's LNG terminal. Another pipeline delivering gas from Norway to Poland is expected to be completed this fall.

Poland says it had planned to let its Gazprom contract expire later this year anyway. Other countries are more vulnerable to Mr. Putin's blackmail but they have some short-term alternatives. Bulgaria imports some 90% of its gas from Russia but can get more from Turkey and Greece in a pinch. Italy has secured a deal to import more gas from Algeria.

Germany has scrambled to reduce its dependence on Russian gas, which now accounts for 35% of imports, down from 55% last year. Lucky for Germany, wind power is strong in the spring, and power plants can switch to burning coal. Mr. Putin's ploy is a prod to Chancellor Olaf Scholz to cancel the retirement of Germany's last remaining nuclear plants this year.

Mr. Putin wants to raise the costs to Europe for arming Ukraine and sanctioning Russia. Wholesale gas prices in Europe rose 20% Wednesday morning and are more than six times higher than a year ago. If Mr. Putin cuts off gas to other European countries, the Continent could fall into recession.

But cutting off exports would also wound Russia, as fuel sales fund its war machine and nearly half its budget. Mr. Putin has few other places to send his gas, so drilling rigs would soon have to be taken down and wells sealed. This could do longer-term damage to Russian gas production.

Mr. Putin continues to underestimate European solidarity and resolve. He may think his threats will erode sanctions, but the opposite may be happening. Bloomberg reported Wednesday that German officials were prepared to support a gradual ban on Russian oil imports to the European Union.



The Biden Administration could support the Europeans by imposing secondary sanctions on businesses that help finance Russia's oil trade so Mr. Putin can't easily off-load his crude to China and India. It should also be moving heaven and earth to ramp up U.S. oil and gas production and exports to Europe.

Mr. Biden is doing the opposite. Last week the Administration reaffirmed support for a leasing ban on public land and imposed new permitting rules that will make it much harder to build pipelines and LNG export terminals. This week it reversed a Trump plan to open up the National Petroleum Reserve-Alaska to more drilling. Mr. Putin must be smiling.

Russia's war on Ukraine has awakened Europeans from their energy illusions, but Mr. Biden is still snoozing. Time to wake up, sir.

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**AN** Document J000000020220428ei4s0001a

**HD      The **Ukraine** Crisis: India's Neutrality on Conflict Frustrates U.S. Efforts**

**BY**      By Shan Li and Rajesh Roy in New Delhi and Sabrina Siddiqui in Washington

**WC**      1,043 words

**PD**      28 April 2022

**SN**      The Wall Street Journal

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**LP**

A deputy U.S. national security adviser recently came to New Delhi to press India to take a more forceful stance against Russia over the Ukraine war. His meeting with the Indian foreign secretary was cordial, stressing the strong ties between Washington and New Delhi.

But Indian officials said they later felt blindsided when in public comments Daleep Singh warned of "consequences" for countries that helped circumvent sanctions. "Such words are never used in diplomacy," one Indian official who was privy to the discussions said. "It came as a surprise."

**TD**

A day later, Russian Foreign Minister Sergei Lavrov struck a very different tone after a meeting with his Indian counterpart, offering to sell India whatever it wanted to buy.

A succession of U.S. officials who have traveled to New Delhi to persuade India to join Washington in its effort to isolate Moscow have struggled to persuade the country to come off the sidelines. India has stayed neutral in the conflict, abstaining from United Nations votes to condemn Russia's action and declining to join sanctions. India's position is partly born of necessity: Russia is its largest arms supplier. But it is also the result of lingering mistrust of Washington and an abiding confidence in Moscow's reliability that has been built over decades, Indian officials and analysts said.

During the Cold War, India adopted an official policy of nonalignment, but in reality forged an alliance with Russia, with the bonds growing closer as the U.S. backed rival countries such as Pakistan and imposed a slew of sanctions on New Delhi. Although ties with Washington have warmed over the years and Indian officials see a future in which the country is more closely aligned with the West, they say there remains a strong undercurrent of anti-American sentiment among Indian policy makers that is only reinforced when they are chastised publicly.

U.S. officials played down the comments from Mr. Singh, the U.S. deputy national security adviser for international economics, saying they weren't directed specifically at India and weren't intended as a warning.

Still, Indian officials say remarks like those make them leery of turning their backs on Moscow. After a clash at the country's disputed border with China killed 20 Indian and four Chinese troops in 2020, India's defense minister visited Moscow twice within three months, partly to secure more arms and ammunition to bolster border defenses, an official with direct knowledge of the matter said. In response, Russia supplied more missiles, tank parts and other weapons.

"Many people have the belief that Russian friendship has served India's interests when a crisis has erupted," said Syed Akbaruddin, former Indian permanent representative to the United Nations and dean of the Kautilya School of Public Policy in Hyderabad.

For the West, India is one of the last remaining holdouts among the world's major powers to remain neutral in the Ukraine war. The country's purchases of oil and other goods could diminish the impact of sanctions designed to cripple the Russian economy. But perhaps more important, the Biden administration sees its relationship with India as one that will determine the future of security in Asia. "This is the one relationship we have to get right," a State Department official said.

India has spent billions of dollars on weapons from Russia, which has been its top arms supplier for decades. Despite efforts to diversify its sourcing, nearly 50% of its imported arms still came from Russia from 2016 to 2020.

In March, India struck a deal with Russia to purchase crude oil at a discount of at least 20% to global benchmark prices. Since the invasion of Ukraine, Indian refineries have purchased about 16 million barrels of Russian crude oil, with deliveries starting in May. That is close to the total amount imported from Russia in 2021, an Indian official said.

In a virtual meeting with Prime Minister Narendra Modi this month, President Biden said he didn't believe it was in India's interest to increase imports of Russian oil and reiterated that the U.S. was willing to help India diversify its energy sources.

U.S. officials say they have made progress with India in talks, pointing to Mr. Modi's recent comments condemning the killing of people in Bucha, Ukraine. Some U.S. officials have, nonetheless, expressed frustration over India's reluctance to more forcefully condemn Russian President Vladimir Putin.

"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," said Brian Deese, the director of the White House National Economic Council. "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."

U.S. officials said the intent of dispatching Mr. Singh, an architect of the administration's sanctions against Russia, to New Delhi was part of an effort to help allies understand the scope of the penalties imposed by the U.S. and European partners. "We don't want anyone to be caught off guard," one administration official said. "We want to talk about compliance with them."

Biden administration officials have been trying to convince their Indian counterparts that the U.S. will be a more reliable arms supplier in its cross-border confrontation with China. U.S. officials have argued that the Ukraine war shows that Russian military equipment is unreliable and that it will soon be in short supply.

This month, Secretary of State Antony Blinken acknowledged the complicated history between the U.S. and India and Russia, when he and Defense Secretary Lloyd Austin met their Indian counterparts.

"India's relationship with Russia developed over decades, at a time when the United States was not able to be a partner to India," Mr. Blinken said. "Times have changed. Today we are able and willing to be a partner of choice with India."

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**HD**     **The Ukraine Crisis: Russian Arms Depot Catches Fire --- Ukraine doesn't take credit, but official calls recent similar events 'karma' for waging war**

**BY**     By James Marson and Ann M. Simmons

**WC**     780 words

**PD**     28 April 2022

**SN**     The Wall Street Journal

**SC**     J

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**LP**

An ammunition depot caught fire near Russia's border with Ukraine, a local official said, the latest in a series of incidents to afflict Russian military facilities in regions adjacent to Ukraine in recent weeks that could pressure supply lines to Russian forces.

The fire at the depot in a village near Belgorod, around 15 miles from the border, was extinguished by early morning Wednesday, according to Vyacheslav Gladkov, the regional governor.

**TD**

Authorities also reported blasts in Russia's Kursk and Voronezh regions, which are adjacent to Ukraine. The regions' governors said air-defense systems shot down drones in the early hours of Wednesday.

The incidents follow a series of similar events in recent weeks in the regions neighboring eastern Ukraine, where Russia is attempting to seize territory. Russian officials said two Ukrainian helicopters struck an oil-storage facility on the outskirts of Belgorod on April 1. Fires broke out at two fuel-storage depots in the Bryansk region on Monday.

Russia said the flagship of its Black Sea Fleet, the missile cruiser Moskva, sank in a storm after an ammunition explosion on board on April 14, while the U.S. said it was struck by Ukrainian missiles.

Ukrainian officials have hinted at some involvement in the incidents without expressly acknowledging them.

"Sooner or later, debts have to be repaid," Mykhailo Podolyak, a Ukrainian presidential adviser, wrote on Telegram on Wednesday. "Karma is a cruel thing."

Keir Giles, a Russian security expert at the Chatham House think tank in London, said Russia often suffers from accidents and disasters related to negligence and other factors, so the involvement of Ukraine was unclear so long as it didn't take responsibility for the incidents.

"The system suffers from self-inflicted injuries in peacetime," said Mr. Giles. "When put under additional strain of an offensive war, it is no surprise that the rate of natural accidents should increase."

Russia, meanwhile, said it halted gas flows to Poland and Bulgaria beginning Wednesday, marking a significant escalation in the economic conflict between Moscow and the West. Moscow has been trying to strengthen its faltering currency by insisting customers pay in rubles, raising the prospect that Russia could shut off gas flows to other European countries in response to the sweeping economic sanctions imposed by the West for its invasion of Ukraine. Russia's finance minister, Anton Siluanov, said Wednesday that Russia's oil production this year could decline by as much as 17% due to the sanctions.

Russian President Vladimir Putin on Wednesday again warned of dire consequences for any country that intends to "interfere in the ongoing events from the outside and create strategic threats for Russia that are unacceptable to us," in remarks to the Russian Federal Assembly's Council of Legislators in Russia's second city of St. Petersburg.

"They should know that our response to counter strikes will be lightning fast," Mr. Putin said.

Russia's Federal Security Service, meanwhile, said Wednesday that two Russian citizens were detained as they were allegedly preparing to sabotage a transport-infrastructure site in Belgorod. The agency said the suspects were supporters of Ukrainian nationalists and had sent data about Russian servicemen participating in Moscow's military operation in Ukraine to the Kyiv-based Peacemaker, a website that publishes the personal information of people who allegedly commit crimes against Ukraine and the country's national security.

The Wall Street Journal couldn't independently verify the agency's report of an attempted sabotage.

Russia's Defense Ministry said Wednesday that its forces had launched high-precision, long-range sea-based Kalibr missiles at the southeastern Ukrainian city of Zaporizhzhia, where they destroyed hangars at an aluminum plant containing a "large batch of foreign weapons and ammunition supplied by the U.S. and European countries for Ukrainian troops." Russian defense officials said their air force hit 59 military facilities in Ukraine overnight, while Russian air-defense systems shot down 18 Ukrainian drones and a Ukrainian tactical Tochka-U missile. Russia's claims couldn't be independently verified.

The General Staff of Ukraine's armed forces, meanwhile, said Russia had made some advances in the east, where it is pressing a new offensive after its initial attempt to take the capital, Kyiv, and remove President Volodymyr Zelensky failed. Russian forces seized one village and took the outskirts of another as they tried to surround Ukrainian units in the east, where Ukraine has been fighting against Russian proxy forces since 2014.

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**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220428ei4s00013

## HD The **Ukraine** Crisis: Renault Set To Unload 68% Stake in Russian Firm

BY By Nick Kostov

WC 224 words

PD 28 April 2022

SN The Wall Street Journal

SC J

PG A8

LA English

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LP

PARIS -- French auto maker Renault SA is in talks with the Russian government about handing over its 68% stake in Russia's biggest auto maker to a state-backed entity, according to a report in Russian state media.

The French auto maker is expected to sell its stake in AvtoVAZ for the symbolic sum of one ruble to NAMI, a state-backed automotive research and development center, Russian Industry Minister Denis Manturov was quoted as saying by Russia's state-run news agency Ria Novosti.

TD

The French car maker would have the option to buy back its stake within five to six years as part of a potential deal, Mr. Manturov said, Ria Novosti reported. Mr. Manturov also said Renault's factory in the center of Moscow, which makes vehicles under the Renault and Nissan brands, will be transferred to the city's government, Ria Novosti reported.

Mr. Manturov's office didn't respond to a request to comment.

In March, Renault said it was assessing options on its stake of AvtoVAZ and planned to write off the value of its Russian activities, which were valued at 2.2 billion euros, or around \$2.4 billion, at the end of last year.

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CO rnl1l : Renault SA | vlgmov : AvtoVAZ JSC | nisan : Nissan Motor Co., Ltd. | renanb : Renault-Nissan B.V.

IN iaut : Automotive | i35101 : Passenger Cars | i351 : Motor Vehicles

NS ccat : Corporate/Industrial News | neqac : Equities Asset Class News | c181 : Acquisitions/Mergers/Shareholdings | c23 : Research/Development | c18 : Ownership Changes | cactio : Corporate Actions | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

RE russ : Russia | fra : France | ukrn : Ukraine | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eecz : European Union Countries | eeurz : Central/Eastern Europe | eurz : Europe | medz : Mediterranean | ussrz : CIS Countries | weurz : Western Europe

IPC ABO

PUB Dow Jones & Company, Inc.

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**HD      The **Ukraine** Crisis: Kremlin-Tied Hackers Accused of Wartime Attacks**

**BY**      By Dustin Volz

**WC**      689 words

**PD**      28 April 2022

**SN**      The Wall Street Journal

**SC**      J

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**LA**      English

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**LP**

WASHINGTON -- At least six hacking groups linked to the Russian government have attempted hundreds of cyberattacks in Ukraine since Russia's invasion in February, including dozens intended to destroy computer systems, according to new research from Microsoft Corp.

Moscow's hacking activity amounts to a relentless onslaught of disruptive and destructive operations, often tactically paired with kinetic military maneuvers, in addition to traditional cyber espionage, Microsoft said. Though many attacks have been successful, Ukraine's cyber defenses have repelled others, and Ukraine has so far largely evaded the kind of debilitating or nationwide cyber disruption that Western officials feared at the onset of the war.

**TD**

"The attacks have not only degraded the systems of institutions in Ukraine but have also sought to disrupt people's access to reliable information and critical life services, and have attempted to shake confidence in the country's leadership," Tom Burt, Microsoft's vice president of customer security and trust, said in a blog post accompanying the research.

In a briefing with reporters on Wednesday, Victor Zhora, the deputy chief of Ukraine's cyber defense agency, said he thought Russia had activated its full offensive cyber capabilities against Ukraine as the war has dragged on and was unlikely to deploy "completely new" or unexpected cyber weapons.

"They are a serious threat. It would be a mistake to underestimate their potential," Mr. Zhora said. "But at the same time. . . I suppose that we are completely able to resist, in cyberwar and the war generally."

The Russia-backed hackers had also been "pre-positioning for conflict" as early as March 2021, Mr. Burt said, apparently in hopes of gaining broader access to Ukrainian networks that could be leveraged during the war. By mid-2021, some of the hackers were targeting supply-chain vendors in Ukraine and elsewhere "to secure further access not only to systems in Ukraine but also NATO member states," Mr. Burt said, referring to the North Atlantic Treaty Organization. Supply-chain vendors are companies that sell software or other products that are widely used by other companies, making them lucrative targets for hackers.

The Russian Embassy in Washington didn't respond to a request to comment. Moscow has routinely denied allegations of cyberattacks against other countries and said it has been victimized recently by cyberattacks launched by Western powers.

The new findings from Microsoft, published Wednesday, largely support what cybersecurity experts, large technology companies and Western intelligence officials have observed so far: While large-scale, knockout blows have eluded them or been thwarted, Russian hackers have been highly active in the Ukraine conflict, focusing much of their efforts on more limited, tactical operations to support their military engagements.

Some attacks have been crude and amounted to mere annoyances, 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 shifted to eastern Ukraine, new and more alarming attacks on Ukraine's energy sector have been discovered.

Hackers have been pummeling the Ukrainian government and critical infrastructure since the beginning of the war, but over the past three weeks researchers at Cisco Systems Inc. have seen a gradual increase in sophisticated attacks from what appear to be more-experienced hackers, said Matt Olney, Cisco's director of threat intelligence. "Before it was truly bull-in-a-china-shop type of stuff," he said. "Now it's more [like] sophisticated art theft."

In contrast to the confidence expressed by Mr. Zhora of the Kyiv government, U.S. and Western intelligence officials have said they believe Russia has the capabilities and resources to deliver far-more-damaging cyberattacks against Ukraine.

Microsoft said it had observed nearly 40 destructive cyberattacks in Ukraine on hundreds of systems. Of those, more than 40% targeted critical infrastructure sectors that could have knock-on effects on the Ukrainian government, military, economy and populace, Microsoft said.

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Robert McMillan contributed to this article.

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**CO** mcrst : Microsoft Corporation

**IN** i3302 : Computers/Consumer Electronics | i330202 : Software | i3302021 : Applications Software | icip : Computing | itech : Technology

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**IPC** MEN

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220428ei4s0000v



# THE WALL STREET JOURNAL.

CLM Commodities  
SE Markets  
HD **Russian Gas Stoppages Spur Europe's Race for New Energy Supplies; European officials say Kremlin is throttling gas for Poland and Bulgaria to warn countries not to impose embargoes or arm Ukraine**  
BY By Georgi Kantchev, Joe Wallace and Matthew Dalton  
WC 1,715 words  
PD 27 April 2022  
ET 22:16  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

As the war in Ukraine rages, an energy battle is spreading across Europe, with countries racing to replace Russian fossil fuels while Moscow cuts off gas supplies to some nations and threatens others with the same.

The European Union vowed on Wednesday to continue to phase out purchases of Russian gas, support countries affected by Russian countermeasures and speed up the switch to renewable energy in response to Russia's decision to [halt gas flows to Poland and Bulgaria](#).

TD

Russian energy giant Gazprom PJSC said it had not received payment in rubles for gas sales to Poland and Bulgaria, as required by a new decree by President Vladimir Putin. EU officials accused Moscow of using energy as a political weapon. The speaker of Russia's State Duma, Vyacheslav Volodin, said on Wednesday that Moscow should expand the measures against other nations that it deems unfriendly.

Two months into [Russia's war on Ukraine](#), EU countries are accelerating their efforts to replace Russian oil and gas. Steps by Germany and other national governments to switch suppliers are now proceeding rapidly, threatening to diminish Russia's hitherto most lucrative source of foreign earnings.

Germany and the EU have faced much criticism in recent weeks, including from Ukrainian President Volodymyr Zelensky, for their continued purchases of Russian oil and gas, which help fund Russia's budget and its war effort.

The EU is debating potential sanctions on Russian oil, including a full but phased-in embargo, but national measures by European countries are creating new facts on the ground faster than the negotiations in Brussels.

Germany, Europe's biggest economy, said on Tuesday it has all but overcome its need to import oil from Russia, thanks in part to an agreement with Poland over the use of ports and pipelines. Berlin said that phasing out Russian gas would take longer but that it is working on it.

For Moscow, the decision to throttle gas flows to Poland and Bulgaria is a high-risk gamble that could undermine one of main supports of Russia's embattled economy. Oil and gas sales provide around 40% of the Russian government's revenues. The EU is Russia's main gas market.

"Gazprom's announcement is another attempt by Russia to blackmail us with gas," European Commission President Ursula von der Leyen said on Wednesday. She said that Bulgaria and Poland are already receiving gas from EU neighbors and that discussions are ongoing on how to prevent significant disruptions.

Analysts at energy consulting firm Rystad said that "Russia has fired the first shot back at the West," wielding energy as a weapon.

"Russia is trying to shatter the unity of our allies," Mr. Zelensky's chief of staff, Andriy Yermak, said on Telegram.

The Kremlin on Wednesday denied it was using energy as a weapon and said it remains a reliable energy supplier.

Many European countries have been scrambling to line up alternative gas supplies for next winter's heating season, mainly liquefied natural gas imported from the U.S. and the Middle East, and gas piped in from Norway and North Africa. The EU aims to head into next winter with its gas storage facilities 80% full and to slash its purchases of Russian gas by two-thirds by the end of this year.

The European Commission, the EU's executive arm, is likely to make proposals next week for a sixth round of economic sanctions against Russia for its invasion of Ukraine, including an embargo on oil or other measures to cut Moscow's revenues from oil sales. Several member states including Germany and Hungary have so far resisted a full embargo. But European demand for Russian oil is plummeting anyway.

Russia's state oil company has [had trouble finding buyers for oil in recent days](#). European refineries are already shifting away from Russian crude oil, even without sanctions.

France's TotalEnergies SE has stopped buying Russian crude for its four oil refineries in France and Belgium. The company is still buying Russian crude under a supply contract for its refinery in Leuna, Germany, but a company official said the refinery would soon replace that with non-Russian oil brought in from the Polish port city of Gdansk.

Total is still buying some diesel from Russia under previous contracts but says it will end those purchases by the end of the year as the contracts expire.

Exxon Mobil Corp., which owns six refineries in continental Europe, said it has decided not to sign new contracts for Russian crude oil since the Feb. 24 invasion. The company was previously a big buyer of Russian crude.

European officials said they expect Moscow to cut gas supplies to more countries. Before the war in Ukraine, the EU [sourced some 40% of its gas from Russia](#).

Latvian Prime Minister Krišjānis Kariņš said in an interview that Russia's moves are likely meant as warnings to the EU to slow down or stop its preparations for a full embargo on Russian oil.

"The question is who is more resilient?" Mr. Kariņš said, urging his EU colleagues not to be deterred. "The Ukrainians are paying with their lives, we are paying with higher energy prices."

Further gas stoppages by Russia would likely send fuel prices higher, analysts said, putting more pressure on the EU's slowing economy and feeding into higher energy bills world-wide by prompting a race to find gas on international markets. In the U.S., natural-gas prices have doubled this year, in part because producers of LNG are shipping it to Europe at breakneck speed.

Natural-gas prices in Europe are currently below their peak in March but well above their levels a year ago and remain a key source of inflationary pressure in European economies. Benchmark prices jumped 11% on Wednesday.

#### SHARE YOUR THOUGHTS

What do you think of Russia's move to cut off gas? Weigh in below.

Mr. Putin [demanded last month](#) that countries deemed hostile to Moscow, including EU members, pay for gas in rubles. Gas contracts are usually denominated in dollars or euros. A subsequent Kremlin decree tweaked the order: Customers had to pay in euros or dollars to Russia's Gazprombank, which would convert the money into rubles and send them on to Gazprom itself. The EU has said its sanctions don't prevent companies from doing that.

Some European officials said Russia's move against Poland and Bulgaria was likely not about payment modalities but was a warning aimed at all EU members that are sending weapons to Ukraine.

Germany on Tuesday announced that it would deliver [antiaircraft cannon tanks](#) to Ukraine, ditching its previous reluctance to send heavy weapons and joining a growing number of countries, led by the U.S., that are arming Ukraine's defenders with artillery, armored vehicles and other powerful weaponry.

Russia's gas stoppage will have limited effect on Poland, which was already set to become independent of Russian gas by the end of this year. Still, Poland was due to receive at least a further 5

billion cubic meters in gas from Gazprom which likely won't be delivered and will need to be replaced this summer, said James Huckstepp, European gas analyst at S&P Global Commodity Insights. Most of the gas will be pumped across the border from Germany, he added.

The stoppage is a bigger problem for Bulgaria, which gets more than three quarters of its gas from Russia and has few quick or easy options to replace it. A new pipeline from Greece to Bulgaria to deliver gas from Azerbaijan has faced long delays and has yet to be completed, said Tom Marzec-Manser, head of gas analytics at ICIS. Using complex swap arrangements, Bulgaria could replace some of its Russian gas through an existing pipe to Greece, he said.

Bulgaria's energy minister Alexander Nikolov said on Wednesday that the country has enough gas in storage for the coming month and is looking for alternative deliveries.

"Because all trade and legal obligations are being observed, it is clear that at the moment the natural gas is being used more as a political and economic weapon in the current war," Mr. Nikolov said.

Bulgaria's ruling coalition has been split on the issue of sending weapons to Ukraine. A delegation led by Bulgaria's prime minister, Kiril Petkov, is headed to Kyiv this week.

In Berlin, the government of Chancellor Olaf Scholz is accelerating investments in renewable energy and building LNG terminals. In the event of a full shutdown of Russian gas inflows, Germany would need to ration energy and suspend some industrial activity, according to analysts. The country's leading economic think tanks said in a report earlier in April that Germany would enter a sharp recession if Russian energy deliveries are completely cut off.

Russia's move against Poland and Bulgaria is being watched closely in Italy, the second-largest buyer of Russian gas after Germany. Italy has already started to wean itself off Russian gas: the country's imports so far in April are about half the level of the same month last year.

Italian Prime Minister Mario Draghi and his foreign minister have crisscrossed Africa in the past month in search of deals to increase gas supplies from countries including Algeria, Mozambique and Angola.

Moscow has long used gas as a way to achieve its geopolitical aims. Last fall, Russia withheld deliveries to Europe from the short-term gas spot market despite a global shortage. It also kept the level of storage sites it controlled across the continent at low levels, helping to push prices to record highs. European lawmakers called for a probe into Russia's manipulation of the market. Mr. Putin at the time dismissed criticism of the Kremlin's energy tactics as "politically motivated blather."

—Laurence Norman, Eric Sylvers and Anna Hirtenstein contributed to this article.

Write to Georgi Kantchev at [georgi.kantchev@wsj.com](mailto:georgi.kantchev@wsj.com) and Joe Wallace at [joe.wallace@wsj.com](mailto:joe.wallace@wsj.com)

[Russian Gas Stoppages Spur Europe's Race for New Energy Supplies](#)

**CO** gzprm : Gazprom PJSC | euruno : European Union

**IN** i1 : Energy | i13 : Crude Oil/Natural Gas Upstream Operations | ifosfl : Fossil Fuels | iioil : Integrated Oil/Gas

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**IPC** GAZP.RS

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**AN** Document WSJO000020220427ei4r001e1

# THE WALL STREET JOURNAL.

CLM Markets Main  
SE Markets  
HD **Indonesia, World's Largest Palm-Oil Producer, Bans Exports of Ubiquitous Commodity; Policy follows sharp rise in cooking-oil prices at home, caused in large part by disruptions stemming from **Russia's** war in **Ukraine****  
BY By Jon Emont  
WC 651 words  
PD 27 April 2022  
ET 23:47  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

SINGAPORE—Palm oil is one of the world's most ubiquitous food commodities, found in candy bars, ice cream, pizza dough and cooking oil. It is about to get harder to source.

Starting Thursday, Indonesia—which accounts for 60% of global supply—will stop palm-oil exports, a sweeping decision that will make cooking meals more expensive for families around the world and cause headaches for a range of food and cosmetics manufacturers. The ban follows a sharp rise in cooking-oil prices at home, caused in large part by disruptions stemming from Russia's invasion of Ukraine.

TD

"As the world's largest producer of palm oil, it's ironic that we're facing difficulties acquiring cooking oil," said President Joko Widodo in a speech late Wednesday. "As the president I'm not going to let that happen," he said, adding that he would restore exports once domestic needs are met.

Shortages in the supply of sunflower oil from Ukraine have driven up prices of all other edible oils, including palm oil, which is a key ingredient in cooking oil. As a result, cooking-oil prices in Indonesia have risen 45% since February, according to government data. Prices were also pushed up by drought in South America, which produces soybeans, another key source of vegetable oil.

Indonesia's policy is the latest example of protectionist measures as countries act to secure their own food supply amid rising prices. U.S. Treasury Secretary Janet Yellen in a mid-April speech urged governments to avoid export restrictions that could further drive up prices. U.S. inflation rose to a new four-decade high of 8.5% in March from the same month a year ago.

Since the start of the war in late February, governments have placed 36 new curbs on food and fertilizer exports, not counting restrictions connected to sanctions imposed by various countries against Russia and Belarus, according to Global Trade Alert, an independent trade-monitoring organization. That is double the number of restrictions introduced before the war this year, its data showed.

Russia has restricted wheat exports, and smaller suppliers like Serbia and North Macedonia have also curbed trade, according to David Malpass, president of the World Bank Group. In mid-April, Kazakhstan established quotas on wheat and wheat-flour exports. Egypt in March imposed a three-month export ban on wheat, corn and cooking oil in part to secure supplies for Ramadan.

Indonesia has cycled through various policies in recent months, mandating cooking-oil producers to sell a hefty share of their product domestically and imposing price controls at different times. On Tuesday, the government said it would ban exports of palm olein, a refined form of palm oil used to make cooking oil. In a broad policy expansion the next day, it said many other forms of palm oil would also be banned from export.

"Here you have a big food commodity with the biggest supplier in the world market putting its feet on the brake," said Josef Schmidhuber, deputy director of the United Nations Food and Agriculture Organization's trade and markets division.

Some palm-oil analysts estimate that the ban will likely last only for a few weeks, as Indonesia has limited storage capacity and its exports are a key source of foreign exchange. Still, its impact will be widely felt. Palm oil is a rare major food commodity for which the bulk of global supply is concentrated in a single country. Major importers of Indonesian palm oil include China, India, and the U.S.

Write to Jon Emont at [jonathan.emont@wsj.com](mailto:jonathan.emont@wsj.com)

[Indonesia, World's Largest Palm-Oil Producer, Bans Exports of Ubiquitous Commodity](#)

**IN** i411 : Vegetable Oils | i010013202 : Edible Oil Plant/Seed Farming | i41 : Food/Beverages | icnp : Consumer Goods | ifood : Food Products | i0 : Agriculture | i01001 : Farming | i0100132 : Oilseed/Grain Farming

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**IPC** I/FBT

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# THE WALL STREET JOURNAL.

CLM European Business News  
SE Business  
HD **France's Total Takes \$4.1 Billion Charge Related to [Russia](#) Sanctions; The energy giant said Western sanctions would affect an Arctic natural-gas project that had been expected to launch next year**  
BY By Jenny Strasburg  
WC 471 words  
PD 28 April 2022  
ET 02:28  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

French energy giant TotalEnergies SE said Wednesday it has taken a \$4.1 billion accounting charge on the value of its natural-gas reserves, citing impacts from the Western sanctions targeting Russia.

Total's write-down was tied to a massive Arctic liquefied natural gas project under development called Arctic LNG 2, making it the latest major oil company to document the financial repercussions of doing business with Russia following the country's [attack on Ukraine](#).

TD

Unlike other major oil companies BP PLC, Shell PLC and Exxon Mobil Corp., Total hasn't said it would exit its Russia holdings following the invasion.

Shell said earlier this month it [expects to book accounting charges](#) of up to \$5 billion in the first quarter related to its decision to exit its Russia operations, including joint ventures with energy giant Gazprom PJSC. BP has warned that its Russia exit could result in potential losses, including write-downs and charges, totaling up to \$25 billion.

The companies haven't spelled out how they will divorce themselves from Russia holdings, following [decades of business collaboration](#) in the country.

Rather than an exit, Total has [pledged to curtail its Russian energy](#) purchases—ending its buying of Russian oil and petroleum products by the end of this year—while complying with sanctions.

"Abandoning these interests without consideration would enrich Russian investors, in contradiction with the sanctions' purpose," the company said in March.

Total's multibillion-dollar write-down, announced a day before its scheduled first-quarter earnings report, reflects a decision that it can no longer count on anticipated reserves from Arctic LNG 2. Total said sanctions have starved the project of technology and goods crucial to production.

The company reiterated last month that it would provide no new capital for projects in Russia. It also said it plans gradually to suspend its Russia activities while keeping its workforce safe, but didn't say it will withdraw from minority stakes in a number of Russian energy operators.

Total holds a roughly 20% stake in Russian producer OAO Novatek, a privately held gas company run by a close associate of Russian President [Vladimir Putin](#). The partners' Arctic LNG 2 project, once valued at about \$21 billion, had been expected to launch in 2023 and eventually reach full capacity of almost 20 million tons.

Total has previously said it would continue taking gas from another Russian project that began shipping in 2017, as long as European governments consider Russian gas necessary.

Write to Jenny Strasburg at [jenny.strasburg@wsj.com](mailto:jenny.strasburg@wsj.com)

[France's Total Takes \\$4.1 Billion Charge Related to Russia Sanctions](#)

**CO** bp : BP PLC | fdp : TotalEnergies SE | gzprm : Gazprom PJSC

**IN** ifosfl : Fossil Fuels | i1 : Energy | i13 : Crude Oil/Natural Gas Upstream Operations | i1300004 : Liquefied/Compressed Gas | i5020022 : Oil Production Platform Construction | iindstrls : Industrial Goods | i14 : Downstream Operations | i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction | iioil : Integrated Oil/Gas

**NS** c24 : Capacity/Facilities | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gesanc : International Sanctions | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | ncolu : Columns | gcat : Political/General News | gdip : International Relations | ncat : Content Types

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**IPD** Wires

**IPC** BP

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220427ei4r006sh

# THE WALL STREET JOURNAL.

CLM Risk & Compliance Journal  
SE C Suite  
HD **Sanctions Turn Into New Priority for Justice Department; Department's white-collar enforcement efforts increasingly have a national-security focus after **Russia's** invasion of **Ukraine**, says Deputy Attorney General Lisa Monaco**  
BY By Dylan Tokar  
WC 424 words  
PD 28 April 2022  
ET 03:35  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

The U.S. Justice Department has made sanctions evasion and export-control violations a central focus of its white-collar enforcement program following Russia's invasion of Ukraine, officials said Wednesday.

The focus should have a profound effect on businesses and their efforts to comply with U.S. laws, Deputy Attorney General Lisa Monaco said at a New York City Bar Association event.

TD

"The way that multinational companies have to think about how these sanctions regimes are going to be affecting their businesses is critically important, and something we should be having conversations about," Ms. Monaco said.

Bribery has long been the primary focus of federal prosecutors' corporate investigations. Prosecutors have used the U.S. Foreign Corrupt Practices Act, which prohibits payments by companies to foreign officials, to target large corporations and impose billions of dollars in fines.

The Justice Department's white-collar enforcement efforts increasingly have a national-security focus, Ms. Monaco said Wednesday. "One way to think about this is as sanctions being the new FCPA," she said to a room of white-collar defense lawyers.

Financial institutions often are the first entities to be held responsible for sanctions violations, particularly in situations where they process payments by individuals or companies that violate national security prohibitions. But companies also need to be aware of the rules, including by applying know-your-customer processes to their supply chains, Ms. Monaco said.

The Biden administration [last year said it was making rooting out corruption](#) a central pillar of its national-security agenda, issuing a directive it said would increase collaboration between government agencies on issues such as kleptocracy and illicit finance.

In the wake of the invasion of Ukraine in February, the Justice Department launched an interagency task force dedicated to [enforcing sanctions and export-control measures](#) implemented against Russia in response to its military action.

Andrew Adams, co-chief of the [Justice Department's KleptoCapture task force](#), said the new team would draw on existing department resources to prosecute individuals and companies evading sanctions and to seize assets linked to corrupt Russian oligarchs.

"The task force is investigating entrenched, well-funded organized crime," said Mr. Adams, who spoke at a separate session at the same event Wednesday.

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[Sanctions Turn Into New Priority for Justice Department](#)



**CO** usdojc : United States Department of Justice

**NS** gvjus : Justice Department | gvbod : Government Bodies | gvio : Military Action | gpir : Politics/International Relations | ncolu : Columns | gcat : Political/General News | gcns : National/Public Security | gpol : Domestic Politics | grisk : Risk News | gvexe : Executive Branch | ncat : Content Types

**RE** russ : Russia | usa : United States | ukrn : Ukraine | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | namz : North America | uk : United Kingdom | usmi : Michigan | ussrz : CIS Countries | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | usc : Midwest U.S. | weurz : Western Europe

**IPD** Wires

**IPC** G/JUS

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220427ei4r007k9

# THE WALL STREET JOURNAL.

**CLM** Earnings  
**SE** Business  
**HD** **Grain Traders' Profits Rise as [Ukraine](#) War Tightens Global Food Supply; Higher commodity prices for wheat, corn, and strong consumer demand boost ADM, Bunge**  
**BY** By Patrick Thomas  
**WC** 937 words  
**PD** 27 April 2022  
**ET** 21:07  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

Agriculture companies are reaping big gains as the war in Ukraine tightens the global supply of crops, and consumers' food demand stays strong despite higher prices.

[Russia's invasion of Ukraine](#) has disrupted supplies from one of the world's top grain-exporting regions, [pushing up prices](#) for wheat and corn. Bad weather afflicting other big crop-producing countries, including in South America, is also fueling the supply crunch. Meanwhile, demand remains robust for food, livestock feed and fuel made from grains, industry executives said.

**TD**

Those factors have helped push global food prices to record levels in recent weeks. For grain-trading giants such as Archer Daniels Midland Co., Bunge Ltd. and Cargill Inc., which help direct the flow of corn, soybeans, wheat and other food commodities around the world, the crop-supply crunch and higher prices that follow have been a benefit.

"These market disruptions are rerouting many traditional trade flows and contributing to crop price inflation," Bunge Chief Executive Greg Heckman said on a call with analysts. "Industry margins spiked globally due to the combination of continued strong demand and an even tighter supply outlook."

St. Louis-based Bunge on Wednesday posted a higher first-quarter adjusted profit and raised its full-year earnings forecast. ADM on Tuesday [reported a 53% profit increase](#) for the three-month period ended March 31, helped by higher trading margins. Both companies' quarterly results outpaced Wall Street analysts' expectations.

Bunge's agribusiness unit reported an about 7% decline in volumes and a nearly 15% rise in sales, due to smaller soybean crops in South America and tightening global supplies of various vegetable oils.

Illinois-based ADM said it expects the tight supply of crops to continue for the next few years because of the drought conditions in South America, a weak Canadian canola crop and the war in Ukraine.

"From a global pandemic to the short crop in South America to the conflict in Ukraine, it has become clear that we cannot take an abundant and efficient supply of food for granted," said company CEO Juan Luciano on a Tuesday conference call.

Russia's war in Ukraine involves two of the world's major grain-producing powers, upending a region that has become increasingly critical to feeding a growing and more affluent global population. Global food prices [hit a record high in March](#), the United Nations said earlier this month, as the war threatens to cause food shortages in some of the world's poorest countries.

The dent in exports from the Black Sea region has pushed the price of wheat up about 40% this year. At least two crops are likely to be needed to fill the projected crop shortfall created by Russia's invasion of Ukraine, according to BMO Capital Markets analysts.

ADM posted quarterly earnings of \$1.05 billion, or \$1.86 per share, compared with \$689 million, or \$1.22 per share, a year ago. Bunge reported quarterly adjusted earnings of \$4.26 per share for the quarter ended in March, compared with \$3.13 the same period a year ago. The company said an adjusted measure of profits, which strips out some one-time items, rose to \$800 million from \$671 million a year ago.

Shares of ADM are up more than 30% this year, while Bunge is up more than 20%. Cargill is closely held and doesn't report quarterly results.

Shifting trade flows, high wheat prices and rising demand for U.S. grains are boosting other agricultural companies. Farmer cooperative CHS Inc., which has a large grain-trading business, earlier this year posted a quarterly profit of \$219 million for the three months ended Feb. 28, compared with a loss of \$38.2 million a year earlier. Jay Debertin, CEO of CHS, said strong demand and global market volatility contributed to CHS's higher earnings.

Grain-trading companies including Cargill have said they plan to continue to ship grain from Russia. Bunge and ADM said they are seeking alternate routes to move crops out of war-torn Ukraine to get as much of the region's crop production as possible exported into world markets.

ADM has about 650 employees in Ukraine, while Bunge has about 1,000 workers, two oilseed processing facilities, a port, several grain elevators and an office in Kyiv. Bunge restarted certain commercial and operational activities in Ukraine in late March, mainly exporting grain via rail and truck, though only limited amounts, said Mr. Heckman.

Higher commodity prices and rising global food costs aren't likely to derail growing consumer demand coming out of the Covid-19 pandemic, ADM executives said. Sales for alternative meats and dairy products that ADM produces are expected to increase 14% annually, the company said.

"Pent-up demand remained solid, even in the face of higher prices," said Mr. Luciano. "There has also been salary inflation and wages inflation that has put money in the pockets of customers."

Some analysts have cautioned that a recession in the U.S. or Europe caused by higher inflation could dampen demand over time.

"Rapid inflation across the world could cause demand destruction in certain industries, and since agribusinesses serve a wide array of customers and industries, including food, feed, fuel, and industrial companies, a recession could significantly impact financial results," said Arun Sundaram, a senior equity analyst at CFRA Research.

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[Grain Traders' Profits Rise as Ukraine War Tightens Global Food Supply](#)

**CO** arch : Archer Daniels Midland Company | bngltd : Bunge Limited | crginc : Cargill, Inc.

**IN** i0 : Agriculture | i0100132 : Oilseed/Grain Farming | i41 : Food/Beverages | icnp : Consumer Goods | ifood : Food Products | i01001 : Farming | i416 : Flour/Malt Products

**NS** mwheat : Wheat Markets | mgroil : Grains/Edible Oils Markets | c15 : Financial Performance | gvio : Military Action | c151 : Earnings | ccat : Corporate/Industrial News | magric : Soft Commodity Markets | mcorn : Corn Markets | mgrain : Grain Markets | ncolu : Columns | gcat : Political/General News | gfod : Food/Drink | reqraf : Suggested Reading Agriculture/Forestry | gcns : National/Public Security | glife : Living/Lifestyle | grisk : Risk News | m14 : Commodity Markets | m141 : Agricultural Commodity Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter | redit : Selection of Top Stories/Trends/Analysis | reqr : Suggested Reading Industry News

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**IPD** Wires

**IPC** ADM

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**AN** Document WSJO000020220427ei4r003h1

# THE WALL STREET JOURNAL.

**CLM** European Business News  
**SE** Business  
**HD** **Renault in Talks to Sell [Russia](#) Business for One Ruble; French car maker discusses handing over its 68% stake in [Russia's](#) biggest auto maker to a state-backed entity**  
**BY** By Nick Kostov  
**WC** 814 words  
**PD** 28 April 2022  
**ET** 00:24  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

PARIS—French auto maker Renault SA is in talks with the Russian government about handing over its 68% stake in Russia's biggest auto maker to a state-backed entity, according to a report in Russian state media.

The French auto maker is expected to sell its stake in AvtoVAZ for the symbolic sum of one ruble to NAMI, a state-backed automotive research and development center, Russian Industry Minister Denis Manturov was quoted as saying by Russia's state-run news agency Ria Novosti.

**TD**

The French car maker would have the option to buy back its stake within five to six years as part of a potential deal, Mr. Manturov said, according to Ria Novosti. Mr. Manturov also said that Renault's factory in the center of Moscow, which makes vehicles under the Renault and Nissan brands, will be transferred to the city's government, according to Ria Novosti.

Mr. Manturov's office didn't respond to a request for comment.

Last month, Renault said that it was assessing options on its stake of AvtoVAZ and planned to write off the value of its Russian activities, which were valued at €2.2 billion, or around \$2.4 billion, at the end of last year.

Renault and other Western firms have been under pressure to divest from Russia since [its full-scale invasion of Ukraine](#) began in late February, triggering [waves of Western sanctions](#) aimed at cutting off Moscow from the global financial system. The sanctions have crippled supply chains, making it hard for foreign firms to operate in Russia while also depriving them of any Western buyers for their Russian assets.

Renault's deep roots in Russia makes it a bellwether for other Western companies exploring options on how to leave the country. Renault invested billions of euros in Russia and last year had almost 30% of market share there. It also employs some 40,000 people in the country.

Russia's lower house of parliament, the State Duma, is considering legislation that would allow Russia to nationalize the assets of foreign companies that have exited from the country in response to its invasion of Ukraine. The ruling United Russia party, which proposed the legislation, said it is aimed at preventing bankruptcies and preserving jobs. Russian President Vladimir Putin has approved the proposal.

Renault's buyback options will be priced according to how much money is invested in AvtoVAZ while it is under NAMI's stewardship, Mr. Manturov said, according to Ria Novosti, adding: "There will be no gifts here."

At the start of the war, Renault initially [tried to keep its activities in Russia going](#) while also exploring ways to leave the country, according to people familiar with the matter. The firm tried to reorganize its

supply chain to replace parts its factories were missing because of sanctions and the war in Ukraine, these people said.

As the war continued, however, Renault's operations in Russia began to burn through their cash reserves. The auto maker had to continue paying salaries and suppliers as sales and production shriveled.

Since then, the AvtoVAZ plant has been running at much reduced capacity as Western sanctions and the global chip shortage deprived it of key parts. Renault's plant in Moscow, meanwhile, reopened for a few days last month to liquidate the stock of parts that it had on hand, but it has since been closed for weeks.

Stellantis NV—maker of the Jeep and Peugeot brands—last week suspended its operations in Russia, citing a "rapid increase in cross sanctions and logistical difficulties."

NAMI is a Moscow-based automotive development and research center founded in 1918 after the Bolshevik Revolution. The group co-owns Aurus, a Russian car company launched in 2018 that aims to produce luxury vehicles. Mr. Putin that year drove through Moscow in an Aurus car on his inauguration day for a fourth term.

Russian state-owned conglomerate Rostec Corp. owns the remaining 32% of AvtoVAZ. Its CEO, Sergei Chemezov, has been subject to Western sanctions for years over Russia's annexation of Crimea.

AvtoVAZ produces Lada, Russia's only homegrown brand with significant market share, accounting for 21% of auto sales in Russia last year. The company was founded in 1966 when the Soviet Union built a mammoth factory on the banks of the Volga River and renamed the city that mushroomed around it after Palmiro Togliatti, the leader of Italy's Communist Party at the time. The plant sprawled over 1,000 acres, more than New York's Central Park.

Evan Gershkovich contributed to this article.

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[Renault in Talks to Sell Russia Business for One Ruble](#)

**CO** rnl1 : Renault SA | vlgmov : AvtoVAZ JSC | nisan : Nissan Motor Co., Ltd. | renanb : Renault-Nissan B.V.

**IN** iaut : Automotive | i35101 : Passenger Cars | i351 : Motor Vehicles

**NS** ccat : Corporate/Industrial News | cdiv : Divestments | c181 : Acquisitions/Mergers/Shareholdings | c23 : Research/Development | cacqu : Acquisitions/Mergers | cactio : Corporate Actions | gcar : Cars | gpir : Politics/International Relations | gpol : Domestic Politics | gvio : Military Action | ncolu : Columns | gcat : Political/General News | c18 : Ownership Changes | gcns : National/Public Security | glife : Living/Lifestyle | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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**IPC** 7201.TO

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# THE WALL STREET JOURNAL.

CLM Europe News  
SE World  
HD **EU Targets Hungary's Funding Amid [Russia](#) Sanctions Fight; Brussels activates, for the first time, a tool that could lead to the EU blocking large amounts of budget payouts to Hungary**  
BY By Laurence Norman  
WC 734 words  
PD 27 April 2022  
ET 19:58  
SN The Wall Street Journal Online  
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LA English  
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LP

The European Union's executive body laid down a sharp new challenge to Hungarian Prime Minister Viktor Orban on Wednesday, activating a tool for the first time that could see Brussels withhold large-scale EU budget payments to the country.

TD

The move threatens to escalate [years of tensions](#) between Mr. Orban—whose conservative government recently [won a landslide election victory](#) at home—and Brussels and some western European governments. It comes as the EU faces major decisions on how to [raise economic pressure on Russia](#) over its [invasion of Ukraine](#) including energy sanctions which Hungary has so far opposed.

The new EU mechanism was created in 2020 alongside approval of the 750-billion-euro [coronavirus recovery fund](#), equivalent to \$790.97 billion, when Hungary and Poland, who both have conservative, nationalist governments, were clashing with Brussels and some EU governments over judicial overhauls, rule-of-law standards and social issues.

The conditionality mechanism, as it is formally known, allows the EU to block countries from receiving budget money if Brussels can show that their lack of independent courts or their weak anticorruption agencies present a risk that the EU's money—meant for the building of roads, trains, bridges and other social programs—could be misspent.

The decision is the latest twist in a yearslong struggle between the EU and Hungary, which has tried to create a new model of European democracy, in which ruling parties are able to cement power over institutions such as courts and state media.

The Commission decided not to trigger the mechanism against Poland but will keep monitoring the situation.

Any decision to block funds will likely take months and will depend on the backing of a super majority of member states—meaning support from at least 55% of EU countries representing at least 65% of the EU population.

At a press conference on Wednesday, Vera Jourova, the European commissioner for values and transparency, said the Commission had sufficient evidence of breaches of financial management rules that Brussels was confident it would win any Hungarian court challenge against a block on funds.

Ms. Jourova said the EU concerns focused on how the government awards EU-funded government contracts and the lack of an anticorruption strategy in Hungary, which receives several billion euros a year from Brussels.

"We are sure that in the case of Hungary, we have sufficient evidence that there are such breaches of the rules," Ms. Jourova said.

In what he said was a response to the EU decision, Zoltan Kovacs, Mr. Orban's international spokesman, said on Twitter: "HUN voters have spoken clearly on April 3. We must keep HU out of the war, make sure that HUN families don't pay the price of war."

Along with Poland, Mr. Orban fought strongly against the rule-of-law instrument, at first threatening to block approval of the recovery and then launching an EU court challenge against its legality. The European Court of Justice [rejected that case in February](#).

Mr. Orban and his top officials have long attacked what they say is a power grab by Brussels and EU courts against elected national governments. They have called the instrument a blackmail tool to force them to follow issues such as immigration and social values.

The EU has already put on hold more than €7 billion in coronavirus fund recovery money for Hungary, representing around 5% of the country's gross domestic product. However, until now, the EU hasn't ever tried to pre-emptively block regular annual budget funds from being paid out.

The decision—following months of pressure on the European Commission to act from EU lawmakers and some EU governments—comes as divisions have opened up over further sanctions measures against Russia over Ukraine.

Hungary has been among the most vocal opponents of a push by more member states to [block EU purchases of Russian energy](#), a position that has hardened, according to diplomats, since Mr. Orban's election win in early April. The vote saw his Fidesz party win a supermajority in parliament, giving Mr. Orban a fourth successive term in power.

Write to Laurence Norman at [laurence.norman@wsj.com](mailto:laurence.norman@wsj.com)

[EU Targets Hungary's Funding Amid Russia Sanctions Fight](#)

<b>CO</b>	euruno : European Union
<b>NS</b>	gcat : Political/General News   e211 : Government Budget/Taxation   c341 : Government Aid/Grants   gvexe : Executive Branch   c13 : Regulation/Government Policy   ccat : Corporate/Industrial News   ecat : Economic News   gdip : International Relations   gesanc : International Sanctions   gpir : Politics/International Relations   ncolu : Columns   e21 : Government Finance   gppl : Domestic Politics   gvbod : Government Bodies   ncat : Content Types   nfact : Factiva Filters   nfcpin : C&E Industry News Filter
<b>RE</b>	hung : Hungary   eecz : European Union Countries   asiaz : Asia   belg : Belgium   easiaz : Eastern Asia   eurz : Europe   russ : Russia   uk : United Kingdom   ukrn : Ukraine   ussrz : CIS Countries   weurz : Western Europe   apacz : Asia Pacific   benluxz : Benelux Countries   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcos : Developing Economies   eeurz : Central/Eastern Europe
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<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220427ei4r00335

# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Hackers Linked to [Russia](#) Launched Hundreds of Cyberattacks in [Ukraine](#), Microsoft Says; Flurry of malicious activity often coincides with Russian military operations, researchers say**  
BY By Dustin Volz  
WC 922 words  
PD 27 April 2022  
ET 22:30  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP



The Kremlin in Moscow; Russian hackers have been highly active in the Ukraine conflict.  
PHOTO: The Wall Street Journal

TD

WASHINGTON—At least six hacking groups linked to the Russian government have attempted hundreds of cyberattacks in Ukraine since [Russia's invasion](#) in February, including dozens intended to destroy computer systems, according to new research from Microsoft Corp.

Moscow's hacking activity amounts to a relentless onslaught of disruptive and destructive operations, often tactically paired with kinetic military maneuvers, in addition to traditional cyber espionage, Microsoft said. Though many attacks have been successful, Ukraine's cyber defenses have repelled others, and Ukraine has so far largely evaded the kind of [debilitating or nationwide cyber disruption that Western officials feared](#) at the onset of the war.

"The attacks have not only degraded the systems of institutions in Ukraine but have also sought to disrupt people's access to reliable information and critical life services, and have attempted to shake confidence in the country's leadership," Tom Burt, Microsoft's vice president of customer security and trust, said in a blog post accompanying the research.

In a briefing with reporters Wednesday, Victor Zhora, the deputy chief of Ukraine's cyber defense agency, said he thought Russia had activated its full offensive cyber capabilities against Ukraine as the war has dragged on and was unlikely to deploy "completely new" or unexpected cyber weapons.

"They are a serious threat. It would be a mistake to underestimate their potential " Mr. Zhora said. "But at the same time... I suppose that we are completely able to resist, in cyberwar and the war generally."

The Russia-backed hackers had also been "pre-positioning for conflict" as early as March 2021, Mr. Burt said, apparently in hopes of gaining broader access to Ukrainian networks that could be leveraged during the war. By mid-2021, some of the hackers were targeting supply-chain vendors in Ukraine and elsewhere "to secure further access not only to systems



in Ukraine but also NATO member states," Mr. Burt said, referring to the North Atlantic Treaty Organization. Supply-chain vendors are companies that sell software or other products that are widely used by other companies, making them lucrative targets for hackers.

The Russian Embassy in Washington didn't immediately respond to a request for comment. Moscow has routinely denied allegations of cyberattacks against other countries and said it has been victimized recently by cyberattacks launched by Western powers.

The new findings from Microsoft, published Wednesday, largely support what cybersecurity experts, large technology companies and Western intelligence officials have observed so far: While large-scale, knockout blows have eluded them or been thwarted, Russian hackers have been highly active in the Ukraine conflict, focusing much of their efforts on more limited, tactical operations to support their military engagements.

Some attacks have been crude and amounted to mere annoyances, 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 shifted to eastern Ukraine, new and more alarming attacks on Ukraine's energy sector have been discovered.

Hackers have been pummeling the Ukrainian government and critical infrastructure since the beginning of the war, but over the past three weeks researchers at Cisco Systems Inc. have seen a gradual increase in sophisticated attacks from what appear to be more-experienced hackers, said Matt Olney, Cisco's director of threat intelligence. "Before it was truly bull-in-a-china-shop type of stuff," he said. "Now it's more [like] sophisticated art theft."

In some cases, Russia's cyberattacks appeared "strongly correlated and sometimes directly timed with its kinetic military operations," Mr. Burt said. He cited an example of cyberattacks directed at a major broadcasting company, Ukrtelecom, on March 1, the same day that Russian forces launched a missile strike on a TV tower in Kyiv. In another example, a separate Russian hacking group stole data in mid-March from a nuclear safety organization in the weeks following Russia's capture of nuclear power plants, Microsoft said.

The efforts to hybridize the war have also been seen in the disinformation space. As Mariupol endured a prolonged siege by Russian forces, some Ukrainians were sent an email from a Russian hacking group pretending to be a resident of the city who accused the Ukrainian government of abandoning its citizens, Microsoft said.

In contrast to the confidence expressed by Mr. Zhora of the Ukrainian government, U.S. and Western intelligence officials have said they believe Russia has the capabilities and resources to deliver far more damaging cyberattacks against Ukraine than what has been seen so far. Some have said Russia's initial miscalculation that Kyiv would fall in a matter of days contributed to an early reticence to launch cyberattacks against critical infrastructure that could severely cripple daily life in Ukraine.

Microsoft said it had observed nearly 40 destructive cyberattacks in Ukraine on hundreds of systems. Of those, about a third were directly aimed at Ukrainian government entities at the national, regional and city levels, and more than 40% targeted critical infrastructure sectors that could have knock-on effects on the Ukrainian government, military, economy and populace, Microsoft said.

Robert McMillan contributed to this article.

[Hackers Linked to Russia Launched Hundreds of Cyberattacks in Ukraine, Microsoft Says](#)

<b>CO</b>	mcrost : Microsoft Corporation
<b>IN</b>	i3302 : Computers/Consumer Electronics   i330202 : Software   icph : Computer Hardware   iint : Online Service Providers   itech : Technology   icomp : Computing   i3302021 : Applications Software
<b>NS</b>	ghack : Cybercrime/Hacking   ncolu : Columns   nimage : Images   gcat : Political/General News   gcrim : Crime/Legal Action   ncat : Content Types   nfact : Factiva Filters   nfcpx : C&E Executive News Filter
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<b>AN</b>	Document WSJO000020220427ei4r004ph

# THE WALL STREET JOURNAL.

CLM Russia News  
SE World  
HD **Russia's New Economic Data Is Inconsistent on Impact of War and Sanctions; Figures published by Moscow don't track private-sector surveys that show a sharp contraction in Russian manufacturing**  
BY By Paul Hannon, Georgi Kantchev and Yuliya Chernova  
WC 1,531 words  
PD 28 April 2022  
ET 02:16  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

The West has leveled waves of sanctions against the Russian economy. The crucial question is, are they working?

Russia on Wednesday released inconsistent data that showed the economy in March was either doing fine or just treading water. Private-sector data has shown a sharp slowdown in Russia.

TD

Economists had expected the first official Russian numbers on the economic impact of the [invasion of Ukraine](#) and the sanctions to show declines in economic growth and industrial output and a pickup in unemployment.

Russia's Ministry of Economic Development said on Wednesday that the country's economic output was 1.6% higher in March than a year earlier. That is a sharp deceleration from the 4.3% expansion recorded in February, and the 5.8% growth in gross domestic product seen in January, according to TASS, the state-owned news agency.

The country's official statistics agency, known as Rosstat, published more positive data, saying that factory output was just 1% lower in March than in February when seasonal variations in activity are accounted for. The unemployment rate was unchanged at 4.1%, Rosstat said.

It may be too soon for the impact of the war and sanctions to be reflected in the economic data. The numbers may also be less reliable than in the past, as Russia looks to clamp down on the view [the outside world has on its economy](#).

Liam Peach, an economist with Capital Economics, said some of the data appeared to diverge from nonofficial measures of economic output. "Such a mild contraction in industrial production seems inconsistent with the expected hit from the imposition of Western sanctions last month," he said. He noted that private sector manufacturing surveys showed a sharp decline for March.

A measure of private-sector activity in March based on a survey of 500 businesses by S&P Global [recorded the sharpest fall since May 2020](#), when Russia was in the early stages of the Covid-19 pandemic.

Russia [invaded its neighbor on Feb. 24](#), prompting governments [to impose a punishing series of sanctions](#) intended to weaken Russia's capacity to wage war. The sanctions imposed in the early weeks of the invasion aimed to sever many of Russia's links to the global financial system and limit its access to international logistics and transport networks.

On Wednesday, [Russia halted natural-gas deliveries to European Union members Poland and Bulgaria](#) in retaliation against those sanctions. The stakes are high for the Russian economy since oil and gas sales make up more than 40% of the federal budget and Europe is Russia's main gas market.

Russia's oil production this year may decline by as much as 17% in volume terms because of Western sanctions, Finance Minister Anton Siluanov said Wednesday.

Russian policy makers, including President Vladimir Putin, [have acknowledged that the sanctions have caused economic harm](#), but haven't publicly quantified the scale of the damage with hard data. International economists have a range of estimates, with the International Monetary Fund expecting to see a decline in gross domestic product of 8.5% this year.

"This will be the deepest economic crisis since the early '90s," said Vasily Astrov, a Russia-focused economist at the Vienna Institute for International Economic Studies.

While day-to-day life in Russia has largely continued, there are [clear signs the economy has been shaken](#). Job recruiters have seen hiring plummet as foreign businesses lay off workers. Businesses have struggled to export goods and source parts for operations, [while consumers grapple with inflation](#).

The downturn is Russia's latest in a series of dark times since the end of communism. Russia suffered a collapse in economic output following the breakup of the Soviet Union in the early 1990s, [a government-debt meltdown in 1998](#), and a contraction and currency depreciation in 2015 in response to sanctions following Russia's annexation of Crimea.

Russian factories have struggled to find parts that they had previously imported from Western suppliers, while seeing their access to foreign buyers cut off by financial and logistics roadblocks.

Production of cardboard, the packaging of choice for online commerce, has collapsed by 25% since the end of February because of sanctions and a fall in domestic consumption as Western brands suspended their work in the country, according to Russia's League of Waste Paper Processors.

"Everyone is busy looking for new markets in order to export maximum products," said Aleksey Sergeev, chief executive of the organization.

Around 650,000 tons of cardboard are sitting idle in warehouses across Russia. That is the equivalent of a month-and-a-half of stock, compared with a usual stock level covering seven to 10 days, Mr. Sergeev said.

## SHARE YOUR THOUGHTS

Do you think sanctions will be effective in putting pressure on Vladimir Putin to end the war?

The data published Wednesday represent a curtailed view into the economy. Russian authorities [stopped publishing some key figures](#), including data on government debt, trade flows and oil production. Analysts say the partial blackout is part of an effort to deprive Western governments of the information they would need to effectively target new sanctions.

The statistics agency had a record of accurately reflecting the ups and downs of the economy in the years before the war.

The statistics agency had previously recorded a sharp pickup in inflation during March, reflecting the ruble's steep decline in the early weeks of the war and a rush to stockpile essentials by households in anticipation of shortages. The ruble, supported by restrictions on taking money out of the country, [has since rebounded](#) to its prewar levels. The rise in consumer prices has also slowed.

But the long-term effects of the war are still unfurling and the impact on Russia's job market may not be felt for months. Some employers, including foreign companies, have put workers on furloughs and reduced working hours, obscuring them from job-loss figures.

Marina Zaretskaya, a recruiter for the Russian franchise of ManpowerGroup, said the number of open positions that she is working to fill has dropped about 70% since the invasion. Ms. Zaretskaya, based in St. Petersburg, helps with placements in the northwest region of Russia, including cities like Murmansk.

She said there are roughly 10 open positions per recruiter at her agency, down from about 30 two months ago. Many of her clients were foreign companies with operations in Russia, she says. Some are winding down operations, while others are trying to sort out their future.

"There's a freeze," she said. Companies aren't growing because they are uncertain about investing when new sanctions and logistics problems could appear at any time, Ms. Zaretskaya said.

Smaller firms are suffering from a loss of access to export markets. Before the war, Victoria Razdoburdina had a thriving business selling dried-flower décor through the online marketplace Etsy.

Deliveries from Russia were so reliable and quick that many of her American clients mistook her St. Petersburg location for the city in Florida, she said.

FedEx suspended shipments in Russia on March 4. Ms. Razdoburdina switched to DHL and sent her last order on March 5. The same day, PayPal, which was Ms. Razdobudrina's only way of receiving payments, suspended its service. And then Etsy locked access to her shop, called ForgetMeNotNature, and all other sellers in Russia and Belarus.

Ms. Razdoburdina let go of her two employees and gave up the lease for her studio.

"It wasn't just a job, it was a job we loved," said Ms. Razdoburdina, who moved to Tbilisi, Georgia, to try to restart her livelihood.

Another wild card for Russia's economy is energy exports. With prices for oil and natural gas having risen since the invasion, the IMF estimates that energy exports will be worth \$350 billion to the Russian economy this year, up 40% from 2021.

That estimate, and its forecast for an 8.5% contraction in broader economic output this year, depend on the assumption that no additional sanctions are imposed on Russian energy exports.

In an alternative scenario where broad sanctions on energy exports are announced by the middle of this year, the IMF said overseas sales of oil and gas would fall by 10% this year and 20% next, remaining at that low level in following years. The hit to the economy would be very large, with output likely to be 15% lower by 2027 than would be the case under the existing sanctions.

EU nations have resisted [imposing direct sanctions on Russian energy](#), fearing the backlash on their own economies in the form of higher prices. But member states are expected to discuss an embargo proposal next week as part of a sixth round of sanctions.

Write to Paul Hannon at [paul.hannon@wsj.com](mailto:paul.hannon@wsj.com), Georgi Kantchev at [georgi.kantchev@wsj.com](mailto:georgi.kantchev@wsj.com) and Yuliya Chernova at [yuliya.chernova@wsj.com](mailto:yuliya.chernova@wsj.com)

#### [Russia's New Economic Data Is Inconsistent on Impact of War and Sanctions](#)

**CO** rumedt : Russia Ministry of Economic Development | imonf : International Monetary Fund

**NS** ecat : Economic News | c13 : Regulation/Government Policy | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | e51 : Trade/External Payments | gesanc : International Sanctions | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | ncolu : Columns | npred : Economic Predictions/Forecasts | gcat : Political/General News | gdip : International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

**RE** russ : Russia | ussrz : CIS Countries | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | apacz : Asia Pacific | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe

**IPD** WSJ

**IPC** N/CNW

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220427ei4r005k1

CLM World News  
SE World  
HD **Chinese Drone Giant DJI Suspends Business in [Russia](#), [Ukraine](#); The Chinese drone maker's decision to halt activities, pending a compliance review, follows complaints from Ukrainian officials about its products**  
BY By Dan Strumpf  
WC 445 words  
PD 27 April 2022  
ET 16:55  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
CY Copyright 2022 Dow Jones & Company, Inc. All Rights Reserved.

LP

HONG KONG—China's SZ DJI Technology Co., the world's largest maker of consumer drones, said it is suspending business activities in Ukraine and Russia pending a compliance review.

The disclosure by the Shenzhen-based company follows complaints from Ukrainian officials of [technical glitches in its products](#) that they said appeared to aid Russia's military activities in the country. DJI has said that it never tampered with its products and that it was trying to fix the malfunction problems.

TD

"DJI is internally reassessing compliance requirements in various jurisdictions. Pending the current review, DJI will temporarily suspend all business activities in Russia and Ukraine," the company said in a brief statement Tuesday.

DJI didn't say which compliance requirements were behind its decision. The U.S. and its allies have imposed an array of wide-ranging [export controls and sanctions on Russia](#) in the wake of its invasion of Ukraine. They include a ban on exports to Russia's defense sector and complex restrictions on the export to Russia of foreign products made using U.S. equipment, software or blueprints.

Although numerous Western firms have publicly condemned Russia's invasion of Ukraine and announced curtailments in business in Russia, [Chinese companies have been largely silent](#) on the conflict despite controlling large shares of the market for many products.

Drones have played an outsize role in the Russia-Ukraine war. Recently, devices from U.S. startups have increasingly been used by Ukrainians in search-and-rescue efforts and other aspects of the country's defense. That comes after Ukrainian officials raised concerns about Russia's successful use of DJI equipment. In March, Ukrainian Vice Prime Minister Mykhailo Fedorov called on DJI in a public letter to halt its business in Russia.

Ukrainian officials also complained about the failure of a DJI product known as AeroScopes, drone-detection systems used to identify and track other drones and their pilots. Ukraine had used AeroScopes around the country, in some cases to protect critical infrastructure. Ukrainian officials and DJI said several of these systems wouldn't switch on at the start of the war, prompting some Ukrainians to allege that DJI had tampered with the systems to allow Russian drones to fly undetected.

DJI has said its products are for civilian use only and the company deplores the use of its products to cause harm.

Write to Dan Strumpf at [daniel.strumpf@wsj.com](mailto:daniel.strumpf@wsj.com)

[Chinese Drone Giant DJI Suspends Business in Russia, Ukraine](#)

CO sdjtcc : SZ DJI Technology Co. Ltd.

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

**NS** mcat : Commodity/Financial Market News | gvio : Military Action | ncolu : Columns | 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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**IPD** Wires

**IPC** I/ARO

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220427ei4r001p5

# THE WALL STREET JOURNAL.

**CLM** Commodities  
**SE** Markets  
**HD** **London Metal Exchange CEO Matthew Chamberlain to Stay, a Reversal From Planned Departure; [Russia's](#) invasion of [Ukraine](#) in February upended metals markets and caused a nickel-trading fiasco at the LME**  
**BY** By Dave Sebastian  
**WC** 655 words  
**PD** 27 April 2022  
**ET** 16:59  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

HONG KONG—London Metal Exchange Chief Executive Matthew Chamberlain will remain in his position, a surprise reversal after he announced exit plans earlier this year.

Mr. Chamberlain, a former investment banker who has run LME since 2017, had said in January that he would depart at the end of April to run a cryptocurrency startup. That was before [Russia's invasion of Ukraine](#) in late February upended the global metals markets and caused a nickel-trading fiasco at the LME.

**TD**

The LME, a unit of Hong Kong Exchanges & Clearing Ltd., suspended trading of nickel contracts for more than a week in March, after [a surge in prices](#) saddled some market participants—including [a Chinese nickel giant](#)—with heavy losses.

It was the first time the LME froze trading for a metal since the collapse of an international tin cartel in 1985, and the 145-year-old exchange came under criticism from traders for [the way it handled the crisis](#).

"Events of recent weeks have brought into focus the importance of the LME and the metals markets," Mr. Chamberlain said Wednesday. He said he wants to support "the long-term health and efficiency of the market" as he remains in his post.

Nicolas Aguzin, chief executive of HKEX, said he was pleased with Mr. Chamberlain's decision to stay with the company after "his handling of the unprecedented developments in the nickel market."

On a conference call Wednesday, Mr. Aguzin said Mr. Chamberlain has the full support of LME's board. He added that nickel-trading reviews are still being conducted by the exchange, as well as U.K. financial regulators.

The U.K.'s Financial Conduct Authority earlier this month [said it will examine how LME handled](#) the March 8 trading suspension, which lasted for six sessions. The Bank of England is examining the operation of the LME's clearinghouse during that period. Both regulators are also reviewing the exchange's governance, market oversight and risk management.

Mr. Chamberlain joined the LME in 2012, the same year that HKEX beat out international rivals to acquire [the London-based member-owned exchange](#). He had previously worked at UBS Group AG, Perella Weinberg Partners and Citigroup Inc., and oversaw LME's strategy and business development before [becoming CEO at the age of 35](#).

After Mr. Chamberlain indicated he planned to step down, HKEX named Adrian Farnham, the chief executive of LME's clearing and settlement business, as interim LME CEO from May 1.



On Wednesday, HKEX said Mr. Farnham will be retiring in July after a long career in the financial markets, including nine years with the LME. Catherine Lester, LME Group's chief financial officer, is also leaving the company to pursue other interests and will be succeeded by acting CFO Tabitha Silverwood.

HKEX on Wednesday also reported a 30% decline in profit to the equivalent of \$339.4 million for the first three months of the year, a period that saw market turbulence weighing on share-issuance volumes.

First-quarter revenue fell 16% from a record high in the same period last year, to the equivalent of \$586.1 million, due to lower trading and clearing fees, as well as lower depository fees.

"We were not immune to global market sentiment which resulted in some softness in the IPO market, reduced valuations in our investment portfolio and pricing volatility in our commodities market," Mr. Aguzin said in a statement.

HKEX noted that more than 150 companies had active listing applications at the end of March, signaling that many companies are eager to raise funds and go public when market conditions are more favorable.

Write to Dave Sebastian at [dave.sebastian@wsj.com](mailto:dave.sebastian@wsj.com)

[London Metal Exchange CEO Matthew Chamberlain to Stay, a Reversal From Planned Departure](#)

<b>CO</b>	hkexch : Hong Kong Exchanges and Clearing Limited
<b>IN</b>	i2114 : Copper Ore/Nickel Ore Mining   i22 : Primary Metals   i224 : Non-ferrous Metals   i831 : Financial Investment Services   i8394 : Computer Services   ibnk : Banking/Credit   ifinal : Financial Services   iinv : Investing/Securities   itech : Technology   imet : Mining/Quarrying   ivicu : Virtual Currencies/Cryptocurrencies   i211 : Metal Ore Mining   ibasicm : Basic Materials/Resources   ibcs : Business/Consumer Services   ifmsoft : Financial Technology   infmore : Non-ferrous Metal Ore Mining   i83106 : Securities/Commodity Exchange Activities
<b>NS</b>	cslmc : Senior Level Management   m142 : Metals Markets   mnonfr : Non-ferrous Metals Markets   mnickl : Nickel Markets   c41 : Management   ccat : Corporate/Industrial News   m14 : Commodity Markets   mcat : Commodity/Financial Market News   ncolu : Columns   reqris : Suggested Reading Investing/Securities   reqrmm : Suggested Reading Metals/Mining   ncat : Content Types   nfact : Factiva Filters   nfce : C&E Exclusion Filter   nfcpin : C&E Industry News Filter   redit : Selection of Top Stories/Trends/Analysis   reqr : Suggested Reading Industry News
<b>RE</b>	china : China   ukrn : Ukraine   russ : Russia   asiaz : Asia   easiaz : Eastern Asia   eurz : Europe   uk : United Kingdom   ussrz : CIS Countries   apacz : Asia Pacific   bric : BRICS Countries   chinaz : Greater China   devgcoz : Emerging Market Countries   dvpcoz : Developing Economies   eeurz : Central/Eastern Europe   weurz : Western Europe
<b>IPD</b>	Wires
<b>IPC</b>	0388.HK
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220427ei4r001b9

# THE WALL STREET JOURNAL.

**CLM** Autos  
**SE** Business  
**HD** **Mercedes-Benz Net Profit Plunges on [Ukraine](#) War, Rising Costs; German auto maker books \$754 million expenses in winding down Russian business**  
**BY** By William Boston  
**WC** 496 words  
**PD** 27 April 2022  
**ET** 14:08  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

BERLIN—Mercedes-Benz Group AG, the German luxury car maker, saw net profit fall nearly a fifth in the first three months of the year because of higher costs, including expenses related to the suspension of business in Russia in the wake of [the war in Ukraine](#).

The Stuttgart-based auto maker of Mercedes-Benz branded cars and vans said on Wednesday that business throughout the year would be impacted by the continuing shortage of semiconductors, rising raw-materials prices, continued disruptions from the Covid-19 pandemic, [especially in China](#), and new volatility in supply chains from the war.

**TD**

"The geopolitical and macroeconomic conditions continue to be characterized by an exceptional degree of uncertainty, including the war in Ukraine, its impacts on supply chains, and the development of prices for raw materials and energy," Mercedes said.

The warning offers a glimpse of the struggles facing European manufacturers as they attempt to navigate an unprecedented succession of economic shocks that are complicating planning, raising costs, gumming up production and depressing demand.

Auto manufacturers in particular have been struggling to cope with higher costs from rising raw-materials and energy prices, the semiconductor shortage, the impact of Covid-19 lockdowns on their supply chains, and now [new bottlenecks caused by the war](#) in Ukraine.

Mercedes said in its interim report that net profit attributable to shareholders fell to €3.49 billion in the three months ended March 31, compared with €4.29 billion the year before, resulting in a drop in earnings per share to €3.26 from €4.01 the year before.

One reason for the drop was Mercedes's decision to [suspend business with Russia](#) after Moscow's attack on Ukraine, a move the company said resulted in expenses of €709 million, equivalent to \$754 million.

Mercedes-Benz new car sales fell 10% to 487,008 vehicles in the first quarter "mainly due to semiconductor supply bottlenecks, Covid-19 lockdowns, as well as the war in Ukraine," the company said in its report.

Mercedes was able to offset some of the negative impacts on its earnings through currency hedging, one-off asset sales and its ability to boost revenue through higher prices and a continued shift in its model offering to more upscale, higher-priced luxury vehicles.

Mercedes earnings before interest and taxes, which doesn't include special charges and expenses, rose 11% to €5.23 billion in the quarter.

Looking ahead to the full year, Mercedes largely stuck to its outlook given after the close of the 2021 business year, but warned that the months ahead were fraught with volatility and uncertainty.

"The general market risks have risen from medium to high compared to the annual report 2021," the company said.

Write to William Boston at [william.boston@wsj.com](mailto:william.boston@wsj.com)

[Mercedes-Benz Net Profit Plunges on Ukraine War, Rising Costs](#)

**CO** damb : Mercedes-Benz Group AG

**IN** i35101 : Passenger Cars | iaut : Automotive | i351 : Motor Vehicles

**NS** gsars : Novel Coronaviruses | gvio : Military Action | gout : Outbreaks/Epidemics | c151 : Earnings | ccat : Corporate/Industrial News | gcar : Cars | ghea : Health | glife : Living/Lifestyle | ncolu : Columns | nlet : Letters | gcat : Political/General News | c15 : Financial Performance | gcns : National/Public Security | gcold : Respiratory Tract Diseases | gmed : Medical Conditions | grisk : Risk News | gspox : Infectious Diseases | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter | nfcpin : C&E Industry News Filter | niwe : IWE Filter | nrgn : Routine General News

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**IPD** Wires

**IPC** I/AUT

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220427ei4r000m9

SE Daily  
HD **Why [Russia's](#) Control Over Energy Markets Is Waning**  
BY By Avi Salzman  
WC 571 words  
PD 27 April 2022  
ET 22:47  
SN Barron's Online  
SC BON  
LA English  
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LP

Vladimir Putin's decision to [cut off natural gas shipments](#) to Poland and Bulgaria after those countries refused to pay in Rubles was undoubtedly a big deal. The price of European natural gas spiked as much as 24% after the news came out. But it has since come back down and was recently trading about 4% higher. Putin still has power over European energy, but it has diminished since the start of the war.

TD

Europe depended on Russia [for more than 40% of its natural gas](#) as of last year, and the EU has been reluctant to cut off those shipments despite Russia's invasion of Ukraine. Natural gas is particularly crucial in winter, when it's used to heat homes. In early March, Dutch-traded natural gas futures spiked above 200 euros per megawatt-hour. Today, despite Putin's aggressive move toward Poland and Bulgaria, they trade at 107 euros. There are four major reasons that it's not causing a bigger spike.

First, natural gas demand is down because the weather is warmer and fewer people need it for heat. Natural gas accounts for nearly 40% of the energy for heating in Europe. When Europeans start turning down their thermostats, their natural gas bills tend to dip too. If Putin had cut off gas to Poland and Bulgaria in February, the impact would likely have been larger.

Second, Poland and Bulgaria depend heavily on Russia for most of their natural gas, but they're not the biggest users of gas in the region. Germany, Italy and Turkey import much more Russian gas by volume, and any attempt by Russia to cut off gas to those users would likely cause a bigger impact — and hurt Russia's revenues more, too. Goldman Sachs analyst Samantha Dart wrote that "a full interruption of Russian flows to Germany would potentially lift European gas prices to over 200 euros per megawatt hour this summer."

Third, Europe is better-prepared for a slowdown in shipments than it was two months ago. Putin initially had the element of surprise. Now Europe has found new sources of natural gas and is expediting efforts to transition away from it. A new pipeline is expected to open between Norway and Poland this fall, and the region has increased its imports of liquefied natural gas, or LNG.

That leads to the fourth reason — U.S. shipments of gas in liquefied form have helped Europe transition away from Russia and allowed some countries to start refilling their storage tanks ahead of next winter. The U.S. has announced plans to ship over 60% more LNG to Europe in 2022 than it did in 2021. Given capacity expansions at some plants, it looks increasingly likely that the U.S. can achieve that goal.

Although it didn't rock the markets as much as initially expected, Putin's decision to cut off gas supplies does raise the stakes of the current conflict for Europe. It could cause Germany to focus even harder on finding a compromise, Dart predicts. "Today's events can work as an added incentive for the EU, and especially Germany, to find a way to work out a Ruble payment mechanism given the significant economic toll a halt in gas flows would have in the region," she wrote.

[Why Russia's Control Over Energy Markets Is Waning](#)

IN i1 : Energy

**NS** gvexe : Executive Branch | gpir : Politics/International Relations | m14 : Commodity Markets | m15 : Derivative Securities | mcat : Commodity/Financial Market News | mequid : Equity Derivatives | gcat : Political/General News | gpol : Domestic Politics | gvbod : Government Bodies | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter

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**IPD** Commodities

**IPC** M/ENE

**PUB** Dow Jones & Company, Inc.

**AN** Document BON0000020220427ei4r003e9

**HD The Ukraine Crisis: Blasts in Pro-Russia Enclave Roil Moldova**

**BY** By Matthew Luxmoore

**WC** 424 words

**PD** 27 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A7

**LA** English

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**LP**

Moldova said it is placing its security forces on alert following a series of explosions in Transnistria, a breakaway pro-Russian enclave that has stirred concern about the role that some 1,500 Russian troops stationed there could play in shoring up Moscow's military campaign in neighboring Ukraine.

Authorities in the separatist region alleged that three terrorist attacks on Monday and Tuesday targeted a military base, two Soviet-era radio towers broadcasting Russian-language stations and the headquarters of the state security service in Tiraspol. No casualties were reported.

**TD**

Moldova has been tense since the Russian invasion of Ukraine, which put the country, a small impoverished former Soviet state, on the edge of an active war zone. Transnistria, a narrow strip of land bordering Ukraine, was carved out of Moldova in the country's 1992 civil war and is held by pro-Russian separatists.

Moscow has military forces -- which it describes as peacekeepers -- and a base there. A large part of the population of 350,000 have Russian citizenship following a campaign by the Kremlin to secure passports for them. Only a handful of authorities around the world recognize the independence of Transnistria.

The government of Moldovan President Maia Sandu on Tuesday said the explosions were a provocation aimed at creating unease between the enclave and the rest of Moldova.

"Our analysis shows that there's tension between various forces inside Transnistria who are interested in destabilizing the situation," Ms. Sandu told reporters after a Moldovan security-council meeting.

Following the explosions, authorities in Transnistria raised the terrorism threat to the highest level, increased the combat readiness of security forces and declared a state of emergency, with military checkpoints installed near city limits.

"The danger has reached real levels. Explosions can be heard in the country," Vadim Krasnoselsky, the president of Transnistria, wrote on Telegram. "Naturally, every challenge will be met with an adequate response."

Ms. Sandu said the security council had recommended improving the combat readiness of security forces, increasing the number of patrols and checks near Moldova's border with Transnistria and monitoring critical infrastructure more closely.

"We denounce any provocations or efforts to draw the Republic of Moldova into acts that can endanger peace in the country," she said.

The Kremlin on Tuesday said it is following the situation in Transnistria closely. "Obviously the news coming from there is causing concern," said President Vladimir Putin's spokesman, Dmitry Peskov.

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**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220427ei4r00019

SE Daily  
 HD Oil Prices Rise and Natural Gas Surges as **Russia** Cuts Supplies to Eastern Europe  
 BY By Brian Swint  
 WC 264 words  
 PD 27 April 2022  
 ET 18:53  
 SN Barron's Online  
 SC BON  
 LA English  
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 LP

Russia halted Poland and Bulgaria's access to natural gas, sending prices up 24%.

As a side effect, oil prices also rose [after dropping substantially earlier in the week](#). Brent crude, the international benchmark, was up 0.6% on Wednesday at \$105.61 a barrel.

TD

Gazprom warned the Polish and Bulgarian state companies that gas would stop flowing. Both rely on the giant Russian firm for more than half of its supplies. [Heeding calls from the European Union](#), the two countries have resisted Russia's demands for them to pay in rubles rather than dollars or euros after sanctions from the invasion of Ukraine.

European Commission President Ursula von der Leyen accused Russia of using gas as an "instrument of blackmail." Russia accounts for about 40% of the EU's natural gas imports.

Nevertheless, Poland said it doesn't yet need to tap into its reserves to cope with the drop in supply, and the EU said it had been preparing for months should Russian supplies be cut off. As the continent heads into warmer summer months demand for gas for heating should weaken, which will help.

[Western oil companies](#) are poised to benefit from the surge in energy prices worldwide since Russia invaded Ukraine in February. Exxon Mobil (ticker: XOM), Hess (HES), and Chevron (CVX) are due to post earnings over the next few days.

Write to [editors@barrons.com](mailto:editors@barrons.com)

[Oil Prices Rise and Natural Gas Surges as Russia Cuts Supplies to Eastern Europe](#)

IN ifosfl : Fossil Fuels | i16 : Electricity/Gas Utilities | i1 : Energy | iutil : Utilities  
 NS mnatgs : Natural Gas Markets | m14 : Commodity Markets | mcroil : Crude Oil Markets | m143 : Energy Markets | mcat : Commodity/Financial Market News | ncat : Content Types | nfact : Factiva Filters | nfce : C&E Exclusion Filter  
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 IPD Oil  
 IPC GAZP.RS  
 PUB Dow Jones & Company, Inc.  
 AN Document BON0000020220427ei4r0018h



**HD Banking & Finance: China, Russia Loans Hurt HSBC**

**BY** By Quentin Webb and Julie Steinberg

**WC** 435 words

**PD** 27 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** B12

**LA** English

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**LP**

HSBC Holdings PLC said its profit for the first quarter fell 28% year-over-year, as it made provisions for souring loans in Russia and China, but the banking giant said rising global interest rates would help it hit longer-term targets.

The London-based lender's profit attributable to ordinary shareholders totaled \$2.8 billion in January through March. While earnings had been boosted a year earlier by the release of \$435 million of provisions as the global economy recovered from the worst of the Covid-19 pandemic, in the first three months of this year HSBC's earnings were dented by \$642 million of new expected credit losses.

**TD**

The new expected losses included about \$250 million tied to Russian borrowers, and some \$160 million linked to China's property sector -- against which it had also taken charges in the previous quarter. Still, HSBC's profit rose on a quarter-over-quarter basis, and beat analysts' consensus forecasts, as the credit-loss charges came in below expectations.

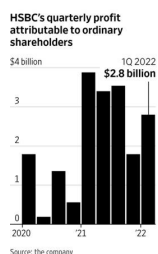
Revenue fell 4% from a year ago to \$12.5 billion, undershooting expectations. The bank said this figure was reduced by \$342 million of "market impacts" in life insurance, as weak stock markets reduced the value of that business's share portfolio. HSBC said stringent Covid-19 restrictions and temporary branch closures in Hong Kong also weighed on its revenue for the quarter.

Chief Executive Noel Quinn said lending volumes were up across the bank, while its personal banking, insurance and trade finance businesses were showing good growth. "I'm encouraged by our start to the year," he said in a statement.

Mr. Quinn said despite economic uncertainty, rising interest rates had made the bank more confident of being able to generate a 10%-plus return on tangible equity next year.

Lenders like HSBC can earn higher profit margins on loans when interest rates are higher. In recent months government bond yields and interbank lending rates have surged, as the U.S. Federal Reserve and other central banks have begun tightening monetary policy to combat rapid inflation.

Government bond prices have tumbled this year, pushing yields up sharply. At the same time, the bond selloff has dealt a short-term setback to HSBC's capital ratios, since it holds a big portfolio of government and corporate debt as a partial hedge against lower interest rates. The bank recorded fair value losses, before tax, of about \$4.9 billion this year through April 19, on the holdings.



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**CO** hksbc : HSBC Holdings PLC

**IN** i81402 : Commercial Banking | ibnk : Banking/Credit | i814 : Banking | ifinal : Financial Services | iibnk : Integrated Banks

**NS** c151 : Earnings | gsars : Novel Coronaviruses | e1202 : Interest Rates | gout : Outbreaks/Epidemics | neqac : Equities Asset Class News | nimage : Images | ecat : Economic News | c15 : Financial Performance | ccat : Corporate/Industrial News | e12 : Monetary Policy | gcat : Political/General News | gcold : Respiratory Tract Diseases | ghea : Health | gmed : Medical Conditions | gspox : Infectious Diseases | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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# THE WALL STREET JOURNAL.

CLM Markets Main  
SE Markets  
HD **Deutsche Bank's Profit Rises on Strong Client Activity; Exposure to [Russia](#) is limited, but provisions are up on economic uncertainty**  
BY By Patricia Kowsmann  
WC 664 words  
PD 27 April 2022  
ET 15:28  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Deutsche Bank AG said its first-quarter profit jumped on strong client activity, despite an uncertain business environment related to [the war in Ukraine](#) and surging inflation.

However, warnings on costs and a fall in its key capital-buffer ratio worried investors, who drove the bank's shares down close to 6%.

TD

The capital cushion the bank has to absorb future losses fell unexpectedly to 12.8% from 13.2% in the fourth quarter, due to the reclassification of some assets as riskier, which are used to calculate the ratio. That is still above its target of 12.5%, and Chief Financial Officer James von Moltke said it would be maintained as the bank generates higher income.

He also said competition for talent was putting pressure on the bank's payroll, although it still managed to lower costs by 4% in the quarter.

The bank reported an 18% rise in net profit for the quarter to €1.23 billion, the equivalent of \$1.3 billion—the highest in nine years. The profit was higher than an average analyst consensus of €1.11 billion. Revenue at its corporate bank rose 11%, and 7% at its investment bank.

"The first quarter was about demonstrating our resilience," Mr. von Moltke said. In a message to staff, Chief Executive Christian Sewing said the global economic outlook was deteriorating, while inflation rates continued to rise.

Customers long turned off by the bank's troubles are returning, due to a focus on its core businesses and success at cutting costs. Revenue at its key fixed-income business rose 15%, outperforming most of its U.S. peers. Debt and equity origination, however, fell given the economic and geopolitical uncertainty.

Deutsche Bank has promised to meet a series of financial goals this year, but the bank's visibility over the rest of the year has been clouded by [the war in Ukraine](#).

Deutsche Bank, like its European and U.S. lending peers, has reported a relatively small direct exposure to Russia and Ukraine. It said its gross loan exposure to Russia stood at €1.3 billion, much of it guaranteed. But the war has triggered an increase in [commodity and energy prices](#), and fears of an economic slowdown in the continent that would hurt borrowers.

The bank increased provisions for bad loans in the quarter to €292 million, compared with €69 million a year ago.

Mr. von Moltke said the bank wasn't seeing any borrower trouble so far. But the bank warned in its results report that sudden and deeper interest-rate increases by central banks in response to high inflation could cause a "sharply negative reaction in financial markets and most likely a significant economic recession in the U.S. as well as in Europe."

The bank, which for years struggled with a combination of financial scandals, fines and low profitability, has been improving its prospects under an overhaul that Mr. Sewing began in 2019, shortly after it dropped a bid to merge with smaller rival Commerzbank AG.

Under Mr. Sewing's direction, it has cut costs, exited equities trading and vowed to focus on its strengths, including fixed-income trading and cash management.

It recently suffered a setback when U.S. investment firm Capital Group Cos. dumped its roughly 5% stake in the bank, months after another large investor, Cerberus Capital Management, sold its shares.

This year, it committed to deliver to investors a series of targets, including an 8% return on tangible equity—a key metric for profitability. It is also said it would reach a cost-to-income ratio, a measure of efficiency, of 70%.

In the first quarter, the return on equity stood at 8.1%. Its cost-to-income ratio was at 73.4%.

Write to Patricia Kowsmann at [patricia.kowsmann@wsj.com](mailto:patricia.kowsmann@wsj.com)

#### [Deutsche Bank's Profit Rises on Strong Client Activity](#)

**CO** deut : Deutsche Bank AG

**IN** ibnk : Banking/Credit | i81402 : Commercial Banking | i814 : Banking | ifinal : Financial Services | iibnk : Integrated Banks

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**IPC** CBK.XE

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# WSJ Podcasts

**CLM** WSJ Podcast What's News  
**HD** Why India Is Staying Neutral on the **Ukraine** War  
**WC** 2,238 words  
**PD** 27 April 2022  
**ET** 15:40  
**SN** WSJ Podcasts  
**SC** WSJPOD  
**LA** English  
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**LP**

A.M. Edition for April 27. U.S. efforts to convince countries around the world to isolate Russia politically and economically have hit a snag in India. And it's not for lack of trying. WSJ South Asia correspondent Shan Li explains why American overtures have so far gone unanswered in New Delhi, thanks to India's reliance on Russian arms, regional security concerns and decades of lingering distrust. Luke Vargas hosts.

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

**TD**

Luke Vargas : Russia threatens to cut gas supplies to Poland and Bulgaria in a warning shot to the rest of Europe. Plus why America's global campaign to isolate Russia has hit a snag in India.

Shan Li : A huge percentage of their military equipment is from Russia. They also want to keep Russia on their side in any sort of future border conflict with China.

Luke Vargas : And Brazil takes on sky high credit card interest rates. It's Wednesday, April 27th. I'm Luke Vargas with The Wall Street Journal. Here's the AM edition of What's News, the top headlines and business stories moving your world today.

Russia has said in letters by state owned energy company, Gazprom, that it will halt gas supplies to Poland and Bulgaria beginning today, following through on a threat to cut off countries that don't pay for their gas on new wartime terms outlined in March by Russian President Vladimir Putin. The move marks a major escalation by Russia, which has tried to bolster its currency by insisting customers pay for gas in Rubles. And WSJ reporter Georgi Kantchev in Berlin says Russia's latest move introduces the possibility that more economies in Europe could be targeted.

Georgi Kantchev: This can be seen as a warning shot, as escalation by Moscow. So it sets a dangerous precedent for a place like Germany, like Austria, like Italy, some of the bigger European Union members. And it remains to be seen if they don't pay in Rubles, which most of those countries have said they wouldn't, what happens next? Will Russia cut off gas to those countries as well? This would be quite a significant move. It would cause severe economic consequences for the European economy.

Luke Vargas : European Commission President Ursula von der Leyen described Russia's threat to halt gas supplies as blackmail that demonstrated Russia's unreliability as a gas supplier. She added that a meeting of the block's gas coordination group was underway.

Credit Suisse has announced changes to its management team, including its Asia head chief financial officer and general counsel, as it reported a first quarter loss of around \$284 million. The Swiss bank's challenges include losses associated with Russia's invasion of Ukraine and legal charges that amounted to \$730 million for the quarter.

And we are exclusively reporting that toy maker, Mattel, has held talks with private equity firms about a potential sale according to people familiar with the matter. Mattel, the maker of Barbie, Hot Wheels and Fisher-Price toys has held informal talks with firms, including Apollo Global Management and L Catterton according to those sources. The talks are at an early stage and may not result in a deal. The company is scheduled to report first quarter earnings later today.

Imagine if your credit card's average annual interest rate was 346%. That is what many borrowers in Brazil have to contend with, and it's leading Brazil's government, central bank and regulators to try and provide relief. WSJ reporter Jeffrey Lewis joins us from Sao Paulo to discuss how we arrived at this point. Jeffrey, thanks so much for being with us.

Jeffrey Lewis : Hi, good to be here.

Luke Vargas : So Jeffrey, what is going on here? Why are these credit rates in Brazil just so high?

Jeffrey Lewis : Well, it's really a combination of reasons. One thing is just that inflation is high at the moment, for instance, above 11%, the 12 month rate for March. So the key lending rate from the central bank is now pretty high. It's 11 or 12%. But the historical reason is that there's just sort of a lack of competition among the big banks. The top three banks here have close to 80% of total deposits. I think it's about 36% in the US. And also there's no sort of credit rating system here. For instance, if you want to borrow money, you basically have to stick with the bank that you've been working with your whole life, because they're the other ones who have your credit history.

Luke Vargas : Okay. So what can Brazil Central Bank and its regulators do to bring these rates down and are they doing those things?

Jeffrey Lewis : Well, the main thing that the central bank has been doing for several years now has been trying to just introduce more competition into the financial system. They already started making it easier for fintechs to open up and that's already had an impact. And now of course, they've moved on with open finance where they're requiring banks to share their information, to share borrowers' income histories, credit histories, et cetera, with each other. And the idea of that is that it's going to also help bring down costs for companies and for individuals. This isn't just about credit card rates. This is about any kind of borrowing.

Luke Vargas : And Steven finally, until these rates can be brought down, what effect is that having on Brazil's economy, its competitiveness? And what effect is it having for average Brazilians?

Jeffrey Lewis : Well, I mean, of course it creates distortions and it slows economic growth. I mean, central banks, the way they control inflation is by raising and lowering the cost of borrowing. And so here in Brazil with these high interest rates, it deters businesses from investing. You've got great big companies, you've got Petrobras, you've got (Vale), that if they want to borrow money for an investment in Brazil, they can go abroad. But if you've got a small business, then you're kind of stuck. I mean, you have to borrow here. And so any investment in your business is going to be just that much more expensive. And so you might hold off because it is just not going to pay off.

Luke Vargas : That was WSJ reporter Jeffrey Lewis, joining us from Sao Paulo. Jeff, thanks for the update.

Jeffrey Lewis : Thanks for having me on.

Luke Vargas : Coming up, as the US attempts to isolate Russia politically and economically, it's finding it difficult to convince India to come off the sidelines. We'll hear from our reporter in New Delhi about why India is staying neutral in the conflict, despite its strong ties with the US after the break.

A succession of US officials have traveled to New Delhi recently to persuade India to join Washington in its effort to isolate Russia. But they haven't succeeded as the world's largest democracy has stayed neutral in the conflict abstaining from United Nations votes to condemn Russia's actions and declining to join sanctions. So why is that? And what, if anything, can Washington do about it? WSJ South Asia correspondent, Shan Li joins us now from New Delhi to find out. Hey Shan, thanks for being with us.

Shan Li : Thanks Luke.

Luke Vargas : All right, so what has the US been asking India specifically, vis-a-vis Russia and Ukraine, and what has their response been so far?

Shan Li : Well, the US has been pushing India, lobbying India to take a harder stance on Russia, to openly publicly denounce Moscow for instigating the war in Ukraine, and also to if not join in the Western sanctions, economic sanctions against Russia, to then at least not actively, for example, purchase more crude oil from Russia, which India has been doing over the last few months. And basically trying to either push them to denounce Russia or at least not get in the way of Western sanctions.

Luke Vargas : And what have they said to that?

Shan Li : And in response, India has kind of gone its own way. It's remained neutral on Ukraine and Russia. It's one of the last major world powers to remain neutral. They've put out statements denouncing the violence in Ukraine, but they haven't specifically called out Russia, they haven't called out Putin and they've remained kind of invalidly neutral on the war, despite a lot of pressure from Western countries.

Luke Vargas : Shan, the US and India are close trading partners and increasingly so close security partners. Why then is the US struggling to bring India around here?

Shan Li : So immediately there's a couple of very practical, pragmatic reasons why India has remained neutral. So a huge percentage of their military equipment is from Russia. So from 2016 to 2020, nearly 50% of their military equipment came from Russia. So they rely on Russia for not only new arms, but also repair, spare parts to repair their existing equipment.

The other aspect that is number one crucial from India's strategic perspective is they want to keep Russia on their side in any sort of future border conflict with China. And India's just worried that if they alienate Moscow, then that will push Russia closer to China for any sort of future disputes.

However, like undergirding this sort of perspective on the Ukraine war is, and yet has actually had decades of quite close strategic ties to Russia going back to the Cold War. And they had very close relationships throughout the Cold War. And Russia has backed India and various conflicts over the years involving Pakistan, for example, which is India's arch nemesis, arch rival. And on the flip side, India's actually had a very tense, fraught relationship with the US over the years as well. A lot of that has to do with the US backing Pakistan for many decades. And that has resulted in a lot of lingering mistrust. I think a lot of resentment against the US and the West in general, that a lot of Indian government officials still feel.

Luke Vargas : Do you get the sense that American officials are becoming a little bit more understanding of India's position or are they just driving at this over and over with no result?

Shan Li : So that's actually quite interesting. I would say that now a lot of American officials understand. That was not the case when the war first broke out. In talking to sources and talking to Western diplomats or American officials, some of them expressed quite a lot of surprise when the war first broke out and India adopted this neutral stance. I think the thought process was India is the world's largest democracy. Of course, they would take the side against Russia and for Ukraine. However, I think a lot of these officials either didn't quite understand the long history between India, Russia and the West. Or if they knew this very complicated history, they didn't understand how deeply emotional of an issue it still is. So now actually I think a lot of them have come around and fully understand the sort of underlying sentiment of distrust against the West. And now they understand that publicly pressuring India on the Ukraine issue is not effective.

So their argument over the last couple of months has changed from a more moral argument, which is India should be on the right side of history. It's the right thing to do. So they've toned down sort of more on the moral argument and are now stressing more of the pragmatic side, which is one, this over-reliance you can argue on Russian military equipment is not going to be for India's benefit for long term. And two, this kind of strategy that India is playing to keep Russia on its side in any sort of future conflict with China, there is no way that Russia is going to side with India in any sort of future conflict with China.

So those are two of the main points that American officials are now making when they're talking to the Indian side. And I think those are more effective points to make. And it's something that in talking to Indian officials, they are fully aware of now. And they are looking into increasing domestic manufacturing of military equipment, and are looking into diversifying purchases, maybe buy more US arms. The big sticking point is that it's way more expensive to buy military equipment from the US, for example, than from Russia. The Russian arms is just way cheaper. So the price factor is very important.

Luke Vargas : That was WSJ South Asia correspondent Shan Li, joining us from New Delhi. Shan, thank you so much for the time.

Shan Li : Thanks Luke.

Luke Vargas : And that's What's News for Wednesday 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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# WSJ Podcasts

**CLM** WSJ Podcast Minute Briefing  
**HD** **Russia** Is Halting Gas to Poland, Bulgaria Over Payment Terms  
**WC** 341 words  
**PD** 27 April 2022  
**ET** 15:34  
**SN** WSJ Podcasts  
**SC** WSJPOD  
**LA** English  
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**LP**

Elon Musk says he is aiming to make Twitter a more freewheeling platform. Mattel has held talks with private-equity firms about a potential sale. Luke Vargas hosts.

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**TD**

Luke Vargas: Here is your Morning Brief for Wednesday, April 27th. I'm Luke Vargas for The Wall Street Journal.

Russia says it will halt natural gas supplies to Poland and Bulgaria following through on a threat to cutoff countries that don't pay for their gas according to Moscow's new wartime terms. European Commission President Ursula von der Leyen denounced the move as blackmail, adding that the European Union's Gas Coordination Group is meeting today.

In Washington, lawmakers say they are ready to approve another package, funding weapons and economic aid for Ukraine as the US shifts to a longer term commitment to back Kyiv in its fight against Russia.

Elon Musk says that as part of his takeover of Twitter, he plans to adopt a more hands-off approach to speech on the platform. A top European regulator cautioned Musk that he would need to follow the block's new rules on content moderation for tackling illegal and harmful content online if Twitter wants to keep operating there.

We are exclusively reporting that toymaker Mattel has held talks with private equity firms about a potential sale of the company. Sources say Apollo Global Management and L Catterton are among the potential buyers. The talks are at an early stage and may not result in a deal.

Markets in Asia ended mixed, and European shares rose in early trading. US stock futures gained after yesterday's Wall Street selloff. And Ford, Boeing, T-Mobile, and Facebook owner Meta Platforms are expected to report earnings today.

We have a lot more coverage of the day's news on the WSJ 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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**IPD** SYND

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**SE** Daily  
**HD** **Financial Weapons Helped the West Respond to [Russia](#). China Wants to Weaken Them.**  
**BY** By Christopher S. Tang  
**WC** 875 words  
**PD** 27 April 2022  
**ET** 13:30  
**SN** Barron's Online  
**SC** BON  
**LA** English  
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**LP**

About the author: Christopher S. Tang is a Distinguished Professor and the Edward W. Carter Chair at the UCLA Anderson School of Management

Western countries are in awe at how quickly U.S.-led financial sanctions severely damaged Russia's economy. But for those [35 countries that abstained](#) from a U.N. vote condemning Russia's invasion of Ukraine, those repercussions will make them wary.

## TD

This concern creates an opportunity for China to enhance the global appeal of the yuan and its financial architecture as alternatives. To preserve the power of its financial weapons, the U.S. should take steps to impede the adoption of Chinese payment systems.

The United States and its allies launched two financial weapons against Russia in late February. They barred Russia's central bank from accessing much of its [\\$630 billion](#) in foreign exchange and gold reserves. Then, they [banned several Russian banks](#) from conducting cross-border banking transactions via the SWIFT system—an interbank message system that facilitates payments worth [\\$1.5 trillion daily](#).

To stabilize the falling ruble, The Central Bank of [Russia initially raised its interest rate to 20%](#), the highest in almost twenty years. It is highly likely Russia will default on its foreign debt for the first time in over a century.

The power of these Western financial weapons are making other countries feel vulnerable. They may even support the Chinese payment mechanism as an alternative.

China's desire to break the dollar's hegemony over international trade is no secret, even though there is no practical alternative to the U.S. dollar in the short term. However, several forces empower China to develop a "salami slicing" strategy to reduce the dominance of the U.S. dollar and the SWIFT system.

In 2015, China launched its Cross-Border Interbank Payment System to facilitate international trade in its own currency. As of 2021, CIPS was primarily used for transactions between Hong Kong and the mainland, and some marginal use in Africa, Latin America, and Europe. Global cross-border payment and settlement are [dominated](#) by the U.S. dollar and the euro, while CIPS has [3.2%](#) market share by value.

In the short term, CIPS is not a contender to replace SWIFT even if CIPS can develop its own communication channel. However, China can use its economic and political power to encourage other countries to trade in yuan instead of U.S. dollars. China's [Belt and Road](#) initiative is paying dividends. Several [African countries](#) including Ghana and Nigeria are using the yuan as part of their settlement and reserve currency.

Immediately after the sanctions became effective, Russia accepted yuan for some of its coal and oil exports. Israel added the yuan to its reserve holding for the first time while cutting its U.S. dollar holdings, and Saudi Arabia is considering [accepting the yuan for oil sales](#).

The People's Bank of China is also exploring cross-border payments by using its recently launched [digital yuan](#). This trend can pave the path for more cross-border payment and settlement in yuan as an alternative to the dollar and the euro, driving more international institutions to adopt CIPS as an alternative to SWIFT.

To counteract China's salami slicing strategy, the U.S. and Europe could consider taking three preemptive moves.

First, calm some nerves. The U.S., European Union, and their allies need to clarify the conditions under which a country's foreign reserves can be frozen and its access to SWIFT blocked. Showing these conditions are designed for black swan events, like Russia's invasion of Ukraine, will help put at ease those countries that did not support the sanctions against Russia.

Second, invest in technology. Despite its popularity, the SWIFT system is [archaic, inflexible, and slow](#), and it has lately been [prone to cyberattacks](#). There is an urgent need to upgrade or replace SWIFT with a more secure digital interbank message system using blockchain technology. Besides upgrading SWIFT, the U.S. should expedite its development of a digital dollar to make cross-border payments faster and cheaper.

Third, get a seat at the table. Although U.S. Secretary of Commerce Gina Raimondo became the latest senior official to [reject](#) joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in late 2021, the U.S. should reconsider doing it anyway. As a CPTPP member, the U.S. could use its economic and political influence to discourage other members from trading in yuan and adopting CIPS.

To counterbalance China's economic and political influence in Africa through its Belt and Road initiative, the United States and EU must [deepen their engagement](#) with African countries through stronger infrastructure development projects as well as the [U.N. Millenium Project](#).

Deglobalization would lessen the dominance of U.S. financial weapons. But with strategic effort, the United States can stay on top.

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[Financial Weapons Helped the West Respond to Russia. China Wants to Weaken Them.](#)

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**HD** **Russia Says NATO Is Fighting Proxy War With Rising Risks**

**BY** By James Marson

**WC** 1,207 words

**PD** 27 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A1

**LA** English

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**LP**

Russia's top diplomat said the West was engaged in a proxy war with his country that could escalate into a global conflict with nuclear weapons, as Western nations elevated their commitment to helping Ukraine defend itself.

"The risk is serious, real. It should not be underestimated," Foreign Minister Sergei Lavrov of Russia said in a Russian state-television interview broadcast Monday night. "Under no circumstances should a third world war be allowed to happen," he said, adding that "there can be no winners in a nuclear war."

**TD**

Mr. Lavrov said the West was increasing the risk of a bigger conflict by providing arms to Ukraine: "NATO is, in essence, going to war with Russia through a proxy and arming that proxy."

U.S. Defense Secretary Lloyd Austin, speaking at Ramstein Air Base in Germany on Tuesday, said "any bluster about the possible use of nuclear weapons is dangerous and unhelpful."

Mr. Austin met with defense officials from more than 40 countries in Germany on Tuesday and said the U.S. and its allies would continue to meet Ukraine's needs, adding that the stakes of the conflict "reach beyond Ukraine and even Europe."

President Vladimir Putin of Russia has repeatedly raised the specter of nuclear war, invoking his country's atomic arsenal in an effort to deter the U.S. and the North Atlantic Treaty Organization from getting involved in the conflict.

The West, meanwhile, has accelerated efforts to bolster Ukraine with fresh supplies of weapons and ammunition in a bid to thwart Russia, but the U.S. and NATO have said they won't deploy troops into direct combat.

Russia's attempt to oust Ukraine's elected government through a rapid military invasion at the end of February failed, and Moscow is now focusing on trying to seize territory in Ukraine's east with the help of mass artillery and aerial bombardments. Russian units were pushing southwest from the city of Izyum and attacking the village of Barvinskove, the General Staff of Ukraine's Armed Forces said on Tuesday.

On Tuesday, Germany said it would refurbish and send to Ukraine decommissioned anti-aircraft cannon tanks known as Flakpanzer Gepard, or Cheetah, ending its longstanding reluctance to give tanks to the country. Germany will provide about 50 of the German-made self-propelled guns, marking a major delivery of non-Soviet weapons systems by a Western country to Ukraine, two government officials said.

Chancellor Olaf Scholz of Germany said last week his government was treading carefully to avoid a nuclear war.

The U.K. signaled a more aggressive stance on Tuesday when a junior U.K. defense minister, James Heappey, said it was "completely legitimate" for Ukraine to use Western weapons to hit logistics and supply lines in Russia.

For months, the U.K. has provided weapons on the proviso that they are used to defend Ukraine from Russian attack rather than offensively.

"Things that the international community are now providing to Ukraine have the range to be used over the borders," Mr. Heapey, who is U.K. minister for the armed forces, told Times Radio. "That is not necessarily a problem."

Mr. Austin said Ukraine has received more than \$5 billion of equipment to defend against Russian forces, including two U.S. packages of military aid worth \$800 million each.

President Biden has said the administration would soon submit a request to Congress for more funding for Ukraine.

U.S. Secretary of State Antony Blinken testified on Tuesday on the administration's budget blueprint and told senators that "fully funding it is critical, in my judgment, to ensuring that Russia's war in Ukraine is a strategic failure for the Kremlin and serves as a powerful lesson to those who might consider following its path."

A day earlier, Mr. Austin said the U.S. aims to see Russia's military capabilities degraded and Ukraine's strengthened to prevent Moscow from attempting to conquer territory by force in the future.

"We want to see Russia weakened to the degree that it can't do the kinds of things that it has done in invading Ukraine," Mr. Austin said after he and Mr. Blinken became the highest-level U.S. officials to visit Ukraine's capital, Kyiv, since Russia invaded Ukraine Feb. 24.

Mr. Austin's Tuesday meeting with defense ministers at Ramstein Air Base included Ukraine's Oleksii Reznikov, and NATO Secretary-General Jens Stoltenberg. The topics on the agenda included updating the officials about the latest intelligence from the battlefield, security assistance and strengthening NATO's defense-industrial base in the long term to support Ukraine's defense, a defense official said.

Speaking after the conference, Mr. Austin said U.S. and European officials attending agreed to meet monthly, either virtually or in person, to discuss ways to support Ukraine.

Russia, meanwhile, said it would halt gas flows to Poland and Bulgaria starting on Wednesday, the first time Moscow has followed through on a threat to cut off countries that don't pay for their gas on new, wartime terms.

On the diplomatic front, United Nations Secretary-General Antonio Guterres met with met with Messrs. Putin and Lavrov in Moscow on Tuesday.

Mr. Guterres called for group-led humanitarian corridors, particularly in the southern Ukrainian port city of Mariupol, and for a swift end to the war. Mr. Putin denied there were problems with civilian evacuations, state-run news agency Ria Novosti reported. The U.N.'s refugee agency now estimates that 8.3 million people will flee Ukraine by year's end, up from its forecasts in early March.

Mr. Guterres is scheduled to meet with President Volodymyr Zelensky of Ukraine in Kyiv on Thursday.

In a telephone call on Tuesday with President Recep Tayyip Erdogan of Turkey, Mr. Putin said the last remaining Ukrainian troops in Mariupol would be spared and offered medical attention if they surrendered to the Russian occupying forces, the Kremlin said. Ukrainian officials have claimed that there are up to 2,000 Ukrainian fighters and over 1,000 civilians holed up in the Azovstal steel complex.

Mr. Putin told Mr. Erdogan that Mariupol, which has suffered immense death and destruction after two months of Russian shelling, was now entirely under Russian control, the Kremlin said.

In his Monday interview, Mr. Lavrov said there has been no progress in peace talks with Kyiv, but that the conflict would end in a treaty that would depend on the situation on the ground. A senior U.S. official on Monday said the U.S. aimed to ensure that Ukraine "has the strongest possible hand" in any such peace negotiations.

Russia has removed some of its forces from around cities in northern Ukraine and focused instead on the eastern Donbas region, in a high-stakes conflict on wide-open terrain.

As Mr. Putin's army has faced fierce resistance from Ukrainian forces strengthened by large infusions of Western weaponry, concerns have grown that Russia could consider using a so-called tactical nuclear weapon to gain the upper hand on the battlefield.

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Bojan Pancevski, Max Colchester and Nancy A. Youssef contributed to this article.

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**IPC** DEF

**PUB** Dow Jones & Company, Inc.

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**HD**      **Fear Grows for Ukraine's Missing**

**BY**      By Yaroslav Trofimov

**WC**      1,817 words

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**LP**

VELYKYI BOBRYK, Ukraine -- Columns of Russian armor streamed past this village in northeastern Ukraine, with its reed-fringed lake and a blue-domed church, on the first day of the war. For three weeks, it was left alone.

The Russians came back on March 16, this time looking for anyone with mobile-phone footage or anything else that Ukrainian insurgents might have used in a spate of hit-and-run attacks on their supply lines. A tank had been destroyed nearby. Russian soldiers had killed the attacker, a local man named Ivan Demidov. They then went house to house through Velykyi Bobryk looking for potential accomplices before withdrawing from here and the rest of northern Ukraine in late March.

**TD**

Only the wrecks of Russian tanks and army rations serve as a reminder of their presence here. But gone with the Russians were six local men, who are among the growing number of people who have disappeared from villages and towns across Ukraine.

"The Russians have taken my brother away, and we have no idea where he is, what happened to him. Is he alive? Is he dead? Nothing," said Natalia Honcharuk, who works in a village grocery store. "Mama keeps calling authorities every day and nobody can tell us anything."

During their 10-day occupation of Velykyi Bobryk, which had a prewar population of about 1,000 people, Russian forces didn't engage in the kind of killings that marked their stay in towns like Bucha, near Kyiv.

But during the occupation, the Ukrainian resistance encouraged locals to pass on images and GPS coordinates of Russian positions and convoys. The information was then used to organize ambushes or coordinate strikes by long-range artillery or Turkish-supplied Bayraktar TB2 drones.

"Every old lady in every village would send us photos of Russian convoys. Everyone was helping us," said Ihor, a Ukrainian intelligence-service official in the regional capital of Sumy who isn't allowed to disclose his surname.

In Velykyi Bobryk, residents created a neighborhood messaging group using the Viber app, sharing news about Russian movements in the area and sometimes photos of Russian convoys. When Russian troops began searching the village, the first thing they demanded to see was the residents' smartphones. The Viber group was quickly disbanded, but some of the images had auto-downloaded onto residents' phones.

Ms. Honcharuk, who lived with her mother and her brother, Serhiy, 45 years old, said she gladly showed the Russians her smartphone, which didn't have anything illicit. She said her brother, who was sickly after two severe bouts of Covid-19, owned just an old phone without a camera or internet access. The Russians didn't believe him. "Why are you lying!" they shouted as they dragged Serhiy out of the house, put him atop an armored personnel carrier -- a common tactic of using civilians to thwart attacks -- and drove him to their camp.

Ms. Honcharuk said she tried to look for her brother two days later at a Russian checkpoint, but by then a different group of Russian troops was there. They told her that her brother was in Boromlya, the nearest town where Russian troops had set up an interrogation facility in a local egg-packaging factory.



"They said, he will be investigated by competent organs and then sent back home, don't worry," Ms. Honcharuk said. "Now I understand they were telling everyone the same thing."

On the other side of the village, the first Russian search went well, thought Vita Yurina. The 36-year-old, who likes to get around on a bicycle, lives in one of Velykyi Bobryk's nicer homes with her mother-in-law and two daughters. Her husband, Viktor, 48, worked as a truck driver.

"Will you shoot us?" Ms. Yurina said she asked when Russian troops first appeared at their gate. "No, we won't," the Russians replied. They searched the closets, the kitchen, the shed, the cellar and, after finding nothing incriminating, proceeded to the next house, she said.

The next morning, Ms. Yurina said she saw a black Russian drone hovering over her courtyard. At about 11:30 a.m., a Russian armored personnel carrier roared up to their gate. Several soldiers with guns at the ready pushed in and one of them showed a phone, confiscated from another villager, with photographs of Mr. Demidov and two other men.

"Demidov, we already killed him," the soldier said. "Who are the other two with him? Why did they have to kill two of our tank crew?" When Mr. Yurina said he didn't know the two men, the soldier cursed and hit him, Ms. Yurina said.

As the Russians led away Ms. Yurina's husband, they started interrogating her in the courtyard. One of them cracked a joke about their age discrepancy. "What use can you have for an old man like that?" he asked.

Less than an hour later, the Russians returned to detain Ms. Yurina. In their headquarters, the basement of a grocery and coffee shop near the church on the main square, an interrogator scrutinized her phone. He found a photo of a friend wearing a military uniform and the number for a Territorial Defense member. He also found a photo of a Russian convoy that was auto-downloaded from the neighborhood messaging group.

"Shall we have our way with her?" one of the soldiers said, Ms. Yurina recalled. "No way, look at her, she looks too old and haggard," another said. Instead, he suggested bringing Ms. Yurina's 16-year-old daughter to the base. She said she pleaded with the guards to leave her daughter alone.

The Russians then brought Ms. Yurina out of the basement. Her husband was outside on his knees, his mouth sealed with duct tape, his hands tied, his nose bloodied and broken. Three other villagers were in the same group, with one of them trying to persuade the troops that he hadn't meant any ill intent in taking a snapshot of the convoy. A Russian soldier kicked Mr. Yurina, another fired a bullet into the ground, she said.

She was then separated from the others, waiting in the dark of the basement until she was released around 2:30 p.m. "Go home and educate your children, not in the Nazi propaganda you have been fed, but to be normal people," a soldier told her.

By then, Ms. Yurina's husband and the other prisoners were gone.

Russian troops also came to Nadia Velichenko's home. "Are there any Nazis in the house?" she recalled them asking. They took her son, Yuli, away the next day after learning he had previously fought with Ukraine's military against pro-Russian forces in the Donbas region of Ukraine.

"Mother, if his hands are not stained by blood, we will let him go," she recalled the Russians telling her as they drove off with her son.

Hungry Russian soldiers begun breaking into empty local homes and into shops, taking everything they could. At the store where Ms. Honcharuk worked, owner Yevhen Demchenko said losses and damages topped \$10,000.

Ms. Yurina continued asking Russian troops about her husband. On March 24, she was told to inquire with a Russian officer who went by the name Travel and operated out of Velykyi Bobryk's school.

"Don't worry, he is in Belgorod," the Russian city about three hours drive away, Travel told her after making inquiries, she said. "If he is innocent, he will be freed, and if he's not he will be traded in a prisoner exchange."

"How can I not worry?" Ms. Yurina retorted, saying that her husband suffers from thyroid and liver disease.

Meanwhile, Russian forces had stepped up their sweep of their area.

At their interrogation site at the packaging factory in Boromlya, Russian troops used sophisticated equipment to examine detainees' phones and ran their names through intelligence databases, the town's mayor said.

In the nearby village of Hrebenyivka, a resident whom The Wall Street Journal agreed to identify by his first name Serhiy, was picked up on March 14 along with four other men and taken for interrogation across the border in Belgorod about possible connections with the Ukrainian resistance. While three men still remain in Russian captivity, Serhiy said he and another villager were cleared and sent back to Ukraine on March 21, where they were taken to the interrogation site in Boromlya while waiting to be taken back to Hrebenyivka.

There he shared the basement with Mr. Yurinov and four other detainees from Velykyi Bobryk before they, too, were taken to Belgorod, he said. They were in bad shape, Serhiy said.

"One had a gunshot in the foot, one had a torn and broken nose after they dragged him with a hook, another had torn ears. They had been beaten into pulp," he recalled.

The Russian soldiers, by then, were fearful of constant ambushes and were taking it out on their prisoners. Ukrainian forces recaptured Trostyanets, the next town down the road from Boromlya, on March 25. Much of the central square there is still full of burned-out Russian armor and trash left by the retreating Russian soldiers, who spray-painted slurs about President Volodymyr Zelensky of Ukraine on several buildings.

The following day, the Russians left Velykyi Bobryk as part of a wider withdrawal from northern Ukraine.

Residents wrote "Glory to Ukraine" once again on the side of a central shop by the church where the Russians had painted over the previous version of the slogan. Someone had put a sign on the road saying "Marauders' street" where the Russians used to have their headquarters.

"Occupation was such a terrible thing, it's as if they strangle you and cut off the oxygen," said Natalia Varyonova, 47, as she was restocking the empty central shop with freshly arrived supplies. "Thank God we have survived this, we are a strong nation. I hope they never come back here."

Ms. Velichenko, tearing up, said she had been told that her son had been taken to Russia and his name had been put on a list of prisoners eligible for exchange. It was unknown when he might be traded.

Ms. Yurinova said she was heartened by a recent call from Serhiy, the man who was imprisoned with her husband in Boromlya.

"At least we know that my husband is alive," she said. "Now we just sit by the phone, waiting for someone to call." As she showed a faded photo of her husband, her 16-year-old daughter, Katya, thrust forward her iPhone. "Please have a look at this one instead. My daddy doesn't look like that old photograph anymore," she said.

Ms. Honcharuk said she still has no news of her brother.

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**HD** **Ukraine Needs Far More Firepower**

**BY** By Bing West

**WC** 580 words

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**LA** English

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**LP**

"The first step in winning is believing you can win," Defense Secretary Lloyd Austin said in Kyiv on Sunday. "They believe that we can win; we believe that they can win if they have the right equipment, the right support." Yet U.S. and North Atlantic Treaty Organization aid to Ukraine has been too little, too late.

The war is being waged in the air, on sea and on land. The air war was conceded to Russia a month ago when President Biden, unnerved by Vladimir Putin's threats, vetoed the transfer of Polish MiGs to Ukraine. With Russia bombing civilians daily, that timorous decision must be reversed.

**TD**

At sea, Russian ships bombarded Ukraine, while U.S. warships pulled out of the Black Sea. Ukraine can't export grain without NATO protection. In 1987 President Reagan ordered the escort of oil tankers in the Persian Gulf and successfully deterred Iranian attacks. At some point, Mr. Biden must deploy U.S. warships to assure freedom of the seas.

The immediate crisis is the ground battle in eastern Ukraine. The U.S. is providing 90 artillery pieces and 144,000 shells, a small quantity likely to be expended quickly. In the August 1944 attack on Saint-Malo, France (14 square miles), the U.S. Army fired 45,000 shells. In a single day in October 1944, 18,000 shells struck the mid-size city of Aachen, Germany. During peak bombardments against Grozny in 1995, estimates are that the Russians fired 4,000 an hour. In a few months in 2017, Marine howitzers fired 35,000 shells at ISIS targets.

The arithmetic of battle in any war is one of large, large numbers. In the Vietnam War, Moscow showed it understood that. In contrast to our aid to Ukraine, the Soviet Union massively supplied North Vietnam with offensive weapons -- 400 MiGs, 2,000 tanks, 7,000 artillery pieces and more than 5,000 anti-aircraft guns. In 1968, in two weeks at our remote Khe Sanh base, we dropped 40,000 artillery shells and 1,000 tons of bombs upon attacking North Vietnamese. Outside Khe Sanh, the enemy trapped my reconnaissance patrol. To get us out, in less than two hours the Marines fired 20,000 pounds of high explosives, followed by two 2,000-pound bombs. Those heavy fires were in support of only five men.

Russia will sit at the border and launch hundreds of thousands of shells into Ukraine. Ukraine must strike back at gun positions and munitions sites inside Russia. No sanctuary can be granted. This is a war with sledgehammers. Ukrainians can't retake cities in the east and south without massive support -- far beyond the paltry aid the allies have supplied to date. Since the war began, the U.S. and NATO have given Kyiv about \$4 billion in military aid, while the European nations have paid Russia \$38 billion for hydrocarbons.

Having conceded control of the air, the odds of Ukraine taking back the cities held by the Russians are low, and approach zero without massive artillery. Ukraine doesn't have the weapons or stockpiles of munitions for the slugfest that has begun. The U.S. and NATO must urgently provide \$40 billion in military aid, not \$4 billion.

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Mr. West, a former assistant secretary of defense and combat Marine, is author of a dozen books about Vietnam, Iraq and Afghanistan.

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**IPC** IGV

**PUB** Dow Jones & Company, Inc.

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**HD The Ukraine Crisis: Lawmakers Will Shift To Provide Long-Term U.S. Aid**

**BY** By Natalie Andrews, Andrew Duehren and William Mauldin

**WC** 561 words

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**LP**

WASHINGTON -- Lawmakers said they were prepared to quickly approve another package funding weapons and economic aid for Ukraine, as the U.S. shifted to a longer-term commitment to back Kyiv to fend off Russia's invasion.

Earlier this year, Congress approved \$13.6 billion in military, humanitarian and economic aid to Ukraine as part of a broader spending bill. With the war continuing to rage, the White House is expected to send a supplemental request to Congress for a second multibillion-dollar aid package by the end of the week, aides and lawmakers said.

**TD**

"We're just waiting for the administration to state that number," said Sen. Ben Cardin (D., Md.).

Senate Majority Leader Chuck Schumer (D., N.Y.) called the conflict a war of "tyranny vs. democracy itself," and said the U.S. "has a moral obligation to help the Ukrainian people with the tools they need, for as long as they need them." He didn't provide timing or details on a vote.

Republicans said they also are on board, but want Democratic leaders to keep the Ukraine spending package separate from other pending agenda items, such as a stalled package funding Covid-19 vaccines and treatments, which has been caught up in a border-policy dispute.

"I'm concerned that Chuck Schumer and [House Speaker] Nancy Pelosi will try to politicize this by combining it with something that may not be attractive for Republicans, then somehow blame Republicans that they don't support aid for Ukraine," said Sen. Steve Daines (R., Mont.).

"The key is more, more of everything," said Sen. Lindsey Graham (R., S.C.), adding the U.S. should send "whatever they need in terms of economic assistance and military assistance."

On nonmilitary aid, Ukrainian Finance Minister Sergii Marchenko said in an interview with The Wall Street Journal that he is seeking \$2 billion a month in U.S. economic support to cover the next three months. The Biden administration has released \$1 billion in funds to help Ukraine pay for basic government services and public employees' salaries.

"We want this bridge to the new normal, we are not seeking how to cover all expenses to the end of the year," he said.

Lawmakers returned this week after a two-week recess with a renewed focus to help the embattled country, which Russia invaded in February. Many have visited the Ukrainian-Polish border.

The U.S. has supplied Ukraine with billions of dollars in munitions and lethal aid, including hundreds of Stinger anti-aircraft weapons and thousands of Javelin antiarmor systems, and along with allies imposed punishing sanctions on Russia.

In recent days, the administration has emphasized that weapons and aid provided to Ukraine are being put to good use in a fight that also is paying dividends to Kyiv and the North Atlantic Treaty Organization in terms of a weaker Russian military.

Now that Ukraine has beaten back the Russian advance on its northern cities and stopped President Vladimir Putin's attempt to topple its leadership, the U.S. and its partners want to redouble efforts to supply long-range weapons needed for the current phase of the conflict in the country's east and south.

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**HD**      **The Ukraine Crisis: Germany to Send Heavy Weapons --- Berlin lifts ban to allow anti-aircraft cannon tanks to be shipped to Ukraine**

**BY**      By Bojan Pancevski

**WC**      590 words

**PD**      27 April 2022

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**LA**      English

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**LP**

BERLIN -- The German government has broken a longstanding taboo on allowing the export of heavy weapons to Ukraine, yielding to mounting domestic and international pressure on Berlin to help boost Kyiv's defenses against Russia.

Anti-aircraft cannon tanks known as Flakpanzer Gepard, or Cheetah, that have been decommissioned by the German armed forces will be refurbished and sent to Ukraine, Defense Minister Christine Lambrecht said Tuesday.

**TD**

Germany will provide about 50 of the German-made self-propelled guns in what would mark a major delivery of non-Soviet weapons systems by a Western country to Ukraine, said two government officials.

Boosting Western assistance is important because Russian President Vladimir Putin's invasion has led Moscow to depart from the community of civilized nations, Ms. Lambrecht said.

The move marks a U-turn by the government of German Chancellor Olaf Scholz, who has been under pressure to send heavy weapons to Ukraine. He had resisted the move, which he said on Friday could trigger a nuclear war with Russia.

While several European allies have pledged to send Soviet-era armored vehicles to Ukraine, this would be one of the first examples of a country providing Western-made equipment.

Ms. Lambrecht announced the decision at a meeting of North Atlantic Treaty Organization defense ministers on Tuesday at the U.S.'s Ramstein Air Base in Germany.

The Gepard self-propelled anti-aircraft cannons were removed from service more than a decade ago and are stored by their manufacturer, Krauss-Maffei Wegmann GmbH, a German company military experts say makes some of the world's most advanced tanks.

Ukraine approached KMW and other leading German arms manufacturers and requested contracts for heavy hardware such as tanks and anti-aircraft systems. Most of these orders would be paid for by Ukraine, which receives funds from NATO allies to boost its defenses. In the case of the Gepard systems, Germany would pay for the entire deal, Ms. Lambrecht said.

The government will allow the firm to export the weapons to Ukraine, the officials said.

KMW was in talks with Ukraine about the transaction before the war broke out, and has long awaited export permission from Berlin, say people familiar with the negotiations.

"Our tanks are in good shape, and they can be delivered very, very quickly," a KMW spokesman said.

As of Tuesday, the company, which also offers training and maintenance for its products, hadn't received government-export approval, said the spokesman. Such a procedure could be initiated swiftly, he said.

Other leading German arms manufacturers also have sought permission from Berlin to send heavy weapons, said people familiar with the discussions.

German ministers earlier approved the supply of smaller arms to Ukraine. Berlin also agreed to supply German-made weapons systems to NATO nations that formerly were aligned with Moscow and still have Soviet hardware that Ukrainian troops easily can integrate into their arsenal.

The Gepards' complexity means providing training and maintenance to allow the Ukrainians to effectively use the tanks would take longer, but they will be useful in what is shaping up to be a long conflict, said Gustav Gressel, a military expert with the European Council on Foreign Relations.

Moreover, he said, the decision to allow the export of the Gepards could pave the way for further transfers of heavy arms to Ukraine because it eliminates Berlin's previous objections.

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**IPC** GEGV

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**HD**     **The Ukraine Crisis: Russian Oil Sale Fails as Curbs Resonate --- State giant Rosneft strains to find buyers, pointing to impact of impending sanctions**

**BY**     By Joe Wallace and Anna Hirtenstein

**WC**     602 words

**PD**     27 April 2022

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**LP**

Russia failed to sell a huge batch of oil, a sign that soon-to-be-imposed sanctions against its state oil giant are playing havoc with the energy industry that undergirds its bruised economy.

Moscow maintained a brisk pace of energy exports in the two months after the invasion of Ukraine, bringing in revenue that Kyiv says funds the Kremlin war machine. Many U.S. allies left oil and gas shipments out of their harshest sanctions on Russia. Importers in India and elsewhere swooped in to buy cheap Russian barrels at a time of rocketing energy prices.

**TD**

But exports hit a snag in recent days when Rosneft Oil Co. struggled to find buyers for enough oil to fill a fleet of tankers, traders familiar with the sale said. The producer, in which the government owns a large minority stake, invited companies to bid for the oil last week, according to traders and a document seen by The Wall Street Journal.

A Rosneft spokesman had no comment.

The problems with the sale give an early indication that European sanctions targeting Rosneft, and set to kick in on May 15, are starting to disrupt Russia's ability to move crude from oil fields to overseas buyers.

The sanctions are less stringent than a full ban on Russian imports. Many expect Europe eventually to adopt a phased outright ban on bringing in Russian oil -- an embargo promoted by newly re-elected French President Emmanuel Macron but resisted by Germany and Hungary, among other members.

But sanctions already in place, laid out by the European Union in mid-March, and replicated by Switzerland, will ban companies from reselling Rosneft oil outside Europe. This includes sales into the big Asian market, especially India, which has soaked up some of the Russian oil demand since Moscow invaded Ukraine.

Traders will still be able to bring Rosneft crude and refined products into the EU and Switzerland, which were exempted in order not to worsen a shortage of diesel and other fuels. But many companies in Europe are rapidly finding non-Russian sources of oil.

The sanctions also target Transneft, the sprawling state pipeline system that carries oil to ports, creating an additional hurdle to handling Russian fuel.

If Rosneft keeps struggling to sell, it would represent a further shock for an economy already locked out of much of Western finance and commerce. The company says it is Russia's biggest taxpayer, contributing a fifth of budget revenue. In total, Russia's oil and gas sales made up 45% of the federal budget in 2021, according to the International Energy Agency.

"If they can't sell, they'll have to start shutting down," said Adi Imsirovic, senior research fellow at the Oxford Institute for Energy Studies and former head of oil trading at a subsidiary of Gazprom PJSC.

Rosneft, run by longtime Putin ally Igor Sechin, last week invited bids for about 5.1 million metric tons of Urals -- or about 38 million barrels, enough to fill 19 large tankers -- according to the traders and

document. It asked for payment in rubles, an unusual twist, and said the oil would be loaded onto tankers at ports in the Baltic and Black seas in May and June. Smaller volumes of other kinds of crude -- including Siberian Light, Espo and Sokol -- were also on offer.

Reuters earlier reported about Rosneft's inability to sell the oil.

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **India's Neutrality on Ukraine Rooted in Deep Ties to Russia, Lingering Mistrust of U.S. American officials have struggled to overcome the dynamics of relationships built over decades**  
BY By Shan Li and Rajesh Roy in New Delhi and Sabrina Siddiqui in Washington  
WC 1,840 words  
PD 26 April 2022  
ET 17:11  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

A deputy U.S. national security adviser recently came to New Delhi to press India to take a more forceful stance against Russia over the Ukraine war. His meeting with the Indian foreign secretary was cordial, stressing the strong ties between Washington and New Delhi.

But Indian officials said they later felt blindsided when in public comments Daleep Singh warned of "consequences" for countries that helped circumvent sanctions. "Such words are never used in diplomacy," said one Indian official who was privy to the discussions. "It came as a surprise."

TD

A day later, Russian Foreign Minister Sergei Lavrov struck a very different tone after a meeting with his Indian counterpart, offering [to sell India whatever it wanted](#) to buy.

A succession of U.S. officials who have traveled to New Delhi to persuade India to join Washington in its effort to isolate Moscow have struggled to convince the country to come off the sidelines. India has stayed neutral in the conflict, abstaining from United Nations votes to condemn Russia's action and declining to join sanctions. India's position is partly born of necessity: Russia is its largest arms supplier. But it is also the result of lingering mistrust of Washington and an abiding confidence in Moscow's reliability that has been built over decades, Indian officials and analysts said.

During the Cold War, India adopted an official policy of nonalignment, but in reality forged an alliance with Russia, with the bonds growing closer as the U.S. backed rival countries such as Pakistan and imposed a slew of sanctions on New Delhi. Although ties with Washington have warmed over the years and Indian officials see a future in which the country is more closely aligned with the West, they say there remains a strong undercurrent of anti-American sentiment among Indian policy makers that is only reinforced when they are chastised publicly.

U.S. officials played down the comments from Mr. Singh, the U.S. deputy national security adviser for international economics, saying they weren't directed specifically at India and weren't intended to be a warning.

Still, Indian officials say remarks like those make them leery of turning their backs on Moscow, which has proven, time and again, to be a reliable partner. After a clash at the country's disputed border with China killed 20 Indian and four Chinese troops in 2020, India's defense minister visited Moscow twice within three months, partly to secure more arms and ammunition to bolster border defenses, according to an official with direct knowledge of the matter. In response, Russia supplied more missiles, tank parts and other weapons.

"Many people have the belief that Russian friendship has served India's interests when a crisis has erupted," said Syed Akbaruddin, former Indian permanent representative to the United Nations and dean of the Kautilya School of Public Policy in Hyderabad.

For the West, India is one of the last remaining holdouts among the world's major powers to remain neutral in the Ukraine war. The country's purchases of oil and other goods could diminish the impact of

sanctions designed to cripple the Russian economy. But perhaps more important, the Biden administration sees its relationship with India as one that will determine the future of security in Asia. "This is the one relationship we have to get right," said a State Department official.

India has spent billions of dollars on weapons from Russia, which has been its top arms supplier for decades. Despite efforts to diversify its sourcing, nearly 50% of its imported arms still came from Russia from 2016 to 2020.

In March, India struck a deal with Russia to purchase crude oil at a discount of at least 20% to global benchmark prices. Since the Ukraine war began, [Indian refineries have purchased](#) about 16 million barrels of Russian crude oil, with deliveries starting in May. That is close to the total amount imported from Russia in all of 2021, according to an Indian official.

The White House has stressed that cutting off Russian oil imports is a decision for India to make on its own. In a virtual meeting with Prime Minister Narendra Modi earlier this month, President Biden said he didn't believe it was in India's interest to increase imports of Russian oil and reiterated that the U.S. was willing to help India diversify its energy sources.

U.S. officials say they have made progress with India in talks that have continued since the start of the war, pointing to Mr. Modi's recent comments condemning the killing of people in Bucha, Ukraine. Some U.S. officials have, nonetheless, expressed frustration at times over India's reluctance to more forcefully condemn Russian President Vladimir Putin.

"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," said Brian Deese, the director of the White House National Economic Council. "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."

India's skepticism of the U.S. grows more entrenched when American officials lecture India on Ukraine, Indian officials said.

"The Indian people have always sort of felt respected by the Russians and supported by the Russians," said Ashley J. Tellis, an expert on Asian geopolitics at the Carnegie Endowment for International Peace. "Whereas hectoring comes naturally to us" Americans.

Many current and former Indian officials can still rattle off moments in history where they felt that the U.S. wronged India: During the 1960s, President Lyndon B. Johnson personally reviewed monthly food aid shipments to India after Prime Minister Indira Gandhi criticized the American involvement in Vietnam. Then in 1971, the U.S. backed Pakistan in a war with India sparked by the Bangladeshi fight for independence. And in 1998, when the U.S. imposed sanctions on India for undertaking nuclear tests.

Recently, India's foreign minister, Subrahmanyam Jaishankar, has repeatedly brought up Afghanistan as an illustration of Western double-standards: The U.S. departure from Afghanistan was a huge blow to regional security for India, which views the Taliban as a proxy force for Pakistan and, by extension, China. And yet Europe didn't react to the fall of Afghanistan with the same outrage as to Ukraine, he said.

"What we saw in Afghanistan had a very, very strong impact certainly in India," he said during a panel discussion in late March with the British foreign minister. "It probably didn't have the same impact in Europe. People didn't relate to the coming of the Taliban in the same way."

Mr. Jaishankar sat on the panel just a few hours after the news briefing from Mr. Singh, the U.S. deputy national security adviser, in New Delhi. Indian officials said Mr. Jaishankar chose to respond by pointing out that Europe purchased 15% more Russian oil and gas in March compared with the month before. Only about 1% of India's oil imports come from Russia, he added. The Biden administration has echoed that point in recent weeks to minimize tensions between the two sides.

Share Your Thoughts

What steps should the U.S. take to encourage India to join its efforts to isolate Moscow? Join the discussion below.

U.S. officials said the intent of dispatching Mr. Singh, an architect of the administration's sanctions against Russia, to New Delhi was part of an effort to help allies understand the scope of the penalties imposed by the U.S. and European partners. "We don't want anyone to be caught off guard," one administration official said. "We want to talk about compliance with them."

Biden administration officials have been trying to convince their Indian counterparts that the U.S. will be a more reliable arms supplier in its cross-border confrontation with China. U.S. officials have argued that the Ukraine war shows that Russian military equipment is unreliable and that it will soon be in short supply because Russia will have to replenish its own stockpiles after using it on the battlefield in Ukraine. Western sanctions will prevent Russia from getting components for its advanced weapons systems, they say.

India has been diversifying its arms imports, buying more from France, Israel and the U.S. and boosting its domestic manufacturing of weapons and ammunition. During a visit to India on Friday, U.K. Prime Minister Boris Johnson [promised to expedite arms exports](#) to India and share expertise to help the country build its own equipment.

New Delhi is considering offers by the U.S. to supply more hardware and weapons, one Indian official said, but hasn't moved forward because of the high costs and reluctance of American companies to transfer technology. The discussions include potentially tapping into excess U.S. defense equipment and other financing plans to make purchasing U.S. arms more affordable to India, the State Department official said.

Top Biden officials also said they have yet to make a decision on whether India would be penalized over its purchase of a Russian missile-defense system, which would trigger automatic sanctions under a 2017 U.S. law, or if the administration would issue India a waiver.

In India's military, there are still grumblings against working too closely with the West. Moscow stepped in with defense equipment after the U.S. enforced a series of sanctions against India in the decades between 1965 and 2005.

D. S. Hooda, a retired lieutenant general who led India's northern command, said that a lot of India's military equipment could start running out of spare parts within months if Russia turns off the spigot, including tanks, long-range rockets, aircraft and air-defense systems. Russia has also supplied military equipment to India that other countries are unwilling to provide, such as leasing out a nuclear-powered attack submarine. "No other countries practically are going to provide that," he said.

Earlier this month, Secretary of State Antony Blinken acknowledged the complicated history between the U.S. and India and Russia, when he and Defense Secretary Lloyd Austin met their Indian counterparts.

"India's relationship with Russia developed over decades, at a time when the United States was not able to be a partner to India," said Mr. Blinken. "Times have changed. Today we are able and willing to be a partner of choice with India."

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[India's Neutrality on Ukraine Rooted in Deep Ties to Russia, Lingered Mistrust of U.S.](#)

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Russia** Halting Gas Flows to Poland, Bulgaria Over Payment Terms; Poland was already aiming to become independent of Russian gas this year, but Bulgaria gets more than 75% of its gas from **Russia**  
BY By Drew Hinshaw and Georgi Kantchev  
WC 932 words  
PD 27 April 2022  
ET 02:43  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Russia said it would halt gas flows to Poland and Bulgaria starting Wednesday, the first time it has followed through on a threat to cut off countries that don't pay for their gas on [new, wartime terms](#) outlined in March by Russian President Vladimir Putin.

The move marks a major escalation by Russia, which has tried to bolster its currency by insisting customers pay for gas in rubles, and introduces the possibility that more economies in Europe, [deeply dependent on Russian gas](#), could be targeted. Gas prices in Europe rose by more than 10% late Tuesday as traders weighed risks to already tight supplies.

TD

Poland and Bulgaria described receiving letters Tuesday from the Russian state-owned natural gas company Gazprom PJSC. Gazprom told Poland it would no longer send it gas via the 2,500 mile Yamal pipeline, according to Poland's state-controlled oil-and-gas company PGNiG, which received the letter. Poland "is obliged to pay for gas supplies in accordance with the new payment procedure," Gazprom said, according to Russian state newswire TASS.

Late Tuesday, Bulgaria's energy ministry said its state-owned gas company Bulgargaz had received a letter from Gazprom stating that gas deliveries will cease from Wednesday. Bulgaria has already fully fulfilled its obligations under its contract with Gazprom, the Energy Ministry said. As in Poland, the issue appeared to be a new demand from Russia that European countries pay for their gas in rubles. No other European governments announced being given such a letter.

The decision will have little effect on Poland, which was already set to become independent of Russian gas by the end of this year. It is a much bigger deal for Bulgaria, which gets more than 75% of its gas from Russia and has few immediate options to fully replace it.

The action sets a worrisome precedent for the broader Europe Union, which before the [war in Ukraine](#) sourced as [much as 40% of its gas from Russia](#). That gas heats European homes and powers factories, especially in Germany and Austria, which source more than half of their supplies from Moscow.

Russia's move "represents a substantial escalation," said Simone Tagliapietra, senior fellow at think tank Bruegel, who anticipated other governments could be hit next. "European governments now need to deploy all emergency measures they have at their disposal."

European [countries such as Germany](#) might need to resort to rationing and closing factories if Russian gas deliveries are cut off, other energy analysts have said. Germany would enter a sharp recession if Russian natural-gas deliveries are cut off, the country's leading economic think tanks said in a report earlier in April.

Last month, Mr. Putin signed a decree outlining a plan under which countries deemed hostile to Moscow, which includes European Union members, would have to pay in rubles. Customers can open

accounts at Gazprombank, a Russian lender, where they would pay in euros or dollars and the Russian lender would then buy rubles to pay for their deliveries.

Those measures would help Russia shore up its currency and keep its heavily sanctioned economy afloat.

But European countries have broadly denounced the demand, and have stuck to their previous method of paying for gas they get from Russia. Gas contracts are usually denominated in dollars or euros.

"There will be no shortage of gas in Polish homes," said the Polish Climate and Environment Minister Anna Moskwa. "We have been effectively independent from Russia for years."

The pipeline feeding Poland, the Yamal pipeline, flows from the near Arctic gas fields of northern Russia, south into Poland and then to Germany. The stoppage wouldn't have a big effect on Germany, which gets most of its Russian gas via another pipeline and has received little gas via Yamal in recent months.

Following Moscow's invasion of Ukraine, Berlin has been racing to reduce its dependency on Russian gas. The government of chancellor Olaf Scholz is trying to reduce this dependence by accelerating investments in renewable energy and building liquefied natural-gas terminals but has so far rejected an outright Russian gas embargo amid [fears of the economic consequences](#).

A spokeswoman for the German economy ministry said that the security of supply in Germany is currently guaranteed. "We are monitoring the situation closely," the spokeswoman said.

Earlier in April the German government temporarily [took control of a local Gazprom unit](#) in a bid to make sure gas would keep flowing. Europe's biggest countries are betting that Russia won't cut them off, because it isn't easy to reroute huge quantities of natural gas and sell it in other markets.

The cancellation of gas supplies appears to be an effort by Moscow to pressure Sofia into not sending military support to Ukraine, said Dimitar Abadjiev, who focused on Bulgarian energy security as ambassador to Saudi Arabia, a post he recently left. Bulgaria is a major producer of non-NATO standard weapons and ammunition sought by Kyiv and lawmakers there are due to vote on supplying Ukraine next week, he said.

"It will be difficult," Mr. Abadjiev said of coping without Russian gas.

Natalia Ojewska and Joe Wallace contributed to this article.

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[Russia Halting Gas Flows to Poland, Bulgaria Over Payment Terms](#)

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# THE WALL STREET JOURNAL.

CLM Oil Markets  
SE Markets  
HD **Russia** Tried to Sell a Huge Slug of Oil. Nobody Wanted It. **Russia's** crude exports hit a snag when Rosneft struggled to find buyers  
BY By Joe Wallace and Anna Hirtenstein  
WC 916 words  
PD 26 April 2022  
ET 23:28  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Russia failed to sell a huge batch of oil, a sign that soon-to-be imposed sanctions against its state oil giant are playing havoc with the energy industry that undergirds its bruised economy.

Moscow maintained a brisk pace of energy exports in the two months after the invasion, bringing in revenue that Kyiv says funds the Kremlin war machine. Many U.S. allies left [oil and gas shipments out](#) of their harshest sanctions on Russia. Importers in India and elsewhere [swooped in to buy cheap Russian barrels](#) at a time of rocketing energy prices.

TD

But exports hit a snag in recent days when Rosneft Oil Co. struggled to find buyers for enough oil to fill a fleet of tankers, traders familiar with the sale said. The producer, in which the government owns a large minority stake, had invited companies to bid for the oil last week, according to traders and a document seen by The Wall Street Journal.

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The problems with the sale give an early indication that European sanctions targeting Rosneft, and due to kick in on May 15, are starting to disrupt Russia's ability to move crude from oil fields to overseas buyers.

The sanctions are less stringent than a full ban on Russian imports. Many expect Europe eventually to adopt a phased [outright ban on bringing in Russian oil](#)—an embargo promoted by newly re-elected French President Emmanuel Macron but resisted by Germany and Hungary, among other members.

But sanctions already in place, laid out by the EU in mid-March, and replicated by Switzerland, will ban companies from reselling Rosneft oil outside of Europe. This includes sales into the big Asian market, especially India, which has soaked up some of the Russian oil demand since Moscow invaded Ukraine.

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If Rosneft keeps struggling to sell, it would represent a further shock for an economy already locked out of much of Western finance and commerce. The company says it is Russia's biggest taxpayer, [contributing a fifth of budget revenue](#). In total, Russia's oil and gas sales made up 45% of the federal budget in 2021, according to the International Energy Agency.

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Reuters earlier reported about Rosneft's inability to sell the oil.

Rosneft focuses on drilling for oil and gas, and refining crude into usable fuels. It has long outsourced most of the actual selling of the stuff to a handful of traders including Trafigura Group Pte. Ltd., Vitol and Glencore PLC, which in turn shipped the oil to buyers around the world.

The traders are however retreating from the Russian market before the EU sanctions kick in. Vitol, the world's biggest independent oil trader and which has a three-decade presence in Moscow, expects to stop trading Russian oil by the end of the year, people familiar with the decision said.

Rosneft's tender was an attempt to export crude that trading companies were no longer willing to handle, people familiar with the sale said.

Unlike the U.S., Russia doesn't have much space to store oil, so dwindling [demand quickly backs up through the supply chain](#) and prompts producers to throttle back output. Once wells are turned off, they can be hard to turn back on to their previous capacity.

Production has already fallen since the Feb. 24 invasion, although the scale of the losses is hard to gauge because [Moscow is limiting the release of data](#) on a swath of sectors. Rosneft and smaller private producers will encounter longer-term problems stemming from sanctions on sales of Western parts and technology to Russia, analysts said.

In a sign that refiners outside Russia are hunting for alternative suppliers, the country's flagship Urals grade of crude is trading at roughly \$35 a barrel below the price of international benchmark Brent, said Tamas Varga, an analyst at brokerage PVM Oil Associates. Before the war, the two kinds of crude traded within a few dollars of each other.

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[Russia Tried to Sell a Huge Slug of Oil. Nobody Wanted It.](#)

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Germany to Send Heavy Weapons to [Ukraine](#) Following Allied Pressure; Dozens of anti-aircraft cannon tanks will be refurbished and sent to the war zone amid a renewed Russian offensive**  
BY By Bojan Pancevski  
WC 1,148 words  
PD 26 April 2022  
ET 19:04  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

BERLIN—The German government has decided to break a longstanding taboo on allowing the export of heavy weapons to Ukraine, yielding to mounting domestic and international pressure on Berlin to help boost Kyiv's defenses against Russia's aggression.

Anti-aircraft cannon tanks known as Flakpanzer Gepard, or Cheetah, that have been decommissioned by the German armed forces will now be refurbished and sent to Ukraine, Defense Minister Christine Lambrecht said Tuesday.

TD

Germany will provide about 50 of the German-made self-propelled guns in what will mark a major delivery of non-Soviet weapons systems by a Western country to Ukraine, two government officials said.

Boosting Western assistance to Ukraine was important because Russian President [Vladimir Putin's invasion](#) has led Russia to depart from the community of civilized nations, Ms. Lambrecht said.

The move marks a U-turn by the government of German Chancellor Olaf Scholz, who has been under pressure to send heavy weapons to Ukraine to help its armed forces fend off [a renewed Russian offensive](#).

Mr. Scholz had resisted authorizing the delivery of heavy or offensive weapons to Ukraine, which he said on Friday could trigger a nuclear war with Russia.

While several European allies have pledged to send Soviet-era armored vehicles to Ukraine, this would be one of the first examples of a country providing Western-made equipment.

Ms. Lambrecht announced the decision at a meeting of North Atlantic Treaty Organization defense ministers on Tuesday. The meeting, which was convened by the U.S. Secretary of Defense Lloyd Austin, took place at the Ramstein U.S. Air Force base in Germany.

The Gepard self-propelled anti-aircraft cannons were removed from service more than a decade ago and are now stored by their manufacturer, Krauss-Maffei Wegmann GmbH, a German company military experts say makes some of the most advanced tanks in the world.

Ukraine approached KMW and other leading German arms manufacturers and requested contracts for heavy hardware such as tanks and anti-aircraft systems. Most of these orders would be paid for by Ukraine, which receives large funds from NATO allies to boost its defenses. In the case of the Gepard systems, Germany will pay for the whole deal, Ms. Lambrecht said.

The government will allow the company to export the weapons to Ukraine, the officials said.

KMW was in talks with Ukraine about the transaction before the war broke out and has long awaited export permission from the government in Berlin, according to people familiar with the negotiations.

"Our tanks are in good shape, and they can be delivered very, very quickly," a KMW spokesman said.

As of Tuesday, the company, which also offers training and maintenance for its products, hadn't yet received any export approval from the government, said the spokesman. Such a procedure could be initiated swiftly and the company had completed similar contracts for the same weapons recently, including with Qatar, the spokesman said.

Other leading German arms manufacturers have also sought permission from the government to send heavy weapons, including different types of tanks and artillery, to Ukraine, according to people familiar with the discussions. Export permissions for these haven't been granted.

Earlier in the conflict, German ministers approved the supply of smaller arms to Ukraine, such as hand-held antitank and anti-aircraft missiles.

Berlin also agreed to supply German-made tanks and other weapons systems to NATO nations that had formerly been aligned with Moscow and still have Soviet hardware that Ukrainian troops are able to easily integrate into their arsenal. Mr. Scholz said last week that one such deal was made with Slovenia, a tiny central European country, which has about 40 tanks based on the Soviet-era T-72 main battle tanks.

"The Gepard is a very efficient system...but it is also one of the most complex ones, with two radar devices," said Gustav Gressel, a military expert with the European Council on Foreign Relations.

This complexity means providing training and maintenance logistics to enable the Ukrainians to effectively use the Gepards would take longer, but they would ultimately be very useful in what is shaping up to be a prolonged conflict, Mr. Gressel said.

In addition, he said, the decision to allow the export of the Gepards could pave the way for further transfers of German heavy arms to Ukraine because it does away with Berlin's previous objections.

Tuesday's decision caps weeks of at-times contradictory statements by members of Mr. Scholz's government over what type of military aid Germany could and should offer Ukraine. While Mr. Scholz and his center-left Social Democrats have been the most reluctant to help, other parties in his coalition, especially the Green foreign and economy ministers, repeatedly struck a more aggressive tone, calling for swift arms deliveries to the country.

Despite Germany's participation in armed operations in Afghanistan, Africa and elsewhere, the Social Democrats have a long tradition of pacifism and maintaining friendly relations with Russia.

Initially, Mr. Scholz and Ms. Lambrecht claimed that Germany was banned by law from delivering arms into a conflict zone. Other officials invoked moral qualms about German weapons being used against Russia in light of the Nazi atrocities in the Soviet Union during World War II.

Days into the conflict, Berlin performed a first U-turn by agreeing to send Ukraine several shipments of small arms and ammunition as well as a limited number of armored personnel carriers. Ms. Lambrecht and Mr. Scholz said at the time that such shipments had exhausted Germany's potential to provide any further military aid to Ukraine.

Following revelations about alleged war crimes committed by Russia in Ukraine and amid pressure from the Greens and the Free Democratic Party, the chancellor and defense ministers first reiterated their opposition to heavy-weapons shipments. Operating such sophisticated systems would require extensive training, they argued, limiting their immediate usefulness to Ukraine.

On Friday, Mr. Scholz invoked a new argument, telling the German weekly Der Spiegel that escalating military aid could trigger an aggressive reaction from Russia that might spiral into World War III.

Mr. Scholz's continued resistance threatened to destabilize the coalition after the opposition Conservatives said they would request a parliamentary vote in favor of sending heavy weapons to Ukraine—an initiative some coalition members hinted they might support.

Various polls conducted since the start of the war have shown that a majority of Germans favored sending heavy military hardware to Ukraine. On Saturday, however, an INSA survey showed this support weakening, with 50% of respondents saying they were against deliveries and 43% in favor.

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[Germany to Send Heavy Weapons to Ukraine Following Allied Pressure](#)

**CO** fgyger : Federal Government of Germany

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**NS** gweap : Weapons Programs | gcat : Political/General News | gvexe : Executive Branch | gdip : International Relations | gvdef : Defense Department | gpir : Politics/International Relations | gpol : Domestic Politics | gvbod : Government Bodies | gvio : Military Action | ncolu : Columns | gcns : National/Public Security | gdef : Armed Forces | grisk : Risk News | ncat : Content Types

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Lawmakers Prepare to Tackle More Aid for [Ukraine](#) in Shift to Long-Term Support; An expected Biden administration economic and military aid request has bipartisan backing**  
BY By Natalie Andrews, Andrew Duehren and William Mauldin  
WC 1,005 words  
PD 27 April 2022  
ET 05:01  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

WASHINGTON—Lawmakers said they were prepared to quickly approve another package funding weapons and economic aid for Ukraine, as the U.S. shifted to a longer-term commitment to back Kyiv to fend off [Russia's invasion](#).

Earlier this year, Congress approved [\\$13.6 billion in military, humanitarian and economic aid](#) to Ukraine as part of a broader spending bill. With the war continuing to rage, the White House is expected to send a supplemental request to Congress for a second multibillion-dollar aid package by the end of the week, aides and lawmakers said.

TD

"We're just waiting for the administration to state that number," said Sen. Ben Cardin (D., Md.).

Senate Majority Leader Chuck Schumer (D., N.Y.) called the conflict a war between "tyranny vs. democracy itself" and said the U.S. "has a moral obligation to help the Ukrainian people with the tools they need, for as long as they need them." He didn't provide timing or details on any vote.

Republicans said they also were on board but wanted Democratic leaders to keep the Ukraine spending package separate from other pending agenda items, such as [a stalled package funding Covid-19 vaccines and treatments](#), which has been caught up in a dispute over border policy.

"I'm concerned that Chuck Schumer and [House Speaker] Nancy Pelosi will try to politicize this by combining it with something that may not be attractive for Republicans, then somehow blame Republicans that they don't support aid for Ukraine," said Sen. Steve Daines (R., Mont.).

"The key is more, more of everything," said Sen. Lindsey Graham (R., S.C.), adding the U.S. should send "whatever they need in terms of economic assistance and military assistance."

On nonmilitary aid, Ukrainian Finance Minister Sergii Marchenko said in an interview with The Wall Street Journal that he was seeking \$2 billion a month in U.S. economic support to cover the next three months. The Biden administration has previously released \$1 billion in funds to help Ukraine pay for basic government services and public employees' salaries.

"We want this bridge to the new normal, we are not seeking how to cover all expenses to the end of the year," he said.

Lawmakers returned this week after a two-week recess from Washington with a renewed focus to help the embattled country, which Russia invaded in February. Many have visited the Ukrainian-Polish border, and Mr. Daines went to see [the killings of Ukrainians in Bucha](#), the town outside Kyiv previously occupied by Russian forces.

The U.S. has supplied Ukraine with [billions of dollars in munitions and lethal aid](#), including hundreds of Stinger antiaircraft weapons and thousands of Javelin antiarmor systems, and along with allies imposed punishing sanctions on Russia.

In recent days, the administration has emphasized that weapons and aid provided to Ukraine are being put to good use in a fight that is also paying dividends to Kyiv and the North Atlantic Treaty Organization in terms of a weaker Russian military.

Emergency spending bills such as a new Ukraine package often are funded through deficit spending. No lawmakers on Tuesday cited a need to find offsets or new revenue to pay for the new aid.

[As part of their trip](#) to meet Ukrainian President Volodymyr Zelensky in Kyiv, Secretary of State Antony Blinken and Defense Secretary Lloyd Austin stopped by a facility in southeast Poland that was in the process of distributing 155mm howitzers, artillery rounds and other weapons and supplies bound for nearby Ukraine.

"For every plane that the Russians have flown in the skies, there have been about 10 anti-aircraft munitions of one kind or another," said Mr. Blinken in testimony to the Senate Foreign Relations Committee on Tuesday.

Now that Ukraine has beaten back the Russian advance on its northern cities and stopped President Vladimir Putin's attempt to topple its leadership, the U.S. and its partners want to redouble efforts to supply long-range weapons needed for the current phase of [the conflict in the country's east and south](#).

The Biden administration is seeking to strike a careful balance between making sure Ukraine has what it needs to fight Russia—which also hurts Moscow's ability to threaten its neighbors in the future—and avoiding steps perceived as escalating the conflict or drawing NATO countries into the war.

"[NATO is, in essence, going to war with Russia](#) through a proxy and arming that proxy," Russian Foreign Minister Sergei Lavrov said in a Russian state-TV interview broadcast Monday night. "Under no circumstances should a third world war be allowed to happen," he said, adding that "there can be no winners in a nuclear war."

Mr. Austin, speaking to reporters at Ramstein Air Base in Germany on Tuesday, said "any bluster about the possible use of nuclear weapons is dangerous and unhelpful."

A day earlier, he told reporters in Poland that "we want to see Russia weakened to the degree that it can't do the kinds of things that it has done in invading Ukraine."

The approval of new aid could be slowed down if Democratic leadership tries to tie the Ukraine funding to Covid aid. Senators had a deal on a \$10 billion Covid deal involving repurposing of existing funds, but a vote was delayed after Republicans insisted on amending the bill to extend a pandemic-era immigration policy called Title 42—which allows Border Patrol agents to quickly turn away migrants at the southern border. Some Democrats have sided with Republicans in calling for a vote on Title 42.

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[Lawmakers Prepare to Tackle More Aid for Ukraine in Shift to Long-Term Support](#)

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<b>AN</b>	Document WSJO000020220426ei4q006sh

# THE WALL STREET JOURNAL.

CLM Markets Main  
SE Markets  
HD **HSBC's Quarterly Profit Drops 28%; Bank hit by provisions for souring loans in **Russia** and China, but says it is benefiting from rising interest rates**  
BY By Quentin Webb and Julie Steinberg  
WC 842 words  
PD 26 April 2022  
ET 16:05  
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LA English  
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LP

HSBC Holdings PLC said its profit for the first quarter fell 28% year-over-year, as it made provisions for souring loans in Russia and China, but the banking giant said rising global interest rates would help it hit longer-term targets.

The London-based lender's profit attributable to ordinary shareholders totaled \$2.8 billion in January through March. While earnings had been boosted a year earlier by the release of \$435 million of provisions as the [global economy recovered](#) from the worst of the Covid-19 pandemic, in the first three months of this year HSBC's earnings were dented by \$642 million of new expected credit losses.

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The new expected losses included about \$250 million tied to Russian borrowers, and some \$160 million [linked to China's property sector](#)—against which it had also taken charges in the previous quarter. Still, HSBC's profit rose on a quarter-over-quarter basis, and beat analysts' consensus forecasts, as the credit-loss charges came in below expectations.

Revenue fell 4% from a year ago to \$12.5 billion, undershooting expectations. The bank said this figure was reduced by \$342 million of "market impacts" in life insurance, as weak stock markets reduced the value of that business's share portfolio. HSBC said stringent Covid-19 restrictions and temporary branch closures in Hong Kong also weighed on its revenue for the quarter.

Chief Executive Noel Quinn said lending volumes were up across the bank, while its personal banking, insurance and trade finance businesses were showing good growth. "I'm encouraged by our start to the year," he said in a statement.

Mr. Quinn said despite economic uncertainty, rising interest rates had made the bank more confident of being able to generate a 10%-plus return on tangible equity next year.

Lenders like HSBC can earn higher profit margins on loans when interest rates are higher. In recent months government bond yields and interbank lending rates have surged, as the U.S. Federal Reserve and other central banks have begun tightening monetary policy to combat rapid inflation.

Government bond prices have tumbled this year, pushing yields up sharply. The yield on the benchmark 10-year U.S. Treasury note stood at 2.825% Monday, up 1.329 percentage point so far this year.

At the same time, however, the bond-market selloff has dealt a short-term setback to HSBC's capital ratios, since it holds a big portfolio of government and corporate debt as a partial hedge against lower interest rates. The bank recorded fair value losses, before tax, of about \$4.9 billion so far this year through April 19, on the holdings.

After unveiling \$3 billion of stock buybacks in its last two sets of results, HSBC said it was unlikely to introduce new repurchases in 2022, given pressure on its capital position. The bank said its core equity tier 1 ratio could fall below its targeted minimum of 14%, due to volatility in its hedging portfolio.

It warned that the planned sale of its French retail business, agreed last year, would also cut the ratio by 0.35 percentage point.

HSBC's Hong Kong-listed stock fell 4.2% Tuesday to 49.50 Hong Kong dollars, equivalent to \$6.31 per share, underperforming a broader market that was slightly higher.

Even after Tuesday's fall, HSBC's stock has gained about 5.5% so far this year, beating broader market benchmarks. Hong Kong's flagship Hang Seng Index has declined nearly 15%.

In the past week, an anonymous HSBC shareholder has called for the bank to look at unlocking the value of its Asian operations, saying it should examine options such as a potential spinoff that could break the bank into two businesses focused on Asia and elsewhere.

The investor has hired a public-relations firm to help publicize its demands. It says the bank's management has failed to implement its strategy, particularly on costs, and investors are souring on the global banking model due to political risk.

HSBC said Tuesday it was on track to hold adjusted operating expenses for 2022 in line with last year's figures, despite inflationary pressures, and said it expected to cut more than \$2 billion of costs this year.

Chief Financial Officer Ewen Stevenson batted away the shareholder's suggestion to split up HSBC. That fundamentally undermines the strategy of the bank, which is based on global connectivity, he said. "That's the essence of the entire business model."

Mr. Stevenson added that the bank's strategy is the right one and is reflected by its share price. HSBC hasn't had any contact with the shareholder and doesn't know its identity, he said.

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[HSBC's Quarterly Profit Drops 28%](#)

**CO** hksbc : HSBC Holdings PLC

**IN** i81402 : Commercial Banking | i814 : Banking | ifinal : Financial Services | ibnk : Banking/Credit | iibnk : Integrated Banks

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Ukraine** Refugees: What to Know About the Humanitarian Situation; Speed, scale of exodus from **Ukraine** outstrip any movement of people since World War II  
BY By Joanna Sugden  
WC 1,215 words  
PD 27 April 2022  
ET 02:09  
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LA English  
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LP

More than [5.2 million people](#)—many of them children—have fled [the war in Ukraine](#) in just over two months since Russian President Vladimir Putin [began his onslaught](#) on the country on Feb. 24, according to the U.N.'s refugee agency, which now expects more than eight million people to be forced from the country by the war.

TD

The exodus, which was already the largest movement of people in Europe since World War II, now means more than one in 10 people have left Ukraine since the outbreak of war and over one quarter of the population have been forced from their homes. The U.N. refugee agency had previously estimated four million people could be driven from the country as a result of [Russia's invasion](#) but [updated the prediction on April 26 to 8.3 million](#), which equates to more than one in six of the prewar population.

[The refugee crisis](#) triggered by the war has flooded border crossings, trains and bus stations in neighboring countries with refugees—mostly women and children—seeking safety. Most are [going to Poland](#), where more than 2.92 million had arrived by April 25, according to the U.N. High Commissioner for Refugees. Many have been welcomed with offers of places to stay and basic provisions, which they had to abandon before they left.

What is the latest on the humanitarian situation in Ukraine?

While the flow of refugees out of the country has slowed since March, Russia's new offensive in the eastern Donbas area has led to the evacuation of thousands of civilians from the region. [A Russian missile strike on a train station](#) that was serving as an evacuation hub in the region killed at least 52 people and injured more than 100.

Hundreds of people were killed in northern Ukrainian towns formerly occupied by Russian forces, prompting investigations into [alleged war crimes](#). President Volodymyr Zelensky described Russian troops as "murderers" and "rapists" as [the extent of killings](#) in towns surrounding the Ukrainian capital began to emerge at the start of April. The discoveries sparked an outcry from Western leaders and added to pressure on the Biden administration and its European allies to take stronger action against Moscow.

Successive efforts to set up evacuation routes out of civilian areas in Ukrainian cities under Russian fire have collapsed.

Are peace talks helping?

Not much. Hopes for a breakthrough in peace talks [dimmed toward the end of March](#) after Moscow followed through on its advertised [shift in war plans in Ukraine](#) by redoubling its ground and air assaults in eastern portions of the country. Mr. Putin said [peace talks with Kyiv had reached a dead end](#), as Moscow's forces on April 12 [bombarded Ukrainian military positions](#) and residential areas in the country's east and unleashed new rocket attacks.

How many people have left Ukraine since the Russian invasion?

Some 5,264,767 people have fled Ukraine since Feb. 24, according to the UNHCR, as of April 25, more than 90% of them women and children.

More than seven million people have also been internally displaced by the fighting, many of them children, according to UNHCR, which says another 13 million people are trapped in places affected by the war, unable to escape.

The UNHCR at the outset of the war predicted that four million people in total could be made refugees by the invasion. That figure was exceeded within five weeks of the outbreak of invasion and was updated to 8.3 million by April 26.

Most of the refugees are women and children because of a law in Ukraine that prevents most men of fighting age from leaving the country.

Where are refugees going?

About 2.92 million people have entered neighboring Poland, which shares a 330-mile border with Ukraine.

Romania has accepted more than 780,000 refugees, while Hungary and Moldova have each taken in more than 430,000. About 614,000 people have left Ukraine for Russia, according to the UNHCR.

Have any returned to Ukraine?

Yes. On April 17, [more people entered Ukraine from Poland](#) than went in the other way, according to Poland's Border Guard, the first time since Russia's invasion that the number crossing the Polish border into Ukraine has exceeded those fleeing in the other direction. The Ukrainian Border Guard said on April 19 that more than one million Ukrainians had [entered the country](#) since the start of the war. By April 26, some 1.86 million people had entered Ukraine since the conflict started, but the figure includes those going back and forth, according to the UNHCR.

Is the U.S. taking refugees from Ukraine?

Yes. The Biden administration is [asking U.S. citizens, businesses and nonprofit groups](#) to sponsor Ukrainian refugees for temporary humanitarian protections in the U.S.

The new refugee sponsorship program, which started April 25, will become the main path the administration hopes to use to fulfill its [promise of taking in 100,000 Ukrainian refugees](#) who have left their country after Russia's invasion.

How have refugees been received in host countries?

In general, they have been welcomed. "We do not call them 'refugees'" said Polish President Andrzej Duda on March 25 at a meeting with President Biden. "They are our guests, our brothers, our neighbors from Ukraine who today are in a very difficult situation," he added.

The EU has offered those escaping the war a visa waiver to live and work in any member state for up to three years.

Poland set up reception centers along its border with Ukraine for refugees to receive meals, rest and medical help.

What does the influx of refugees mean for the region?

During the height of the Syrian war in 2015-16, countries such as Poland and Hungary drew ire from some European leaders by opposing migrant quotas from the EU and putting up fences and other restrictions aimed at keeping people out. Those countries are again at the border of another humanitarian crisis and giving refuge to residents of a post-Soviet neighbor that has long voiced aspirations to become an EU member.

Basic services in Poland are buckling under that avalanche of refugees from the Russian invasion of Ukraine. In Warsaw, the local government is registering so many new Ukrainian arrivals that the city's computer system crashed. In Krakow, housing is in such short supply that refugees are being sent to lodging as much as 5½ hours away. And officials in both cities are now begging other countries to take in more people fleeing Ukraine. "Help us out. Help us out. You need to accept as many people as you can," said Warsaw Mayor Rafal Trzaskowski.

What is a refugee?

Refugees are people who have fled war, violence, conflict or persecution and have crossed an international border to find safety in another country, according to the UNHCR.

—Bojan Pancevski, James Marson, Drew Hinshaw, Ian Lovett and Michelle Hackman contributed to this article.

This article may be updated.

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[Ukraine Refugees: What to Know About the Humanitarian Situation](#)

**CO** unhcr : United Nations High Commissioner for Refugees

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# THE WALL STREET JOURNAL.

**CLM** Russia News  
**SE** World  
**HD** Who Are **Russia's** Oligarchs and Why Are They Under Scrutiny? Roman Abramovich, who was sanctioned by the U.K., has moved to sell a trophy asset, the Chelsea FC soccer club  
**BY** By Chip Cummins  
**WC** 1,015 words  
**PD** 26 April 2022  
**ET** 23:35  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

In response to [Russia's invasion of Ukraine](#), the U.S., the European Union, the U.K., Australia and others have said they are [moving to scrutinize](#) the assets of a handful of [rich and powerful Russians](#). See [a WSJ graphic here](#) describing who they are and how they orbit Russian President Vladimir Putin.

**TD**

Governments have targeted these so-called oligarchs with sanctions and asset freezes. They have also gone after Putin friends and family, [such as his two daughters](#). The sanctions lists aren't identical. The EU and U.K., for instance, have sanctioned Roman Abramovich, [the billionaire owner](#) of British soccer team Chelsea FC. Washington, though, has held off because of [his role in peace talks](#) between Ukraine and Russia.

What's happening to Roman Abramovich?

Mr. Abramovich has become the highest-profile member of the oligarch class in recent weeks. The U.K. and the Channel island of Jersey have frozen about \$20 billion in assets the two governments say they suspect is [linked to Mr. Abramovich](#).

He made his fortune in the oil business during Russia's lurch from communism to capitalism. He then embarked on a lavish spending spree around the world, snapping up Chelsea, expensive real estate in the U.K. and the U.S., yachts, planes and a formidable art collection. He has also donated generously to charities. More recently, he has emerged as a public face in negotiations between Ukraine and Russia. His peacemaking role was brokered by a Ukrainian film producer, who knew both Mr. Abramovich and Ukrainian President Volodymyr Zelensky. Mr. Abramovich has also triggered controversy in Portugal. His receipt of a Portuguese passport has [ratcheted up scrutiny](#) of a program there that grants citizenship to descendants of Jews expelled five centuries ago during the Inquisition.

What is an oligarch?

The term comes from political science. An oligarchy describes a power system led by a small group of people. In recent years, the word "oligarch" has taken on a more specific meaning when it relates to Russia, referring to the group of Russian businesspeople and officials who gained wealth and power in the years following the collapse of the Soviet Union.

Why are Western governments imposing sanctions on Russian oligarchs?

The U.S. [has sanctioned](#) many of these individuals [in years past](#), including after Russia's 2014 annexation of Crimea. After Russia invaded Ukraine, the U.S., EU and U.K. have intensified restrictions and added names to their target lists.

The Biden administration has said the oligarchs provide resources to support Mr. Putin's Ukraine military campaign and must pay the price. Mr. Putin is "looking at the impact on his own economy, on his rich and wealthy oligarch friends, and on the people of Russia," White House press secretary Jen Psaki said in February about the U.S. and allied sanction effort.

How do sanctions against individuals work?

Governments have powers to temporarily freeze assets of individuals or entities in their jurisdiction, without proving criminality. Owners of assets are typically barred from selling or benefiting from them until sanctions are lifted or successfully contested. Governments typically can't move to take ownership of the assets, though, except after often-lengthy legal proceedings that would require proof of lawbreaking. The U.K. government, however, is considering laws that would give itself the powers to seize sanctioned assets.

How did Russia's oligarchs gain their wealth and power?

The country's current crop of billionaires and officials accumulated wealth and power in different ways. Some of those on the sanction list are part of Mr. Putin's inner circle; others are longtime associates; still others benefited from a wave of privatizations that followed the collapse of the Soviet Union.

Do they all have yachts?

No, but like many superhigh-net-worth individuals, many do. Those vessels have become high-profile, hard-to-hide targets for authorities. French officials, for instance, [seized one](#) that it says belongs to a company majority owned by Igor Sechin, the sanctioned chief executive of Russian oil producer Rosneft. The 280-foot yacht, the Amore Vero, was seized at a shipyard in La Ciotat, on France's Mediterranean coast. The yacht was undergoing repairs, but French authorities said arrangements were being made for it to sail urgently. Mr. Sechin is sanctioned by the U.S. and the EU. When he was sanctioned in 2014 by the U.S., he said he considered the move an endorsement of his effectiveness at Rosneft.

What other expensive toys do they own?

They are well-known buyers of art, trophy real estate, sports teams and private jets. [Here's a look at some of Russia's best-known oligarchs](#) and some of their high-profile holdings. They were such big players in [London's high-end real estate](#) that some are bracing for disruption in that market.

What are some of them saying about the Russian attack on Ukraine?

Oleg Deripaska, a raw-materials magnate who was previously sanctioned in the U.S., wrote on social media that peace "is very important." Mr. Deripaska sued the Treasury Department in 2019 challenging his inclusion in an agency report on Russian oligarchs as well as the sanctions against him, alleging the U.S. made false accusations based on rumor and innuendo to support the sanctions.

Mikhail Fridman, a founder of Alfa Bank, Russia's largest private bank, [was sanctioned by the EU](#). Mr. Fridman said that he would contest the designation and that he isn't politically or financially connected to Mr. Putin.

"It seems to me that we have done a lot of good things, invested in companies, created a lot of jobs," Mr. Fridman said at a press conference from his private-equity firm's office in London. "We will litigate to protect our reputation."

This explanatory article may be updated periodically.

[Who Are Russia's Oligarchs and Why Are They Under Scrutiny?](#)

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**SE** Daily  
**HD** **Raytheon Expects Sales to Fall. It's Due to Sanctions on [Russia](#).**  
**BY** Karishma Vanjani  
**WC** 645 words  
**PD** 26 April 2022  
**ET** 17:22  
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**SC** BON  
**LA** English  
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**LP**

[Raytheon Technologies](#) quarterly earnings beat estimates but the defense company cut its full year sales forecast on Tuesday citing sanctions on Russia.

Raytheon reiterated its full-year adjusted earnings forecast of \$4.60 to \$4.80-a-share. But revenue is estimated to be \$67.75 billion to \$68.75 billion, lower than the range of \$68.5 billion to \$69.5 billion given by the [company in January](#). Analysts expect \$4.79-per-share on \$68.99 billion for 2022.

## TD

For the first quarter, the company took a hit of almost \$300 million in charges and adjustments or expenses related to Russia sanctions and about \$80 million in sales did not materialize due to the impact.

On its website, Raytheon states that it has suspended operations in Russia and all sales and support services to Russia's civil aviation industry. In an earnings call with analysts, Raytheon confirmed that it's not going back to the region and its joint venture in the region; a facility which built parts for aerospace companies Boeing and Embraer is closed.

Russia made up about 1.5% of total sales or about \$900 million a year, the management said in the earnings call. "We're going to be able to offset that [hit] through cost reduction and just cost containment, but it is not a small number for us as we think about the guidance for the year," they added.

Russia was also a large source of some of the titanium and casting supplies for Raytheon, "and many of those are now on the sanctions list," the management said.

Despite the revised guidance and the supply impact, the company said in its press release that it's confident in the long-term outlook for its businesses, supported by the return to travel and growing global defense budgets.

Raytheon, who supplies aircraft communications, navigation and surveillance equipment through its Collins Aerospace unit, posted adjusted earnings of \$1.15-a-share in the first quarter on revenue of \$15.7 billion. Analysts surveyed by FactSet expected Raytheon to generate \$1.01-a-share on revenue of \$15.8 billion. A year earlier, Raytheon made \$15.25 billion in revenue.

Besides Collins, Raytheon has three other units: aircraft engine manufacturer Pratt and Whitney, sensor solution provider Raytheon Intelligence and Space, and Raytheon Missiles and Defense, which produces precision weapons and radars.

The company said supply chain constraints and declines on certain Land Warfare and Air Defense programs impacted its Raytheon Missiles and Defense sales in the first quarter but higher commercial aftermarket sales at Pratt and Whitney and Collins more than offset lower military sales volume.

Robert Stallard of Vertical Research Partners who rates the stock as a Buy with a \$123 price target, views the quarter as a mixed bag. He highlighted the strong adjusted profit margin of 12.1% at Collins,

which was above the 7.6% reported in 2021 and his estimate. But "we wouldn't be expecting the stock to be moving too much either way on this set of numbers," he noted.

[Raytheon Technologies](#) (ticker: RTX) stock went up 0.1% to \$99.74 on Tuesday on Tuesday. The stock is up 16% year-to-date.

Full year sales at Collins' and Pratt's will be \$375 million lower than previously anticipated due to the sanctions.

Its competitor [Lockheed Martin](#) (LMT) reported first-quarter results last week; its earnings beat estimates but [sales fell short of expectations](#). That group expects EPS of roughly \$26.70 for the full year of 2022 on sales of about \$66 billion. Analysts were looking for \$26.42 per share on sales of \$66.12 billion

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[Raytheon Expects Sales to Fall. It's Due to Sanctions on Russia.](#)

**CO**     utc : Raytheon Technologies Corp.

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

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# THE WALL STREET JOURNAL.

CLM Politics and Policy  
SE Politics  
HD **Sen. Joe Manchin Pushes for Democratic Compromise on Climate Agenda; High energy prices and [Russia's](#) invasion of [Ukraine](#) give coal-state lawmaker leverage on measures to promote fossil fuels**  
BY By Timothy Puko  
WC 1,351 words  
PD 26 April 2022  
ET 19:24  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

WASHINGTON—Voter unrest over high energy prices and concern over dependence on Russian energy have given Sen. Joe Manchin (D., W.Va.) leverage to press for measures promoting more domestic fossil-fuel production in the Democrats' [new climate legislation](#) and potential executive actions.

Mr. Manchin's interests include getting financial and permitting help for natural-gas exports and oil and gas pipelines, as well as policies to make it easier for companies to drill more on federal territory, according to lobbyists and congressional aides familiar with the situation.

TD

More Democrats, including President Biden, have tried to push the country away from fossil fuels in recent years [to address climate change](#). But in a closely divided Senate, Democrats need Mr. Manchin's support for clean-energy initiatives they hope to revive. They were included in Mr. Biden's Build Back Better bill, which Mr. Manchin [helped torpedo last year](#).

Polls showing voters are unhappy with inflation fed by high energy prices have put added pressure on Democrats. With expectations high that Republicans might be able to retake House or Senate majorities in this year's midterm elections, some Democrats might be open to a compromise benefiting the traditional energy industry to pass a climate bill while they still can.

"Basically this is going to be the Manchin bill," said Edward Hild, a former chief of staff to Sen. Lisa Murkowski (R., Alaska) who is now a lobbyist with the law firm Buchanan Ingersoll & Rooney. "Everybody knows."

Several moves for which Mr. Manchin has voiced support would likely need to come through the executive branch—not legislation—meaning Mr. Biden would need to sign orders and take actions on his own concurrently with the passage of a spending bill as part of any deal. Lobbyists and aides who have spoken to Mr. Manchin and his staff said they have yet to outline which measures he must have to vote for an energy and climate bill.

The new package being discussed would reshape climate-related elements of the failed Build Back Better legislation to include more measures aimed at helping Western nations wean themselves off energy products supplied by Russia and other authoritarian regimes, the people familiar with the situation said.

Supporters in Congress, including Mr. Manchin, have said such steps would strengthen energy security for the U.S. and its allies abroad. They would help Western countries with short-term measures aimed at increasing supplies of natural gas, gasoline and other fossil fuels, as well as long-range strategies to develop cleaner alternatives such as wind and solar power.

Pairing some domestic fossil-fuel development with clean-energy measures helps Congress address climate change and the energy vulnerabilities exposed by [Russia's invasion of Ukraine](#), said Joseph

Majkut, director of the energy-security and climate-change program at the Center for Strategic and International Studies.

"If this crisis worsens, energy security, economies and human welfare are all at risk," Mr. Majkut said. "In many ways, the things you do to answer one of these crises is also an answer to the other."

Aides to Mr. Manchin have explored legislation for federal funds to help European allies build new terminals to accept more [U.S.-produced natural gas](#), one of the people said.

Another move his team has considered would give the energy secretary authority to fast-track the equivalent of free-trade status for North Atlantic Treaty Organization members and other U.S. allies who want to buy American natural gas but don't have free-trade agreements, this person said.

Some of Mr. Manchin's efforts are expected to face opposition from some Democrats who say the Biden administration has already retreated too far from its goal of weaning the U.S. off fossil fuels.

Asked for comment, the White House responded with a series of recent statements from administration officials, including comments from principal deputy press secretary Karine Jean-Pierre saying the administration is seeking to increase short-term supplies of gasoline while still pressing forward with the transition to clean energy.

"Addressing the emergency supply crunch while accelerating clean energy efforts is fully consistent with the theory of the case and what we're trying to do," she said.

Climate activists are expecting to compromise, said Justin Guay, director for global climate strategy at the Sunrise Project, an environmental group. But they will likely draw the line at gas-export terminals and other big infrastructure that could encourage years of additional fossil-fuel consumption.

"A climate bill can't be a cover for cynical opportunism and handouts for fossil fuels," he said.

Democrats could strike a deal that fulfills some of Mr. Manchin's demands, even help for pipelines, and still make the progress they need if the clean-energy provisions are strong enough, according to Rhodium Group, an independent research firm.

"One pipeline is not going to make or break whether we solve climate change," said John Larsen, who leads the firm's U.S. energy-system and climate-policy research. "The clean-energy investments should be a much bigger deal, a much bigger benefit than any small cost on the supply side."

Mr. Manchin, who declined to be interviewed for this article, has long been an advocate for the fossil-fuel industry. Mr. Manchin has personal business interests in coal, and West Virginia is a big producer of coal and natural gas.

He has angered Democrats several times with moves that helped waylay cornerstones of the Biden agenda. In addition to Build Back Better, he was reluctant to go along with party leaders' efforts [to change the filibuster rules](#), and in March he said he couldn't support Mr. Biden's nominee to become the government's [most powerful banking regulator](#), citing her views on climate policy.

In recent weeks Mr. Manchin has made international trips and spoken at several industry events promoting the need to help domestic oil and gas producers.

He went to an International Energy Agency meeting in Paris in March, where he promoted the use of carbon-capture technology to eliminate greenhouse-gas emissions from coal and other forms of fossil fuels.

On March 31, Mr. Manchin joined Sen. Mark Kelly (D., Ariz.) in a letter to Mr. Biden urging him to implement a new five-year drilling program for the Gulf of Mexico to replace one that is expiring this year. Earlier this month he toured oil-sands operations in Canada, promoting a push for more Canadian oil exports into the U.S.

In his public-speaking engagements in recent weeks, Mr. Manchin has said the White House should support stalled pipeline projects to take natural gas out of West Virginia and oil out of Canada, including the Keystone XL pipeline project, for which Mr. Biden revoked a key permit last year.

#### SHARE YOUR THOUGHTS

Will Sen. Joe Manchin find success with a new energy bill that makes fossil fuels a big part of the climate agenda? Join the conversation below.

Mr. Manchin has said publicly that one of his top requests is for the White House to use wartime powers to overcome permitting and legal troubles that have prevented the completion of a key pipeline out of his home state.

He wants Mr. Biden to use the Defense Production Act to force through the completion of the Mountain Valley Pipeline, planned to transport natural gas from shale formations in northwestern West Virginia to southern Virginia.

"There's so much that we can be doing right now. We can't get a 42-inch pipeline out of the Marcellus Shale. It's ridiculous," Mr. Manchin said at a recent industry event. "So I talk to the White House, [which says,] 'What can we do to help you?' I said, 'Build the damn line.' "

—Andrew Duehren contributed to this article.

Write to Timothy Puko at [tim.puko@wsj.com](mailto:tim.puko@wsj.com)

[Sen. Joe Manchin Pushes for Democratic Compromise on Climate Agenda](#)

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**IPD** WSJ

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**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220425ei4p0015q

**HD The Ukraine Crisis: Big Four Auditors Struggle to Exit Russia Operations**

**BY** By Jean Eaglesham and Mark Maurer

**WC** 553 words

**PD** 26 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A8

**LA** English

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**LP**

Soon after Russia invaded Ukraine, global auditing and consulting firms promised to leave the country. For some, the departure is proving to be difficult and potentially embarrassing.

Big consulting firms such as Accenture PLC and McKinsey & Co. have quit or stopped all client work. But the Big Four accounting firms are still there, trying to unwind complicated relationships with their Russian counterparts.

**TD**

The protracted pullout puts Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers in the awkward position of condemning Russia's invasion of Ukraine but still working for Russian companies, many of them state-owned.

It also could be embarrassing or worse. PwC Russia, for example, is offering businesses in Russia "decision-making support in turbulent times" that includes the option of making "imports via another . . . country," according to its website.

Rerouting imports might be a way to sidestep sanctions imposed by the U.S. and Europe, said Charlie Steele, a former U.S. Treasury Department sanctions attorney.

"What they are suggesting certainly could be used as an avenue to try to evade sanctions," said Mr. Steele, a partner at consulting firm Forensic Risk Alliance. He added that the Russian accounting firm "might not have bad intent; they might think they are offering a lawful alternative."

A spokeswoman for PwC Russia declined to comment. A spokesman for PwC's international network said it "would be unacceptable for any member of the PwC Network to facilitate the violation of sanctions." PwC is "actively working on the separation" of the Russian firm from its network, the spokesman added.

The Big Four's long goodbye to Moscow also leaves them promising to abide by an array of sanctions against Russia, while operating in a country where those sanctions don't apply and could even be made illegal.

The Big Four's exits, once completed, will create stand-alone Russian firms built with international support and know-how. Those firms can now draw on that Western expertise in advising Russian companies on how best to minimize the impact of sanctions.

The Big Four will likely use these new firms for the now-complicated task of auditing the Russian operations of multinationals, according to people familiar with the matter. That could be one reason for the global firms to keep supporting their Russian counterparts, despite the separation.

Of the Big Four, Deloitte has the smallest Russian presence and appears closest to extricating itself from the country. It has removed much of its branding from its Russian business and aims to complete the separation early next month, according to a person close to the firm.

The other three remain in the throes of negotiations with their Russian firms, which still carry their brand, according to people familiar with the matter. The divorce process is proving complicated, the

people said. EY expects it to take another five to eight months to complete, according to a person close to the firm.

Some of the consulting giants have gotten out faster. Accenture this month said it has completed the transfer of its Russian business to local leadership. The new firm has until May 9 to change its name, and until May 23 to finalize its rebranding, Accenture said.

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**HD**      **The Ukraine Crisis: War Drains Russia's Arms Supply --- Moscow loses many big weapons, while Western sanctions impede replacement**

**BY**      By Daniel Michaels and Matthew Luxmoore

**WC**      1,031 words

**PD**      26 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A7

**LA**      English

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**LP**

Russia's heavy use and loss of weapons in Ukraine, combined with severe Western sanctions, will crimp its military might and lucrative arms exports for years, hindering its ability to produce everything from new weapons systems to spare parts for existing armaments.

Now in the ninth week of what was envisioned as a quick military operation, Russia has deployed large parts of its arsenal, including some of its most modern equipment. It has fired vast numbers of missiles, rockets and artillery shells and cut deep into supplies of newer, precision munitions, some analysts say.

**TD**

Russia has also lost more than 3,000 pieces of large equipment in battle, according to Oryx, an open-source intelligence tracker. The tally includes more than 500 main battle tanks, 300 armored fighting vehicles, 20 jet fighters and 30 helicopters.

Russia in recent years has produced around 250 tanks and 150 aircraft annually, said Mark Cancian, a senior adviser at the Center for Strategic and International Studies, a think tank in Washington. That means Ukrainian forces in two months have destroyed the equivalent of at least two years of Russian tank production.

The U.S. believes Russia overall has lost roughly one-fourth of the combat force it initially had to invade Ukraine, a senior Pentagon official said last week. The Russian Defense Ministry didn't respond to a request for comment.

For now, Russia's invasion forces can resupply from enormous equipment reserves, so the depletion is unlikely to affect the war's course quickly. Russia's official equipment rosters include tens of thousands of military land vehicles. But many require maintenance or repair, and a large portion are likely not operative and can be used only for spare parts, analysts who track Russia's military say.

If the war drags on for months, consumption and destruction of Russian materiel, coupled with Western financial sanctions and export restrictions, will impede Moscow's capacity to provision forces with better equipment, some analysts say. Russian defense contractors will similarly struggle to meet demand from both Moscow and export customers, or to invest in research and the development of new products, Western officials and analysts say.

"Our sanctions have pulled back the military-industrial complex of Russia, and it's not coming back anytime soon," Deputy Secretary of State Wendy Sherman said in Brussels on Thursday.

Russian Deputy Prime Minister Yury Borisov in March said it was difficult to assess the impact of sanctions on Russia. "The goal of completing state orders was and remains a priority," he said.

The Kremlin hasn't confirmed the scale of equipment losses or how it plans to replenish its forces. Among the most significant losses it has confirmed is the sinking of the cruiser Moskva, the flagship of its Black Sea Fleet, which Ukraine claims to have hit with missiles. Russia says it sank while being towed during a storm.

Russia, and previously the Soviet Union, built military strategies based on huge quantities of fairly basic weapons to overwhelm adversaries. Moscow at times has appeared ready to suffer big losses to achieve its goals, some analysts say, relying on its stockpile of mostly Soviet-era weapons and many of the components needed to manufacture them. The approach contrasts with the West, which has focused on developing fewer but superior weapons that can better survive battle.

Replacing Russia's lost modern combat jets and helicopters would cost hundreds of millions of dollars, and Western sanctions are designed to impede resupply.

Even less-sophisticated land vehicles could pose a replacement challenge for Russian defense companies, which haven't extensively modernized production systems since Soviet times and still rely heavily on now-sanctioned foreign equipment, machine tools and precision components such as electronics and bearings. Russia's military-industrial sector has shrunk from its Soviet scale, further complicating a production surge like during World War II.

"We don't have the men, we don't have the equipment, we don't have the components," a Russian military analyst said.

While sanctions and industrial bottlenecks are unlikely to quickly affect battlefields in Ukraine, they could if the war grinds on.

"The real test for the industry regarding inputs probably will occur in the coming months or in next year" as stockpiles of components with content under sanctions get depleted and Russia runs low on foreign-made microchips now used in most military hardware, said Tomas Malmlof, a senior military analyst at the Swedish Defense Research Agency.

Defense-manufacturing problems that hit exports would weaken Russia's economy, which has been battered by the unprecedented sanctions. Russia is the world's second-largest weapons exporter behind the U.S., and arms are among Russia's largest exports aside from natural resources, which dominate the country's economy. Russia exports arms to over 45 countries and has accounted for around 20% of global arms sales since 2016.

Hurdles even impede Russian defense exports that don't rely on foreign inputs, because of sanctions imposed on Russia's banking system. State-owned arms manufacturer Almaz-Antey in March said it was unable to receive roughly \$1 billion in payment from clients, including India and Egypt, and urged the Russian government to help military companies by developing systems to process foreign transactions.

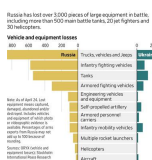
"Right now, because of the imposed sanctions, the processing of payments has stalled," Almaz-Antey's finance director, Rustam Ulumbekov, told Russia's TASS news agency. "And the sums are colossal." Almaz-Antey didn't respond to a request for comment.

Russia's battlefield performance, beyond depleting its armories, could hurt export sales. Ukrainian forces' large-scale destruction of Russian military equipment using modern Western-supplied drones, artillery and portable missile launchers undermines the reputation of Moscow's arms, said Scott Boston, a senior defense analyst at Rand Corp.

"When their weapons are being shown to be blown up all over the place, there's a general perception that maybe this equipment isn't that good," he said.

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Robert Wall and Sharon Weinberger contributed to this article.



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# WSJ Podcasts

**CLM** WSJ Podcast Minute Briefing  
**HD** **Russia** Warns of Nuclear Conflict With the West  
**WC** 327 words  
**PD** 26 April 2022  
**ET** 15:35  
**SN** WSJ Podcasts  
**SC** WSJPOD  
**LA** English  
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**LP**

Twitter employees offer a range of reactions to the prospect of Elon Musk's takeover of the social-media company. Fidelity Investments plans to become the first major retirement-plan provider to allow investors to put a bitcoin account in their 401(k)s. Luke Vargas hosts.

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

**TD**

Luke Vargas: Here is your morning brief for Tuesday, April 26th. I'm Luke Vargas for The Wall Street Journal.

Russia's top diplomat has said the West is engaged in a proxy war with his country that could escalate into a world war with nuclear weapons. Ukraine said the comments by Russian Foreign Minister Sergei Lavrov indicated that Moscow felt it was losing. UN Secretary-General António Guterres is on a trip to meet with the leaders of Russia and Ukraine this week.

Twitter employees have reacted with a mix of enthusiasm, worry, and humor to the prospect of Elon Musk owning the company. Twitter co-founder and former CEO, Jack Dorsey, tweeted that he endorsed Musk's goal of creating a platform that is "maximally trusted and broadly inclusive."

Fidelity Investments is planning to become the first major retirement plan provider to allow investors to put a Bitcoin account in their 401ks. The move suggests cryptocurrency investing is moving further into the mainstream, though it remains to be seen whether employers will embrace it for their workers.

Markets in Asia ended mixed and European shares rose in early trading. In the U.S., investors will be watching new home sales figures and consumer confidence data. And Microsoft, General Motors, Warner Bros. Discovery, and Google owner Alphabet are among the companies scheduled to report earnings today.

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**IPC** FIN.XX

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJPOD0020220426ei4q0008d

**HD U.S. Seeks to Weaken Russia To Deter Future Aggression**

**BY** By William Mauldin in Poland and Thomas Grove in Lviv, Ukraine

**WC** 1,016 words

**PD** 26 April 2022

**SN** The Wall Street Journal

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**LA** English

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**LP**

The Biden administration's aim in the Ukraine war is to see Russia's military capabilities degraded and Ukraine's strengthened, to prevent Moscow from attempting to conquer territory by force in the future, U.S. officials said Monday.

"We want to see Russia weakened to the degree that it can't do the kinds of things that it has done in invading Ukraine," Defense Secretary Lloyd Austin said after he and Secretary of State Antony Blinken became the highest-level U.S. officials to visit the Ukrainian capital of Kyiv since Russia invaded Ukraine on Feb. 24.

**TD**

A senior U.S. official said after Messrs. Blinken and Austin returned from Kyiv, "However this ends up, Russia will be in a much weaker position. Ukraine will be in a much stronger position to further deter against any renewed aggression once this is over."

Meanwhile, on Monday the U.S. said it would return diplomats to Ukraine and work to re-establish its embassy in Kyiv, and the White House said President Biden would appoint an ambassador to Ukraine, the first since 2019.

In an attempt to stem the flow of heavy weapons from the U.S. and other allies to the front lines in Ukraine, Russia on Monday hit several Ukrainian railway hubs with missile strikes, severely disrupting rail traffic.

While U.S. officials said Mr. Austin's remarks didn't reflect an administration policy shift, the comments demonstrated the evolution of the U.S. government's thinking on what it sees as its endgame in the war.

Initially, the U.S. planned to help Ukraine maintain an insurgency against an occupying Russian force, but Russia failed to achieve its goal of subjugating Ukraine, and shifted its own aims toward consolidating its hold on the eastern Donbas region.

While administration officials have said the U.S. won't deploy military personnel to fight Russian troops there, Washington has committed to sending billions of dollars of increasingly heavy weaponry to help the Ukrainians fend off the Russian invasion and strengthen Kyiv's negotiating position for an eventual end to the conflict. Mr. Biden has suggested that the U.S. doesn't want to see President Vladimir Putin of Russia remain in power and considers him a war criminal.

Ukrainian forces, with U.S. and international assistance, have inflicted devastating losses on Russian forces. As many as 15,000 Russian troops have been killed in the war, along with more than 2,000 Russian armored vehicles destroyed or captured, as well as 60 helicopters and jet fighters, the U.K. government said Monday. In addition, sanctions and export controls have hampered Moscow's efforts to replenish its depleted stocks of arms over the longer term.

"In terms of Russia's war aims, Russia has already failed and Ukraine has already succeeded," Mr. Blinken said Monday. "We don't know how the rest of this war will unfold, but we do know that a sovereign, independent Ukraine will be around a lot longer than Vladimir Putin is on the scene."

The Kremlin didn't respond to Mr. Austin's remarks on a weakened Russia. Later Monday, a senior U.S. defense official said his comments were consistent with administration policy dating back months, which is to prevent Russia from threatening its neighbors.

"Austin was not signaling any kind of administration change with respect to Russia," the official said. "He's not talking about a toe-to-toe with Russia."

A spokesman for the White House National Security Council said, "We have also said for months that we intend to make this invasion a strategic failure for Russia."

The Russian missile strikes hit rail infrastructure in the central Ukrainian region of Rivne, local officials said. They followed other missile attacks late Sunday in Poltava that struck an electricity plant and a fuel refinery. The governor of Ukraine's central province of Vinnytsia said Monday that Russian missile attacks had hit critical infrastructure in the region and that there were people dead and injured.

The strikes came hours after Messrs. Austin and Blinken told President Volodymyr Zelensky of Ukraine that Washington would reopen its embassy in Kyiv and provide Ukraine with \$322 million in foreign military assistance to allow Kyiv to buy needed weapons. Russia's ambassador to the U.S., Anatoly Antonov, demanded in a diplomatic note that Washington stop supplying weapons to Ukraine, Russian news agency RIA reported Monday.

Mr. Zelensky said the \$3.4 billion in defense support provided by the U.S. so far had been the biggest contribution to Ukraine's defense efforts.

The White House said Mr. Biden planned to nominate Bridget Brink, the current U.S. ambassador to Slovakia, as ambassador to Ukraine. The position has been vacant since the last Senate-confirmed ambassador to the country, Marie Yovanovitch, was ousted by then-President Donald Trump in 2019.

Messrs. Austin and Blinken hailed Ukraine's success in fending off Russia's initial attack on Kyiv and maintaining its sovereignty. Still, U.S. officials said they recognized that Mr. Putin could choose to escalate the war, including possibly with weapons of mass destruction. Having struck Odessa in recent days, the senior official said, Mr. Putin is "looking at the entire expanse of the Black Sea coastline."

Senior U.S. military officers at a facility in Poland described an accelerating logistical effort for supplying weapons and materiel to Ukraine, as well as a regional effort to increase troop levels and exercises with North Atlantic Treaty Organization members along the alliance's eastern flank.

Seven 155mm artillery pieces, along with their tow vehicles, are being processed through the facility, adding to the 18 howitzers the U.S. has already provided to Ukraine, a senior defense official said. Six dozen U.S. howitzers are being sent to Ukraine under a new aid package.

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Mauro Orru in Barcelona and Courtney McBride and Gordon Lubold in Washington contributed to this article.

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<b>CO</b>	nato : North Atlantic Treaty Organization
<b>NS</b>	gdip : International Relations   gcat : Political/General News   gvio : Military Action   npag : Page One Stories   gcns : National/Public Security   gpri : Politics/International Relations   grisk : Risk News   ncat : Content Types
<b>RE</b>	ukrn : Ukraine   russ : Russia   usa : United States   usdc : Washington DC   asiaz : Asia   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcos : Developing Economies   eeurz : Central/Eastern Europe   eurz : Europe   namz : North America   uss : Southern U.S.   ussrz : CIS Countries
<b>IPC</b>	DEF
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document J000000020220426ei4q0001s

**CLM** Global View  
**HD** **Russia** Squeezes Kazakhstan  
**BY** By Walter Russell Mead  
**WC** 820 words  
**PD** 26 April 2022  
**SN** The Wall Street Journal  
**SC** J  
**PG** A15  
**LA** English  
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**LP**

Almaty, Kazakhstan -- Vladimir Putin's invasion of Ukraine has exposed deep failures in Russian strategic culture and undermined Russian prestige across the West. Viewed from Almaty, in the foothills of the Tian Shan mountains, however, the Russian leader looms large. It is not only that Moscow's propaganda still shapes the worldview of Kazakhstan's sizable Russian minority (about 20% of the population, heavily concentrated in regions adjacent to Russia). This also has been a year that, for many in Kazakhstan, underlined how much power Russia has over the future of this oil- and mineral-rich Central Asian country.

Thinly populated Kazakhstan, where 19 million people inhabit a territory roughly the area of Alaska and Texas combined, occupies a strategic position at the geographical center of Asia.

**TD**

Its border with Russia, at more than 4,200 miles, is the longest land frontier in the world, and it also shares a roughly 950-mile border with China. It accounts for more than half the total gross domestic product of the five Central Asian republics and, in addition to enormous oil reserves, it has the world's second-largest supply of uranium.

When Kazakhs speak of the "January events," they aren't talking about the shambolic attempt by pro-Trump protesters to derail the certification of Joe Biden's electoral victory. In Kazakhstan, the January events started with nationwide anticorruption protests against the alleged wholesale looting of the economy by former longtime ruler Nursultan Nazarbayev and his allies. While the details of what happened next are unclear, armed rebels infiltrated the previously peaceful protests, and the ensuing street clashes in Almaty led to more than 200 deaths and almost 10,000 arrests. The armed rebels are widely believed to be linked to Nazarbayev allies hoping to exploit the unrest and return to power.

The chaos ended when a Russian-led intervention force arrived to signal Moscow's support for the current president, Kassym-Jomart Tokayev. The Russian intervention was well-planned and well-executed, and the foreign forces left the country without firing a shot.

Mr. Nazarbayev, who retained key positions after formally stepping down from the presidency in 2019, has since faded into the background. While Mr. Tokayev now appears to be in firm control, ordinary Kazakhs can only speculate on why Mr. Putin came to his rescue and what deals if any have been made.

The second demonstration of Russian power came with the war in Ukraine. While the war has not gone well for Russia on the ground, the resulting waves of sanctions have upended the Kazakh economy.

The local currency tanked, then recovered, in lockstep with the ruble. Given the powerful role of Russian banks in the domestic economy, Kazakh authorities have struggled to manage the impact of Western sanctions on the financial system.

For landlocked Kazakhstan, whose economy depends largely on oil exports through a pipeline terminating in the Russian Black Sea port of Novorossiysk, the fear that Western oil sanctions will hit Kazakh oil in Russian pipelines is real. Worse, the Novorossiysk terminal has been largely shut down since March, ostensibly because of storm damage. While smaller pipelines carry some Kazakh oil to

China and Turkey, the Novorossiysk shutdown threatens the country's principal source of export earnings at a time when the local economy hasn't fully recovered from the consequences of the January clashes and the Covid pandemic.

In Kazakhstan, it isn't hard to find people who believe that Russia deliberately turned off the oil tap. The pipeline shutdown pushes world oil prices higher, puts pressure on Europe, hits the U.S. oil firms that have substantial investments in Kazakhstan -- and reminds the Kazakhs who is in charge.

There is little doubt here that no country has as much influence over Kazakhstan's future as the colossus to the north. That reality disheartens many here who remember the savage repression of the Soviet era, fear Mr. Putin's ultimate intentions, and bemoan the effect of Russian tolerance of corruption on the local economy.

Many Kazakhs, however, see few alternatives to close relations with Moscow. American influence appears to be fading in the region following the retreat from Afghanistan, and Beijing's persecution of ethnic Kazakhs in nearby Xinjiang has reinforced a deep cultural distrust of China.

Now that the Biden administration has made weakening Russia a major strategic goal, that calculation could change. Along with the Netherlands and Switzerland, the U.S. is one of the three largest investors in Kazakhstan, outpacing both Russia and China. As Washington policy makers look for ways to counter Russian influence and complicate Mr. Putin's life, helping Kazakhstan reduce its dependence on Moscow-controlled pipelines, reform its economy, and coordinate with neighboring Central Asian states to limit the influence of both China and Russia might be a good place to start.

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**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220426ei4q0001l

**HD The Ukraine Crisis: Career U.S. Diplomat Named Kyiv Envoy**

**BY** By Ken Thomas and Mauro Orru

**WC** 243 words

**PD** 26 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A7

**LA** English

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**LP**

President Biden has chosen Bridget Brink, a career diplomat, to serve as U.S. ambassador to Ukraine, as the country's conflict with Russia enters its third month. Ms. Brink currently serves as U.S. ambassador to Slovakia.

The White House announced the move Monday, a day after Secretary of State Antony Blinken and Defense Secretary Lloyd Austin traveled to Kyiv to meet with President Volodymyr Zelensky, marking the highest-level visit of U.S. officials since Russia invaded Ukraine on Feb. 24.

**TD**

Mr. Blinken told Mr. Zelensky about the coming nomination during the meeting, the State Department said. Messrs. Blinken and Austin told Mr. Zelensky that the U.S. would reopen its embassy in Kyiv.

Ms. Brink has served as senior adviser and deputy assistant secretary in the State Department's Bureau of European and Eurasian Affairs, and in leadership roles in U.S. embassies in Tashkent, Uzbekistan, and Tbilisi, Georgia.

State Department spokesman Ned Price said Ms. Brink's "decades of experience make her uniquely suited for this moment in Ukraine's history."

Meanwhile, Russia is expelling dozens of German diplomats in a reciprocal act after Berlin ousted Moscow's diplomats. Russia's Foreign Ministry said Monday that it declared 40 German diplomats personae non gratae in a "symmetrical response" to Berlin's expulsion of Russian envoys.

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**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220426ei4q0000z

**HD      The **Ukraine** Crisis: Hackers Hit European Wind Firms**

**BY**      By Catherine Stupp

**WC**      702 words

**PD**      26 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A7

**LA**      English

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**LP**

Cyberattacks on three European wind-energy companies since the start of the war in Ukraine have raised concerns that hackers sympathetic to Russia are trying to cause mayhem in a sector set to benefit from efforts to lessen reliance on Russian oil and gas.

The companies attacked haven't publicly attributed the hacks to a particular criminal group or country and Russia has consistently denied it launches cyberattacks.

**TD**

But the timing of the attacks suggests potential links to supporters of Russia's invasion of Ukraine, said Christoph Zipf, a spokesman for WindEurope, a Brussels-based industry group.

Serious cyberattacks on industrial equipment aren't common and take significant knowledge to prepare, security experts say.

The three companies targeted in the attacks are all based in Germany. Deutsche Windtechnik AG, which specializes in the maintenance of wind turbines, was hacked in April. Remote-control systems for about 2,000 wind turbines in Germany were down for about a day after the attack, the company said.

Turbine maker Nordex SE said it discovered a security incident March 31 that forced it to shut its information-technology systems. Conti, a ransomware group that has declared support for the Russian government, said this month that it was responsible for the attack.

Enercon GmbH, also a turbine maker, said it was "collateral damage" in an attack on a satellite company in February that happened "at almost exactly the same time that Russian troops invaded Ukraine." The attack knocked out remote control of 5,800 of Enercon's wind turbines, though they continued to operate on auto mode.

"We need high IT security standards" because the growing renewable-energy sector will become a bigger target for hackers, said Matthias Brandt, director of Deutsche Windtechnik, which has around 2,000 employees. "The crisis in Russia and Ukraine shows us that renewables are replacing oil and gas in the future," he said.

The European Union started reducing Russian energy imports this month.

Germany, Europe's biggest economy, has rejected EU-wide sanctions on Russian fuel, arguing such a move would damage the German economy. The country moved up its plan to reach nearly 100% renewable energy electricity by 2035 and wean itself off Russian oil and coal imports this year. Still, a German official said in late March that Russia accounted for 40% of the country's natural-gas imports, down from 55% four weeks earlier but still substantially above the EU average.

Cybersecurity experts working with Deutsche Windtechnik are investigating whether the ransomware attack used Conti malware, Mr. Brandt said. Chats from Conti ransomware users leaked online in March revealed connections to Russian security services. These hackers also discussed targeting organizations they consider to be working against Russia.



U.S. utilities aiming to provide alternative energy to Europe have also been targets, said Jim Guinn, who leads consulting firm Accenture PLC's global cybersecurity business for energy, utilities, chemicals and mining.

A hacker who manages to infect the industrial equipment that controls wind turbines could manipulate the machines' brakes to stop power production, said Trond Solbert, managing director for cybersecurity at Norwegian risk-management company DNV GL. That could disrupt services to customers and revenue for producers, Mr. Solbert said. A simpler strike on local internet-connected services could interfere with the remote monitoring systems of wind farms, he added.

The attack on Deutsche Windtechnik hit internal IT systems, not the industrial systems that control its turbines, Mr. Brandt said. He found out the company's systems weren't working properly when the technology department called him around 6 a.m. on April 12. An hour or two later, IT staff drove to a data center in northern Germany to find Deutsche Windtechnik had been hit with ransomware the previous night.

Machines displayed codes that looked like hieroglyphs, Mr. Brandt said, indicating servers had been encrypted with malware. Later that day, employees found an electronic note from hackers instructing the company to contact them to restore their data. By the next day, Deutsche Windtechnik had resolved most of the issues and didn't reach out to the hackers, he said.

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**NS** ghack : Cybercrime/Hacking | gcvir : Malware | gvio : Military Action | gcrim : Crime/Legal Action | c12 : Corporate Crime/Legal Action | neqac : Equities Asset Class News | ccat : Corporate/Industrial News | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter | nfcpin : C&E Industry News Filter

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**IPC** ABO

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220426ei4q0000x

**HD**     **The Strategic Logic of Russia's War on Ukraine**

**BY**     By Chris Blattman

**WC**     999 words

**PD**     26 April 2022

**SN**     The Wall Street Journal

**SC**     J

**PG**     A17

**LA**     English

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**LP**

The verdict is in: Russia invaded Ukraine for two reasons. One is Moscow's obsessive pursuit of nationalist and imperial ambitions -- unifying the two countries and eliminating a separate Ukrainian identity. The other is Vladimir Putin's misperception -- he is an insulated, overconfident autocrat who misplayed his hand.

These theories are surely true, but years of working in and writing about wars have taught me there's usually more to the story. Whether it's a world war, a U.S. invasion or a West African rebellion, observers are quick to focus on passions and mistakes and to demonize leaders who launch a conflict. Yet most wars have strategic roots as well, ones that work in concert with passions and mistakes. Ignoring this makes finding a path to peace difficult.

**TD**

For all its pluckiness, Ukraine was weak, a small country with no allies. Its economy had stagnated for decades. Russia had grown economically and militarily while Mr. Putin consolidated control. The countries of Western Europe gave up nuclear power and found themselves at a huge strategic disadvantage versus their energy supplier, Russia. All this gave Mr. Putin immense leverage over Ukraine and Western Europe.

Despite Ukraine's weakness, recent trends alarmed Mr. Putin and his inner circle. The Ukrainian people had twice tossed out Russia-leaning leaders in revolutions in the past 20 years. Ukraine was a society with which many Russian citizens identified and a powerful example for an uprising against Mr. Putin's regime.

Mr. Putin could wield his leverage to extinguish the threat, but war would be expensive and risky, so he first tried other means. He spent years influencing Ukrainian politics with money, propaganda, assassinations and support for separatists. These risky investments didn't pay off -- and might have pushed Ukrainians closer to the West and democratic government.

This was a worrisome trend for Mr. Putin. As Ukraine entrenched its freedoms, regime change there became more difficult. As Kyiv obtained more missiles and drones, the costs of invasion grew. Mr. Putin's leverage over Ukraine was reaching its peak. Russia had one last tool, invasion, and a closing window to use it.

However reprehensible, this was realpolitik. Mr. Putin was telling Ukraine: It's time to acknowledge Russia's strength. Give something up. Adopt neutrality. Refuse new weapons. Renounce your ambition to join the North Atlantic Treaty Organization. Grant separatist-controlled regions autonomy. Allow me to meddle in your politics. Most of Russia's neighbors had been compelled to make similar sacrifices.

There are three interlocked strategic logics at work in this interpretation of events. The first stems from the lack of domestic checks on Mr. Putin's power. As a personalized ruler, he's insulated from the costs borne by average Russians -- such as the privations of living under punishing sanctions, or sons dying in battle. Since he could ignore these horrors, he was too quick to use violence. This also gave him an incentive to invade. Ukrainian democracy presented a threat not because it would cause harm to ordinary Russians. Rather, it presented a powerful and (to Mr. Putin's mind) dangerous example for Russians dissatisfied with authoritarian rule. An unchecked Mr. Putin was also free to pursue any emotional attachments to an expansion of Russian power and identity.

The second logic is known as a commitment problem. It's a classic strategic dilemma that starts with a closing window of opportunity. After every other measure had failed, Mr. Putin could halt Ukraine's democratic and Western shift only by threatening to attack. Ukraine could avoid the dilemma only by accepting Russia's political interference. These unjust sacrifices happen all the time, but the popular mood in Ukraine wouldn't tolerate a politician who made such concessions. Kyiv couldn't give in to Moscow's demand that it give up on democracy -- a commitment problem.

The final strategic logic arises from uncertainty. Many people, including most military analysts, were surprised by how things turned out. Russian forces proved less competent than expected. Ukraine's resolve to fight exceeded expectations, as did Western unity on sanctions. We shouldn't forget how hard all these things were to predict. As every poker player can tell you, when the truth is uncertain and your opponent has an incentive to bluff, the best strategy often is to call -- make the other players show their hands. Then you'll have the truth of the matter. In this fog, Mr. Putin gambled and lost.

Historians and political scientists usually need both psychological and strategic forces to explain wars. Take World War I. Popular accounts stress that naive and nationalistic leaders sleepwalked into war. But there were strategic forces too -- Russia's imminent rise, the Allies' uncertain resolve, and Europe's unchecked leadership. These helped propel flawed European leaders into war and explain why they fought for years.

Likewise, in 2003, an unchecked Saddam Hussein had incentives to restart his nuclear research program -- a commitment problem exacerbated by uncertainty. Yes, there were ideological incentives, intelligence failures and gross misperceptions on the American side too. Yet popular psychology provides only partial explanations.

In 2022 Mr. Putin was insulated, overconfident and blindly nationalist. But every politician's aspirations exceed his capabilities. The interplay of Mr. Putin's domestic freedom to act, multiple uncertainties, and Ukraine's hard-to-reverse democratic drift narrowed the range of possible bargains to the point that the Russian president's misperceptions and ideology pointed to war.

Getting this diagnosis right matters, because adversaries use different carrots and sticks with a calculating, unchecked leader than they do with a delusional ideologue. No one should want to risk misjudging Vladimir Putin the same way he misjudged Ukraine.

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Mr. Blattman is the author of "Why We Fight: The Roots of War and the Paths to Peace," and a professor at the University of Chicago's Harris School of Public Policy.

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# THE WALL STREET JOURNAL.

**CLM** Best of the Web Today  
**SE** Opinion  
**HD** **Florida, Utah Take on ESG Farce; If you thought Disney made the 'corporate social responsibility' crowd look bad, how about [Russia](#)?**  
**BY** By James Freeman  
**WC** 1,230 words  
**PD** 26 April 2022  
**ET** 01:58  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

Florida's [effort to defend its schools](#) against the Walt Disney Co. has exposed the [empty rhetoric of "stakeholder capitalism."](#) Now Utah is shining a light on the broader movement for "corporate social responsibility." In both cases, aggressive virtue signals may conceal political agendas that are not in the interest of consumers, investors, workers or voters. Moreover, attempts to grade companies on how responsible they are have recently yielded results that are almost beyond belief.

Karen Pierog [reports](#) in the Bond Buyer on Utah's scrap with one of the credit-ratings giants:

**TD**

Utah's top elected officials demanded on Thursday that S&P Global Ratings cease applying environmental, social, and governance factors to the state through the use of what they called a politicized rating system based on indeterminate factors.

A letter to S&P signed by Gov. Spencer Cox, Treasurer Marlo Oaks, other state constitutional officeholders, legislative leaders, and Utah's Congressional delegation, stated their objection "to any ESG ratings, ESG credit indicators, or any other ESG scoring system that calls out ESG factors separate from, in addition to, or apart from traditional credit ratings."

Utah enjoys a top credit rating but worries that political factors may pollute the process of judging the creditworthiness of bond issuers. The letter [states](#):

S&P acknowledges that "having a social mission and strong [environmental, social, and governance] characteristics does not necessarily correlate with strong creditworthiness and vice versa." S&P's ESG credit indicators politicize what should be a purely financial decision. This politicization has manifested itself in the capital markets where, for example, banks are pressured to cut off capital to the oil, gas, coal, and firearms industries. ESG is a political rating and should be characterized as such...

No financial firm should substitute its political judgments for objective financial analysis, especially on matters that are unrelated to the underlying businesses, assets, and cash flows it evaluates. This is especially true of a properly regulated independent entity like S&P that is charged with providing objective clarity and insight. The use of ESG-related quantitative metrics and analytical frameworks confounds the distinction between subjective normative judgments and objective financial assessments. It is therefore unconscionable for S&P to weigh in on indeterminate and normative questions...

While it may be difficult to deliver "forward looking opinion[s] about the capacity and willingness of an entity to meet its financial commitments as they come due," integrating this analysis with the political whims of the day is unacceptable. If they are not political, but are instead financially material, then they would be captured in the traditional credit analysis. ESG indicators are, therefore, not necessary.

So far, S&P isn't responding to the letter from Utah. A report from the company [states](#):

Our ESG credit indicators provide additional disclosure and transparency at the entity level and reflect our opinion of the influence that environmental, social, and governance factors have on our credit rating analysis.

In S&P's defense, one could argue that they are simply responding to demands from political activists within pension funds and large financial institutions—and Biden administration financial regulators.

Beyond S&P's ESG credit indicators related to the firm's credit ratings, the Utah officials also take aim at ESG scores issued by a separate part of S&P. The Utahans write:

Even advocates of ESG accept that there is no agreed-upon standard for ESG reporting and that various ESG sub-components are inherently incommensurable. How, for example, should environmental goals be prioritized over social ones, or governmental goals over environmental ones? This is to say nothing of what factors may populate the social realm...

Nevertheless, S&P has pressed ahead and in the process generated some truly baffling results. For example, S&P gave Russian-controlled energy producers higher ESG ratings than similar entities in the U.S. Russian energy giants Gazprom and Rosneft outsourced American energy companies ExxonMobil and Chevron on S&P's ESG scale. This despite the fact that Vladimir Putin's Russian government is the majority owner of Gazprom and owns a 40% stake in Rosneft—the same government that recently invaded neighboring Ukraine in an unprovoked and unjustifiable attack, in violation of international law. That attack appears to be degenerating into a total war on all Ukrainians, including noncombatant civilians, in violation of the Geneva Conventions, and has resulted in thousands of civilian casualties and over 10 million displaced persons to date.

While S&P recently removed all Russian company scores from their website, it is inconceivable how these energy giants, controlled by a corrupt and reckless regime—and having been sanctioned for that regime's misadventures before—managed to cobble together ESG scores up until a few weeks ago that exceeded those of law-abiding American companies critical to U.S. energy security.... S&P also gave the Chinese state-owned China Petroleum & Chemical Corporation a higher ESG score than ExxonMobil and Chevron, despite human rights violations by the Chinese.

We also note that Russia's leading bank, Sberbank was sanctioned by both the U.S. and the European Union in response to Russia's annexation of Crimea in 2014, and was cut off from the U.S.-led financial system upon Russia's invasion of Ukraine this year. Inexplicably, however, Sberbank's S&P ESG score was higher than that of the largest American bank, J.P. Morgan.

As for the credit indicators related specifically to S&P's credit ratings, the Russian energy firms did score lower than the U.S. energy firms on governance, but had the same scores on social and environmental factors. Are we to believe that Putin-controlled companies are just as socially and environmentally sound as U.S. firms controlled by shareholders?

It appears that ESG is not about creating fair assessments of corporate behavior. So what is it really about? Utah Treasurer Marlo Oaks [takes a crack](#) in a release about the state's letter:

ESG is about controlling and forcing behaviors. It attempts to do through capital markets what activists and their government allies have been unable to do through democratic processes. It is a political score that, intentionally or not, can result in market participants using economic force to drive a political agenda.

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#### In Other News

A 'War' on Umpires Paul Newberry [writes](#) from Atlanta for the Associated Press:

When one looks at the ugly bruise encircling Kristi Moore's left eye, it's not surprising so many refs and umps are hanging up their stripes.

Why put up with incessant taunts and threats from out-of-control parents?

Why fret over potential violence — even the chance of losing your life — because someone thinks you blew a call at a 12-year-olds' softball game?

America is facing a crisis in prep and youth sports, where fewer and fewer people are willing to take on the thankless job of officiating games.

\*\*\*

James Freeman is the co-author of ["The Cost: Trump, China and American Revival."](#)

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[Florida, Utah Take on ESG Farce](#)

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**IPD** Opinion |

**IPC** 0386.HK

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CLM World News  
SE World  
HD **U.S. Wants to See [Russia](#) Weakened, Defense Secretary Lloyd Austin Says After [Ukraine](#) Visit; Moscow struck Ukrainian rail hubs in a bid to foil weapon shipments after Austin and Blinken met with Zelensky in Kyiv**  
BY By William Mauldin in southeastern Poland and Thomas Grove in Lviv, Ukraine  
WC 1,418 words  
PD 26 April 2022  
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LA English  
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LP

The Biden administration's aim in [the Ukraine war](#) is to see Russia's military capabilities degraded and Ukraine's strengthened, to prevent Moscow from attempting to conquer territory by force in the future, U.S. officials said Monday.

"We want to see Russia weakened to the degree that it can't do the kinds of things that it has done in invading Ukraine," Defense Secretary Lloyd Austin said after he and Secretary of State Antony Blinken became the highest-level U.S. officials to visit the Ukrainian capital of Kyiv since [Russia invaded Ukraine](#) on Feb. 24.

TD

A senior U.S. official told reporters after [Messrs. Blinken and Austin](#) returned from Kyiv, "However this ends up, Russia will be in a much weaker position. Ukraine will be in a much stronger position to further deter against any renewed aggression once this is over."

Meanwhile, on Monday the U.S. said it would return diplomats to Ukraine and work to re-establish its embassy in the capital of Kyiv. The White House said President Biden would appoint an ambassador to Ukraine, the first since 2019.

In an attempt to stem the flow of heavy weapons from the U.S. and other allies to the front lines in Ukraine, Russia on Monday hit several [Ukrainian railway hubs](#) with missile strikes, severely disrupting rail traffic.

While U.S. officials said Mr. Austin's remarks didn't reflect an administration policy shift, the comments demonstrated the evolution of the U.S. government's thinking on what it ultimately sees as its [endgame in the war](#).

Initially, the U.S. planned to help Ukraine maintain an insurgency against an occupying Russian force, but Russia failed to achieve its goal of subjugating Ukraine, and shifted its own aims toward consolidating its hold on the [eastern Donbas region](#).

While administration officials have said the U.S. won't deploy military personnel to fight Russian troops there, Washington has committed to sending billions of dollars of increasingly heavy weaponry to help the Ukrainians fend off the Russian invasion and strengthen Kyiv's negotiating position for an eventual end to the conflict. Mr. Biden has suggested that the U.S. doesn't want to see Russian President Vladimir Putin remain in power and considers him [a war criminal](#).

Ukrainian forces, backed by U.S. and international security assistance, have inflicted devastating [losses on Russian forces](#). As many as 15,000 Russian troops have been killed in the war, along with more than 2,000 Russian armored vehicles destroyed or captured, as well as 60 helicopters and jet fighters, the U.K. government said Monday. In addition,



sanctions and export controls have hampered Moscow's efforts to replenish its depleted stocks of arms over the longer term.

"In terms of Russia's war aims, Russia has already failed and Ukraine has already succeeded," Mr. Blinken said Monday. "We don't know how the rest of this war will unfold, but we do know that a sovereign, independent Ukraine will be around a lot longer than Vladimir Putin is on the scene."

The Kremlin didn't respond to Mr. Austin's remarks on a weakened Russia. Later Monday, a senior U.S. defense official said his comments were consistent with administration policy dating back months, which is to prevent Russia from threatening its neighbors.

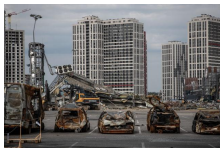
"Austin was not signaling any kind of administration change with respect to Russia," the official said. "He's not talking about a toe-to-toe with Russia."

A spokesman for the White House National Security Council said, "We have also said for months that we intend to make this invasion a strategic failure for Russia."

The Russian missile strikes hit rail infrastructure in the central Ukrainian region of Rivne, local officials said. They followed other missile attacks late Sunday in Poltava that struck an electricity plant and a fuel refinery. The governor of Ukraine's central province of Vinnytsia said early Monday that Russian missile attacks had hit critical infrastructure in the region and that there were people dead and injured, though he provided no details.

The strikes came hours after Messrs. Austin and Blinken told Ukrainian President Volodymyr Zelensky that Washington would reopen its embassy in Kyiv and provide Ukraine with \$322 million in foreign military assistance to allow Kyiv to buy needed weapons. Russia's ambassador to the U.S., Anatoly Antonov, demanded in a diplomatic note that Washington stop supplying weapons to Ukraine, Russian news agency RIA reported Monday.

Mr. Zelensky said the \$3.4 billion in defense support provided by the U.S. so far had been the biggest contribution to Ukraine's defense efforts.



Wreckage left over from a late March bombing of a Kyiv mall in a Russian airstrike. PHOTO: Justyna Mielnikiewicz/MAPS for The Wall Street Journal

The White House said Monday that Mr. Biden planned to nominate Bridget Brink, the current U.S. ambassador to Slovakia, as [ambassador to Ukraine](#). The position has been vacant since the last Senate-confirmed ambassador to the country, Marie Yovanovitch, [was ousted by](#) then-President Donald Trump in 2019.

Messrs. Austin and Blinken hailed Ukraine's success in fending off Russia's initial attack on Kyiv and maintaining its sovereignty. Still, U.S. officials said they recognized that Mr. Putin could choose to escalate the war, including possibly with weapons of mass destruction.

Having [struck Odessa](#) in recent days, the senior official said, Mr. Putin is "looking at the entire expanse of the Black Sea coastline."

Senior U.S. military officers at a facility in Poland described an accelerating logistical effort for supplying weapons and materiel to Ukraine, as well as a regional effort to increase troop levels and exercises with North Atlantic Treaty Organization members along the alliance's eastern flank.

Seven 155-mm artillery pieces, along with their tow vehicles, are being processed through the facility, adding to the 18 howitzers the U.S. has already provided to Ukraine, a senior defense official said. Six dozen U.S. howitzers are being sent to Ukraine under a new aid package, and rounds of 155-mm artillery were visible on pallets at the Polish facility.



The focus on heavy artillery and armored vehicles comes as Russia removes some of its forces from around cities in northern Ukraine and focuses instead on the [eastern Donbas region](#), in what is expected to be a high-stakes conflict on wide-open terrain.

Mr. Austin on Tuesday will join other defense ministers, including Ukraine's Oleksii Reznikov, and NATO Secretary-General Jens Stoltenberg at a gathering at Ramstein Air Force Base in Germany. The topics to be discussed will include updating the representatives of more than 20 countries about the latest intelligence from the battlefield in Ukraine, security assistance to Kyiv and strengthening NATO's defense-industrial base in the long term to support Ukraine's defense, the defense official said.

One problem to be addressed at the gathering is Ukraine's need for what NATO considers to be nonstandard ammunition and weapons systems, as well as discussions about whether the former Soviet republic could shift toward standard NATO equipment, the official said. For example, howitzers designed to fire 152-mm rounds can't accommodate the 155-mm caliber.

The return of a U.S. diplomatic presence to Ukraine, which follows moves by the [U.K.](#), [Italy](#), [France](#) and other countries, will help American and Ukrainian officials to coordinate aid and other efforts in person and to prepare for a future consular operation to address the needs of citizens of both countries, a State Department official said. The defense official declined to say whether U.S. Marines would help guard the embassy in Kyiv, saying the military would respond to the State Department's needs.

Asked whether the increased U.S. focus on Ukraine risks increasing tensions with Russia, the State Department official said Washington has no plans to involve its troops in the conflict.

Mauro Orru in Barcelona and Courtney McBride and Gordon Lubold in Washington contributed to this article.

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[U.S. Wants to See Russia Weakened, Defense Secretary Lloyd Austin Says After Ukraine Visit](#)

IN	iaer : Aerospace/Defense   iindstrls : Industrial Goods
NS	gdip : International Relations   gvdef : Defense Department   gcat : Political/General News   gpir : Politics/International Relations   gvbod : Government Bodies   gvio : Military Action   ncolu : Columns   nimage : Images   gdef : Armed Forces   gcns : National/Public Security   gpol : Domestic Politics   grisk : Risk News   gvexe : Executive Branch   ncat : Content Types
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# THE WALL STREET JOURNAL.

CLM Finance  
SE Markets  
HD **Global Auditing Firms Struggle to Leave [Russia](#); Some big consulting firms are out, but auditors face more complicated departures**  
BY By Jean Eaglesham and Mark Maurer  
WC 1,085 words  
PD 25 April 2022  
ET 15:00  
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LP

Soon after Russia invaded Ukraine, global auditing and [consulting firms promised to leave the country](#). For some, the departure is proving to be difficult and potentially embarrassing.

Big consulting firms such as Accenture PLC and McKinsey & Co. have quit or stopped all client work. But the Big Four accounting firms are still there, trying to unwind complicated relationships with their Russian counterparts.

TD

The protracted pullout puts Deloitte, Ernst & Young, KPMG and PricewaterhouseCoopers in the awkward position of condemning [Russia's invasion of Ukraine](#) but still working for Russian companies, many of them state-owned.

It also could be embarrassing or worse. PwC Russia, for example, is offering businesses in Russia "decision-making support in turbulent times" that includes the option of making "imports via another...country," according to its website.

Rerouting imports might be a way to sidestep sanctions imposed by the U.S. and Europe, according to Charlie Steele, a former U.S. Treasury Department sanctions attorney.

"What they are suggesting certainly could be used as an avenue to try to evade sanctions," said Mr. Steele, a partner at consulting firm Forensic Risk Alliance. He added that the Russian accounting firm "might not have bad intent; they might think they are offering a lawful alternative."

A spokeswoman for PwC Russia declined to comment. A spokesman for PwC's international network said it "would be unacceptable for any member of the PwC Network to facilitate the violation of sanctions." PwC is "actively working on the separation" of the Russian firm from its network, the spokesman added.

The Big Four's long goodbye to Moscow also leaves them promising to abide by an [array of sanctions against Russia](#), while operating in a country where those sanctions don't apply and could even be made illegal.

The Big Four's exits, once completed, will create stand-alone Russian firms built with international support and know-how. Those firms can now draw on that Western expertise in advising Russian companies on how best to minimize the impact of sanctions.

The Big Four will likely use these new firms for the [now-complicated task of auditing the Russian operations of multinationals](#), according to people familiar with the matter. That could be one reason for the global firms to keep supporting their Russian counterparts, despite the separation.

Of the Big Four, Deloitte has the smallest Russian presence and appears closest to extricating itself from the country. It has removed much of its branding from its Russian business and aims to complete the separation early next month, according to a person close to the firm.

The other three remain in the throes of negotiations with their Russian firms, which still carry their brand, according to people familiar with the matter. The divorce process is proving complicated, the people said. EY expects it to take another five to eight months to complete, according to a person close to the firm.

Some of the consulting giants have gotten out faster. Accenture this month said it has completed the transfer of its Russian business to local leadership. The new firm has until May 9 to change its name, and until May 23 to finalize its rebranding, Accenture said.

Rival consulting firm McKinsey has "now ceased all client work in Russia," global managing partner Bob Sternfels said last week in a posting on social media.

Accounting firms might find it harder to make a clean exit because of the way their global networks are organized. Firms in each country are separately owned entities, bound by a legal agreement under which they pay a fee to share branding, technology and intellectual property.

Removing that shared support entirely could make it difficult for the Russian firms to offer their existing audit and other services, people close to the Big Four firms said. "The separation needs to happen in a way that those firms can continue to operate...the intention isn't to knife them," one of the people said.

#### SHARE YOUR THOUGHTS

What steps, if any, should the West take with companies that continue doing business in Russia? Join the conversation below.

EY's Russian firm has assured clients that it will still offer services based on standards developed by the global organization. EY "will continue to provide methodological support to [the] Russian practice," the Russian firm said on its website. That could mean access to some resources of the global organization. A spokeswoman for EY's global network declined to comment.

One factor creating delays is the need to fulfill contractual obligations, such as completing or handing over audit and tax work in progress. There is also the logistics of disentangling the Big Four brand from Russia, both online and in paper-based documents.

Deloitte took down a page on its website after The Wall Street Journal asked why Russia was shown as part of the Deloitte Strategy consulting network. "It was simply an oversight, and we missed it when the relevant pages from our website were being removed," a Deloitte spokesman said.

The pullout isn't a big financial blow for the Big Four. The Russian firms represent less than 1% of the accounting giants' global revenues, according to people close to the Big Four. But the loss of the businesses, built up over decades, still hurts.

"It is like having to go home and shoot your own dog," one of the people said. "It is very painful, very emotional—[we] never expected this to happen."

The Russian accounting firms will likely pay more dearly for the split. They face the loss of their brand, of support from the global network, and of a significant part of their client base, as [multinationals depart Russia in droves](#).

The accounting firms also risk losing partners and junior staff. The war against Ukraine has triggered a [brain drain of professional workers from Russia](#). McKinsey last week said it has helped more than 500 of its roughly 700 staff in Moscow relocate with their families to offices outside Russia.

Around 10% to 15% of the Big Four's Russia-based staff will likely find jobs outside Russia elsewhere in the Big Four networks in the next 12 months, one person close to one of the firms predicted.

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[Global Auditing Firms Struggle to Leave Russia](#)

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News | c24 : Capacity/Facilities | gcns : National/Public Security | gdip : International Relations | grisk : Risk News | ncat : Content Types

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**IPC** I/FAD

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**AN** Document WSJO000020220425ei4p000um

# THE WALL STREET JOURNAL.

CLM Europe News  
SE World  
HD **Scale of Refugees From [Ukraine](#) War on Display in Poland's Public Schools; Around 200,000 children have enrolled in schools since [Russia](#) invaded [Ukraine](#); an estimated half-million are living in Poland and not yet enrolled**  
BY By Natalia Ojewski and Ian Lovett | Photographs by Piotr Malecki for The Wall Street Journal  
WC 1,212 words  
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LP

WARSAW—Hundreds of Ukrainian students are enrolling in this city's public schools each day. Limits on classroom size have been raised. Some schools are running out of tables and chairs. To accommodate the roughly 100,000 refugee children currently living in Warsaw, local officials say they would need to build 2,000 new educational facilities.

"I don't think there's a town...in the world that would be able to admit 100,000 children in three or four weeks," said Renata Kaznowska, the deputy mayor of Warsaw. "It's simply impossible."

TD

Poland's public-school system is struggling to cope with the unprecedented influx of refugee children from Ukraine.

Around 200,000 refugees have enrolled in the country's public schools since [Russia invaded Ukraine](#) over eight weeks ago. An estimated half-million additional Ukrainian children are living in Poland but not yet enrolled.

As the [conflict enters a new phase](#), with Russia pulling its forces out of central Ukraine to focus on the country's east, the number of [Ukrainians fleeing the country](#) has slowed. Those already outside of Ukraine have largely found beds in private homes, alleviating the burden on governments to provide housing.

But the demands on Polish schools are only beginning. In the early days of the war, many Ukrainian parents held their children out of the Polish school system, hoping they'd soon be able to return home.

Now, more refugees are beginning [to see the war as a grinding conflict](#) that won't come to any quick end and resigning themselves to longer-term stays in Poland and elsewhere. They are looking for jobs, finding their own apartments and, increasingly, signing their children up at Polish schools.

The influx of students is straining municipal budgets and making it next to impossible for districts to plan for next year, since they don't know how many Ukrainian students will be enrolled.

Warsaw is carrying the heaviest burden.

So far, the city has admitted around 17,000 Ukrainian students, Ms. Kaznowska said, but the pace has dramatically increased of late. Even before the war, she said, Warsaw's schools were short about 2,000 teachers. She said the city was equipped to accommodate about 25,000 refugee students, and would hit that number within weeks.

"We will run out of capacity," she said. "These are huge numbers that we have to cope with."

The challenges are readily apparent at Juliana Ursyna Niemcewicz Primary School No 81, in southern Warsaw. Enrollment is up 10% since the war began. Most of the 40 new students speak little, if any, Polish.

For the first few weeks in Poland, Denys Andrianov didn't put his 11-year-old son into school. But after several weeks of staying with Mr. Andrianov's sister-in-law, the family is beginning to settle down in Poland. They moved into their own apartment; their son started at Juliana Ursyna Niemcewicz two weeks ago, and Mr. Andrianov, who was working on a ship in Saudi Arabia when the war broke out, is looking for work in Warsaw.

Every day his son says he wants to go home to Odessa. "We try to explain that it's not possible," said Mr. Andrianov.

In one sixth-grade Polish language class last week, eight of the 22 students were Ukrainian refugees. They sat in clusters of two or three, trying to follow along and using their phones to translate.

One of the Ukrainian children volunteered to read his composition to the class. It was in Ukrainian, and after he spoke, the teacher asked the children what they'd understood.

The Polish children picked out a few words they recognized: Chair, blue, colorful. The languages are linguistically similar.

"For a brief moment, we have felt what they feel when we speak Polish," said Ewa Cieśl, the teacher.

A Ukrainian teaching assistant, Zoriana Hrytsiuk, who was hired this month to help the 40 new students, looked on, but the help she could offer was limited. Like the students, she had fled to Poland when the war began, along with her son. Though she can speak Polish, she can't read or write much of it.

"I need to learn Polish better," she said. "Sometimes I can't translate everything."

Much of Ms. Hrytsiuk's job involves helping the new students deal with the emotional struggles of relocation and, often, separation from their fathers. One boy, she said, ran away from the school on one of his first days. Another drew a tank in art class. A third is constantly crying about his father, who's still in Ukraine. (Ukrainian men between the ages of 18 and 60 aren't allowed to leave the country.)

Elsewhere in Europe, schools haven't yet been much affected by refugee arrivals. Many parents are keeping their children in online classes run by the Ukrainian ministry of education rather than throwing them into classes in a new language.

But in Poland, which has taken in the majority of Ukrainians who have fled their country, the crunch in classrooms is now extending far beyond Warsaw.

Justyna Orłowska, an official with the Polish ministry of education, said the country has the space to accommodate all the Ukrainian students, but not if they all stay in major cities. She added that some students are likely to continue with online classes. "It is our moral duty to help," she said.

Hanna Koscielska, a teacher in Czerwonak County in western Poland, said her school has taken in 50 children thus far. The county bought additional tables, chairs and textbooks to accommodate them.

The county has been unable to budget for next year, Ms. Koscielska said: "We have no idea how many students will be here in September."

At Witold Doroszewski Primary School in Nadarzyn, south of Warsaw, so many parents are coming in to enroll their children that the headmaster has set up chairs in the hall outside her office, so they can sit while they wait. School enrollment is up 10% from before the war, with 78 children having joined so far.

"An hour ago it was 78, but now I assume there's one or two more," the headmaster, Izabela Bogusiewicz, said. "It's changing basically every hour."

The reception from the community has largely been warm, she said. A Ukrainian student who moved to Poland three years ago has become an unofficial translator for the new children. Parents and teachers paid to buy supplies, like backpacks, for the Ukrainians.

But as the numbers have grown, Ms. Bogusiewicz said, so has unease among the Polish parents.

"In the beginning there was a lot of kindness and support, she said. "But then I have received single calls from parents complaining that the quality of teaching has worsened."

Eric Sylvers contributed to this article.

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[Scale of Refugees From Ukraine War on Display in Poland's Public Schools](#)

**NS** gscho : School | gimm : Human Migration | gedu : Education | gpir : Politics/International Relations |  
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# THE WALL STREET JOURNAL.

CLM Russia News  
SE World  
HD **Russian Military's Next Front Line: Replacing Battlefield Equipment Destroyed in [Ukraine](#); Moscow has lost thousands of big weapons to Kyiv's forces and faces Western sanctions designed to impede replacement, with two years of tank production erased**  
BY By Daniel Michaels and Matthew Luxmoore  
WC 1,692 words  
PD 25 April 2022  
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LA English  
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LP

Russia's heavy use and loss of weapons in Ukraine, combined with severe Western sanctions, will crimp its military might and lucrative arms exports for years, hindering its ability to produce everything from new weapons systems to spare parts for existing armaments.

Now in [the ninth week](#) of what was envisioned as a quick military operation, Russia has deployed large parts of its arsenal, including some of its most modern equipment. It has fired vast numbers of missiles, rockets and artillery shells and cut deep into supplies of newer, precision munitions, say analysts.

TD

Russia has also lost more than 3,000 pieces of large equipment in battle, according to Oryx, an open-source intelligence tracker. The tally includes more than 500 main battle tanks, 300 armored fighting vehicles, 20 jet fighters and 30 helicopters.

Russia in recent years has produced around 250 tanks and 150 aircraft annually, according to Mark Cancian, a senior adviser at the Center for Strategic and International Studies, a think tank in Washington. That means Ukrainian forces in two months have destroyed the equivalent of at least two years of Russian tank production.

The U.S. believes Russia overall has lost roughly one-fourth of the combat force it initially had to invade Ukraine, a senior Pentagon official said last week, without providing details. The Russian Defense Ministry didn't respond to a request for comment.

For now, [Russia's invasion forces](#) can resupply from enormous equipment reserves, so the depletion is unlikely to affect [the war's course](#) quickly. Russia's official equipment rosters include tens of thousands of military land vehicles. But many require maintenance or repair, and a large portion are likely not operative and can be used only for spare parts, say analysts who track Russia's military. How many older vehicles can actually be deployed is unknown.

If the war drags on for months, consumption and destruction of Russian materiel, coupled with Western financial sanctions and export restrictions, [will impede Moscow's capacity](#) to provision forces with better equipment, analysts say. Russian defense contractors will similarly struggle to meet demand from both Moscow and export customers, or to invest in research and the development of new products, say Western officials and analysts.

"Our sanctions have pulled back the military-industrial complex of Russia, and it's not coming back any time soon," said U.S. Deputy Secretary of State Wendy Sherman in Brussels on Thursday.

Russian Deputy Prime Minister Yury Borisov said last month it was difficult to assess the impact of sanctions on Russia. "The goal of completing state orders was and remains a priority," he said.

The Kremlin hasn't confirmed the scale of equipment losses or how it plans to replenish its forces. Among the most significant losses it has confirmed is the sinking of the cruiser Moskva, the flagship of



its Black Sea Fleet, which Ukraine claims to have hit with missiles. Russia says it sank while being towed during a storm.

Russia, and previously the Soviet Union, built military strategies based on huge quantities of fairly basic weapons to overwhelm adversaries. Moscow at times has appeared ready to suffer big losses to achieve its goals, analysts say, relying on its stockpile of mostly Soviet-era weapons and many of the components needed to manufacture them. The approach contrasts with the West, which has focused on developing fewer but superior weapons that can better survive battle.

Replacing Russia's lost modern combat jets and helicopters would cost hundreds of millions of dollars, and Western sanctions are designed to impede resupply.

Even less-sophisticated land vehicles could pose a replacement challenge for Russian defense companies, which haven't extensively modernized production systems since Soviet times and still rely heavily on now-sanctioned foreign equipment, machine tools and precision components such as electronics and bearings. Russia's military-industrial sector has shrunk from its Soviet scale, further complicating a production surge like during World War II.

"We don't have the men, we don't have the equipment, we don't have the components," said a Russian military analyst.

While sanctions and industrial bottlenecks are unlikely to quickly affect battlefields in Ukraine, they could if the war grinds on.

"The real test for the industry regarding inputs probably will occur in the coming months or in next year" as stockpiles of components with sanctioned content get depleted and Russia runs low on foreign-made microchips now used in most military hardware, said Tomas Malmlof, a senior military analyst at the Swedish Defense Research Agency.

Defense-manufacturing problems that hit exports would weaken Russia's economy, which has been battered by the unprecedented sanctions. Russia is the world's second-largest weapons exporter behind the U.S., and arms are among Russia's largest exports aside from natural resources, which dominate the country's economy. Russia exports arms to over 45 countries and has accounted for around 20% of global arms sales since 2016.

Hurdles even impede Russian defense exports that don't rely on foreign inputs, due to sanctions imposed on Russia's banking system. State-owned arms manufacturer Almaz-Antey said last month it was unable to receive roughly \$1 billion in payment from clients, including India and Egypt, and urged the Russian government to help military companies by developing systems to process foreign transactions.

"Right now, because of the imposed sanctions, the processing of payments has stalled," Almaz-Antey finance director Rustam Ulumbekov told Russia's TASS news agency. "And the sums are colossal." Almaz-Antey didn't respond to a request for comment.

In March, Russia's largest tank manufacturer, Uralvagonzavod, said it was furloughing some workers. A representative of its trade union said that the enterprise, which is under U.S. and European sanctions, was struggling with shortages of parts for components such as cartridge bearings, which it could no longer source from suppliers in Sweden and elsewhere because of sanctions.

"There's no problem with the number of orders. There are problems with their fulfillment," union official Aleksandr Ivanov told the news outlet Ura.ru.

Mr. Ivanov told The Wall Street Journal in a recent interview that Russia is now emphasizing import-substitution efforts that will allow it to replace even the scarcest parts.

"They'll find a way to fulfill defense contracts," he said. "This is a huge responsibility toward the state."

Component stockpiles offer a buffer, he said. "We have a strategic surplus, going back decades."

But analysts say Russia's newer, better military equipment could face more problems.

After the Soviet Union's collapse in 1991, Russia imported many Western weapons systems and components. In 2015, after the West imposed sanctions over Moscow's seizure of the Crimean Peninsula from Ukraine and its support for separatists in eastern Ukraine, the Kremlin launched a program to replace imports, ordering a renewal of its "military-industrial complex on a new technological basis." It said imports would be replaced in 826 types of weapons and military equipment by 2025.

Russian President Vladimir Putin at the time told his Military-Industrial Commission that "import substitution in the defense industry is a serious challenge that managers, engineers, designers, entrepreneurs and scientists must answer."

Since then, Russia has been unable to put into mass production some of its most advanced and highly touted new weapons systems, including Sukhoi jet fighters, the T-14 Armata tank and the A-100 airborne early warning jet. Delays are due to production problems and sanctions, Russian media have reported.

## SHARE YOUR THOUGHTS

Why do you think Russia's military has underperformed expectations? Join the conversation below.

Russia's battlefield performance, beyond depleting its armories, could hurt export sales. Ukrainian forces' large-scale destruction of Russian military equipment using modern Western-supplied drones, artillery and portable missile launchers undermines the reputation of Moscow's arms, said Scott Boston, a senior defense analyst at Rand Corp.

"When their weapons are being shown to be blown up all over the place, there's a general perception that maybe this equipment isn't that good," he said.

A hit to defense exports would hurt Russia beyond just denting its trade balance. Arms-exporting countries and companies rely on foreign sales to subsidize the development and production of new weapons systems for their home militaries. If Russian arms can't generate export revenue, Russian producers might struggle to innovate and remain competitive in the fast-modernizing sector.

"Russia is heavily dependent on exports to reduce their cost of weapons development," said John Parachini, a senior international and defense researcher at Rand.

Spare parts could pose another problem for Russia's military, since even noncombat military operations quickly wear through gear. Soviet industry focused on achieving production targets of finished products, from shoes to fighter planes, with less attention paid to ongoing support for the products. Post-Soviet Russia's defense industry has improved only slightly, say people who have worked with Russian factories.

For parts worn out in Ukraine, "being able to replace them is a protracted operation," said a former American military official with more than two decades of experience working with Russian military equipment, who didn't want to be identified. "They have never manufactured spare parts like we do."

A scramble for replacement parts could also hurt exports to Russia's top foreign buyers, including India, Vietnam and Egypt.

"If some of the biggest purchasers of weapons from Russia worry they can't get spares, they will develop their own indigenous systems...or shift to other countries," said Mr. Parachini at Rand.

Beneficiaries could be former Eastern Bloc countries that still have and support Soviet-designed equipment, Mr. Parachini said.

Robert Wall and Sharon Weinberger contributed to this article.

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[Russian Military's Next Front Line: Replacing Battlefield Equipment Destroyed in Ukraine](#)

**IN** iaer : Aerospace/Defense | iindstrls : Industrial Goods

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**IPD** Wires

<b>IPC</b>	I/ARO
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220425ei4p000uq

# THE WALL STREET JOURNAL.

CLM Finance  
SE Markets  
HD **World's Best-Performing Stock Markets Are in the Middle East This Year; Region is now the world's one bright spot for listings in a market paralyzed by [Ukraine](#) war and concerns about global growth**  
BY By Rory Jones in Dubai and Stephen Kalin in Riyadh, Saudi Arabia  
WC 1,229 words  
PD 25 April 2022  
ET 16:30  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Foreign investors are pouring money into a Persian Gulf stock-market boom, as energy-rich monarchies spin up their massive government entities into public companies and an oil-price rally fuels interest in the region.

Once home to national oil companies and sleepy family businesses, the region is now the world's one bright spot for initial public offerings in a listings market that elsewhere is paralyzed by the [Ukraine war](#) and concerns about global economic growth.

TD

The last time oil was above \$100 a barrel in 2014, Saudi Arabia's stock market wasn't open to foreign buyers, few of the biggest companies or oil firms were listed and international investors largely ignored exchanges in the region. Now, \$100-a-barrel oil has helped make the stock markets in Saudi Arabia and Abu Dhabi two of the best performers globally this year, both up more than 19%, according to FactSet.

More than \$7 billion of foreign capital flowed into Middle East stocks in March, a record month, according to investment firm Franklin Templeton.

"The Middle East is in a sweet spot," said Dubai-based Rami Sidani, head of frontier markets at Schroders PLC. "We've got investors coming to the region seeking one of the best oil exposures in the emerging markets space."

So far this year, the Middle East was the only region world-wide to register an uptick in the value of public listings in the first quarter versus the same period last year, led by share sales in Saudi Arabia and the United Arab Emirates, according to research firm Dealogic.

Across 15 deals, companies raised nearly \$10 billion from IPOs in the year to April 19, compared with \$300 million in the same period last year, propelled by governments privatizing state-owned firms. Europe, by contrast, raised \$3.7 billion so far this year.

This month, Dubai, the U.A.E.'s commercial hub, raised \$6.1 billion by listing part of the emirate's water and electricity utility, the region's biggest IPO since oil giant [Aramco sold \\$25.6 billion in shares in 2019](#).

The emirate's government had planned to list only 6% of the Dubai Water and Electricity Authority, or DEWA, but tripled the number of shares available after seeing global interest, including from U.S. asset managers BlackRock Inc. and Vanguard Group, as well as sovereign-wealth funds from Norway and Singapore, according to people familiar with the investors.

The boom isn't limited to the traditional energy and financial sectors. Among the recent Saudi listings are a pharmacy company, a food-delivery app and a firm that runs cold-storage warehouses. Real-estate development firms and water bottlers are expected to follow soon.

Around the rest of the world, IPO activity has slumped or remained flat in the first three months of the year, according to Dealogic, with bankers citing the fallout from the Ukraine war, rising interest rates, and [warnings of an impending world-wide recession](#).

Rising inflation, a drop in oil prices or a global economic downturn could dampen the good times in the Gulf market. National governments will retain control of many of the companies that are going public, curbing the influence of new shareholders and raising the possibility that companies will give priority to state policies over investors' interests. Some investors also remain wary of a region where high-profile corporate scandals, most notably at private-equity firm Abraaj Group and hospitals operator NMC Health PLC, burned foreign buyers.

Still, the Persian Gulf petrostates are some of the few short-term beneficiaries of a higher oil price, which coupled with regulatory changes designed to encourage companies to list is producing a coming-of-age moment, bankers and investors said.

"There's not much activity happening globally," said Samer Deghaili, head of capital markets for the region at HSBC PLC. "The Middle East is standing up."

Investors running funds dedicated to emerging markets are shifting capital to the Middle East from countries that were once magnets for investment but now face turmoil, bankers and investors said. Russia's invasion of Ukraine caused market-index compilers such as MSCI Inc. and FTSE Russell to withdraw it from their emerging-market trackers. A government crackdown on the technology sector has spooked investors in China, and the recent economic crisis in Turkey, another important emerging market, has made it a less attractive place to invest.

The Gulf is "increasingly perceived by investors as the only viable emerging-markets play," said Andr  e Chakhtoura, head of investment banking in the region at Bank of America.

At the center of the region's emergence is government policy designed to strengthen financial exchanges and cash out stakes in state-owned companies. The U.A.E. and Saudi governments, in particular, have announced major economic overhauls and are investing IPO proceeds to jump-start non-oil sectors.

Competition, too, is playing a part: Riyadh, Dubai and Abu Dhabi are all pushing companies to list on exchanges in those cities, each fighting for global investor cash.

"It's healthy for investors. It provides a bigger universe, more investment opportunities in the Gulf," said Fadi Arbid, co-founder and chief investment officer of Riyadh- and Dubai-based alternative asset manager Amwal Capital Partners.

Saudi Crown Prince Mohammed bin Salman has said he wants the country's exchange, the Tadawul, already by far the region's biggest with a market capitalization of more \$3 trillion, to become one of the world's largest equities markets. His efforts to attract direct investment from foreign companies, which involves more exposure to local policies, [have faced major obstacles](#).

The Saudi government is expected to sell more of Aramco on the local exchange, and the country's sovereign-wealth vehicle, Public Investment Fund, is encouraging companies in which it owns stakes to list. The latest example: Digital security firm Elm raised more than \$800 million for PIF in February.

In total, the Saudi exchange has received applications for 50 IPOs in this year, though they are not all likely to list, according to Franklin Templeton.

"We have seen a bumper quarter in terms of issuance," said Salah Shamma, Franklin's head of equities in the region. "That's going to continue well into the end of the year."

The seeds of the current IPO boom were sown in 2015 when the Saudi kingdom opened its market to foreign investors and Prince Mohammed later said he would list part of Aramco.

A flood of money poured into Saudi Arabia in 2019 when MSCI and FTSE Russell added the country to their emerging-market indexes. The government then encouraged families and owners to list firms by offering incentives, such as preferential treatment on government contracts. Abu Dhabi and Dubai followed suit.

The result is that each market now has more listed companies and in a much wider spectrum of industries than before.

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[World's Best-Performing Stock Markets Are in the Middle East This Year](#)

**NS** c1711 : Initial Public Offerings | c02 : Corporate Changes | c14 : Stock Listings | c171 : Share Capital | ccat : Corporate/Industrial News | ncolu : Columns | npda : DJ Exclusive Analysis - All | c17 : Corporate Funding | cactio : Corporate Actions | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

**RE** saarab : Saudi Arabia | uae : United Arab Emirates | ukrn : Ukraine | asiaz : Asia | eurz : Europe | meastz : Middle East | uk : United Kingdom | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | gulfstz : Persian Gulf Region | wasiaz : Western Asia | weurz : Western Europe

**IPD** Wires

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**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220425ei4p0015r

# THE WALL STREET JOURNAL.

**CLM** Review & Outlook (U.S.)  
**SE** Opinion  
**HD** **Where Are Germany's Weapons for Ukraine?** Berlin slow-rolls heavy arms deliveries out of confusion, or fear of Russian retaliation.  
**BY** By The Editorial Board  
**WC** 515 words  
**PD** 26 April 2022  
**ET** 04:32  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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**LP**

German Chancellor Olaf Scholz promised Germans and their allies a transformation in Berlin's approach to foreign and defense policy. As voters and North Atlantic Treaty partners try to assess whether he meant it, a question looms: Where are Germany's arms for Ukraine?

The snail-like pace of weapons shipments to Kyiv's military is becoming a political scandal in Germany. Berlin has improved on its laughable offer of 5,000 helmets, extended in mid-February before Vladimir Putin started his invasion. Germany has since shipped an assortment of anti-aircraft missiles, rocket-propelled grenades, machine guns, mines and the like.

**TD**

But Mr. Scholz is reluctant to send tanks, armored vehicles and other heavy equipment Ukraine needs to fight the prolonged campaign this war is becoming. The tabloid Bild reported last week that Mr. Scholz had excluded such weapons from a proposal for German manufacturers to ship new arms directly to Ukraine at Berlin's expense. Berlin has also refused to send older weapons.

Instead, Berlin belatedly struck a deal last week under which NATO ally Slovenia will supply Ukraine with Soviet-era T-72 tanks, which Germany will replace with more up-to-date equipment. Yet deliveries directly from Germany are still off the table.

Political expediency doesn't explain the foot-dragging, which is becoming a major controversy in Berlin. Leading members of the Green and Free Democratic parties, which govern in a coalition with Mr. Scholz's Social Democrats (SPD), are vociferous advocates for heavy weapons. So are many members of the opposition Christian Democrats. The polls say sending heavy weapons to Ukraine also enjoys support with a German public shaken (for now) out of its traditional pacifism by Mr. Putin's invasion.

Ostensibly practical concerns also ring hollow. Mr. Scholz's administration says it worries that sending more of its heavy weapons would degrade Germany's military capacity. This might be true given Berlin's chronic underinvestment in its military over many years, but it's also irrelevant. Germany and its NATO allies aren't currently under threat of invasion as Ukraine is, retired Gen. Hans-Lothar Domröse [told public broadcaster WDR](#) Thursday. The weapons Berlin sends to Ukraine today could be replaced within months.

It's possible Mr. Scholz doesn't think Ukraine can win. That view in Washington explained early delays in support from the U.S., although the Biden Administration now appears to recognize a Russian victory—or ceasefire favorable to Russia—isn't certain.

No matter the reason, these delays are an embarrassment for a chancellor who promised more support for Ukraine and whose voters expect it. Mr. Scholz is undermining his credibility with NATO allies. Heavy-weapons shipments would send a strong deterrent signal to Mr. Putin that Germany's strategic transformation regarding Russia and his recommitment to NATO are serious. Mr. Scholz's new foreign policy starts with tanks for Ukraine.

[Where Are Germany's Weapons for Ukraine?](#)

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

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**IPD** Opinion |

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**AN** Document WSJO000020220425ei4p0053e



# THE WALL STREET JOURNAL.

CLM Politics and Policy  
SE Politics  
HD **Pandemic Border Policy Could Complicate Covid Relief, [Ukraine](#) Bills; Congress returns to face two major funding requests from the Biden administration**  
BY By Eliza Collins and Michelle Hackman  
WC 1,183 words  
PD 25 April 2022  
SN The Wall Street Journal Online  
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LA English  
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LP

WASHINGTON—When Congress returns this week, a pandemic-era immigration policy could [complicate efforts to pass further coronavirus relief](#) legislation and possibly another Ukraine aid measure if centrist Democrats side with Republicans in opposing the Biden administration's repeal of the border rules.

Earlier this month, the Biden administration said that in May it [will end its use of Title 42](#), a controversial policy dating to the Trump administration that allows Border Patrol agents to quickly turn away migrants at the southern border.

TD

Liberal Democrats cheered the decision, but Republicans and some Democrats, particularly those in difficult re-elections, said the administration didn't have a detailed plan in place to deal with the [expected increase in migrants](#) to the southern border at a time when migrants are already crossing illegally at the fastest pace in at least two decades. Privately, some said the move could flip some Democrats' seats to the GOP.

## SHARE YOUR THOUGHTS

What is your outlook on the \$10 billion Covid aid package? Join the conversation below.

Republicans are trying to amend a [\\$10 billion coronavirus relief bill](#) that is being considered in the Senate to reinstate the border policy. They are hoping enough Democrats will join them.

A request for [additional aid to Ukraine](#) could also become tied up if Democratic leaders decide to move that measure along with the Covid-19 aid package. President Biden said last week the administration would send [a supplemental budget request for weapons and ammunition](#).

The White House hasn't yet offered specific details on its request, and congressional Democrats will decide this week how to proceed on that front. Senate Majority Leader Chuck Schumer (D., N.Y.) had previously said he would like to combine global vaccine funding with Ukraine aid but hasn't detailed what a larger request would include.

On its own, a new Ukraine bill would likely have broad bipartisan support. Sen. Jim Inhofe of Oklahoma, the top Republican on the Senate Armed Services Committee, said on Twitter that when Congress returns "we must immediately turn to writing an aggressive supplemental for Ukraine that responds to the military and humanitarian needs of the Ukrainian people."

Senators had hoped to move the coronavirus relief legislation earlier this month and send it to the House for final passage, but the bill was delayed over the efforts to amend it. The bill will need 60 votes for passage in the 50-50 Senate, giving Republicans power in making demands.

Some Democrats said they would consider supporting the amendment, depending on how it was written. However, several Democrats said they didn't want to hold up the relief bill, which the White House considers an urgent priority, over the effort. One possibility Republicans are considering is

using the language from bipartisan legislation that would reinstate Title 42 until after the pandemic is declared over.

Ten Democrats joined Republican colleagues to introduce the immigration legislation in both the House and Senate before Congress broke for a two-week recess. Additional Democrats in both chambers have expressed concern about removing the border policy, and Republicans believe they could increase support for the bill.

The administration has previously said it expects that revoking Title 42 could lead to a marked rise in both the numbers of migrants seeking asylum at the border and those released into the U.S. to pursue their requests. But whether or not the policy comes to an end, intelligence reports tracking movement through Latin America indicate [unprecedented numbers of people on the move](#), many of them headed for the U.S. border.

The administration has highlighted its early planning, saying it is pre-emptively strengthening government contracts for transportation and medical care and adding more staff to handle increased arrivals. Officials said they are preparing for a worst-case scenario that assumes an average of 18,000 migrants will cross the border illegally a day—roughly triple the pace seen so far under the Biden administration.

"The assertion that we do not have plans is an assertion that is not grounded in fact," Department of Homeland Security Secretary Alejandro Mayorkas told CBS News on Friday. "We have been planning for months to address increases in migration; those that we already have experienced and those that we might experience upon an end to Title 42."

Still, Democratic aides in Congress say the administration hasn't offered basic details of its planning—such as how many officials it will need to help process migrants or how much food and medical supplies it expects to use.

Reps. Abigail Spanberger (D., Va.) and Elissa Slotkin (D., Mich.), two House members in competitive re-elections who previously worked in national security positions, sent a letter Tuesday to Biden administration officials urging them to keep Title 42 in place "until you have a plan in place to address the inevitable migration surge."

Mr. Mayorkas is testifying before three House committees this week on the administration's handling of the border.

White House press secretary Jen Psaki said Wednesday the administration would continue to make preparations for the policy to end on May 23, but she said it was up to Congress to make the decision. Ms. Psaki declined to say whether Mr. Biden would sign a bill authorizing the delay into law.

By law, the Centers for Disease Control and Prevention doesn't need the consent of Congress to decide when to put in place or remove Title 42.

Oklahoma Sen. James Lankford, who is leading GOP efforts to amend the coronavirus bill, told The Wall Street Journal he had been in touch with Democratic senators about Title 42 over the break.

Asked about Ms. Psaki's comments, Mr. Lankford said he was fine with Congress taking the lead on the issue. "They have the authorities to be able to make decisions on the border for border security. They're just choosing not to be able to use those authorities," he said of the administration.

Representatives for Mr. Schumer and House Speaker Nancy Pelosi (D., Calif.) didn't respond to requests for comment on next steps.

Meanwhile, 20 Republican state attorneys general have asked a federal judge in Louisiana to issue a temporary restraining order blocking the administration from ending Title 42. A ruling could be issued in the coming days.

The state of Texas separately filed a lawsuit against the administration on Friday, alleging its plan to end Title 42 violated laws governing how federal policies should be issued.

Republican-controlled states have been successful at halting numerous Biden administration immigration policies or forcing it to restart Trump administration programs, and legal experts say it is likely a judge could halt the administration's plans on Title 42 as well.

Tarini Parti contributed to this article.

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[Pandemic Border Policy Could Complicate Covid Relief, Ukraine Bills](#)

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# THE WALL STREET JOURNAL.

CLM Heard on the Street

SE Markets

HD **A Choppy First Quarter May Be as Good as It Gets for European Banks; Market volatility likely made for an uneven start to the year, but the bigger worry is the impact of [Russia's](#) war in [Ukraine](#) and high energy costs**

BY By Rochelle Toplensky

WC 647 words

PD 25 April 2022

ET 15:56

SN The Wall Street Journal Online

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LA English

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LP

The first quarter will be a messy one for Europe's banks, but with the risk of an economic downturn rising things may only get messier.

In quarterly results this week, Deutsche Bank, Barclays, UBS and Credit Suisse will likely paint a mixed overall picture of the European banking sector. While the Russian invasion of Ukraine put the brakes on the recent investment banking boom, it also brought market volatility, particularly in commodities and interest-rate expectations. That will have helped some traders boost their revenues, but also comes with potentially higher capital requirements and risks such as mark-to-market writedowns or counterparty losses.

TD

Another big item in the mix will be loan losses. Most lenders still have pandemic-related provisions they could reverse. However, many will also need to book impairments against their Russian business. Raiffeisen Bank and Unicredit have the largest total exposure, but many others are involved, including Deutsche Bank, Intesa Sanpaolo, UBS and BNP Paribas. Credit Suisse announced [a \\$212 million hit](#) for Russian assets last week as part of a wider profit warning related to its own idiosyncratic legal problems.

It is hard for outsiders to estimate the financial impact of banks' winding down Russian exposure, which ranges across different asset classes. A case in point: Société Générale had about €18 billion, equivalent to \$19.5 billion, in total Russian exposure but booked [a writedown of €3.1 billion](#) when it announced its exit. The process is complicated and will take time: "A bank is not a hot dog stand that can be closed down within a week," said Johann Strobl, Chief Executive of Raiffeisen Bank in an analyst call last month.

All the moving parts make for an unpredictable results season. What seems more certain is the darkening view from here. European Central Bank governor Christine Lagarde warned this month that the "downside risks to the growth outlook have increased substantially as a result of the war in Ukraine." The prospect of embargoes on Russian energy supplies has exacerbated tight commodity markets, pushing up oil and gas benchmarks. This has fueled wider cost inflation and intensified a cost-of-living squeeze in the region. Banks are among the first in line to feel the impact of such macroeconomic forces.

The ECB could be forced to follow the U.S. Federal Reserve in raising interest rates, despite weaker growth prospects, potentially swamping the benefit of economic reopening after the pandemic. In a worst-case scenario, it could all add up to a double-dip downturn—an uncomfortable echo of when, earlier this century, the Eurozone crisis arrived just in time to overwhelm any prospect of a European recovery from the global financial crisis.

Some European lenders are less exposed to Europe: Barclays has a big U.S. credit business, UBS's clientele of global billionaires may float above the fray, and the prospects of HSBC and Standard

Chartered are more dependent on their sizable Hong Kong businesses. There was more dispersion than usual in the first-quarter results of U.S. banks, and the same may be true of European lenders.

One argument for owning European bank stocks right now is payouts: Capital buffers built up through the pandemic had many investors expecting big cash returns this year. What executives choose to say about dividends and buybacks will be an important test not just of those expectations, but also of how banks themselves see the outlook for economies overshadowed by war.

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[A Choppy First Quarter May Be as Good as It Gets for European Banks](#)

**CO**      barc : Barclays PLC

**IN**      i81402 : Commercial Banking | i814 : Banking | i81501 : Credit Types/Services | i831 : Financial Investment Services | ibnk : Banking/Credit | ifinal : Financial Services | iinv : Investing/Securities | iibnk : Integrated Banks

**NS**      e1101 : Economic Growth/Recession | gvio : Military Action | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | ecat : Economic News | ncolu : Columns | npred : Economic Predictions/Forecasts | gcat : Political/General News | gcns : National/Public Security | grisk : Risk News | ncat : Content Types

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**CLM** Best Practices  
**SE** Advisor Center  
**HD** **Ukraine** War Has Increased Cyber Risks for Advisors. Here's How to Reduce Them.  
**BY** By Kenneth N. Rashbaum, Barton LLP  
**WC** 660 words  
**PD** 25 April 2022  
**ET** 22:53  
**SN** Barron's Online  
**SC** BON  
**LA** English  
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**LP**

The Russia-Ukraine war has resulted in increased cybersecurity threats that directly impact financial advisors.

Cyber warfare has already led to an increase in hacking and the introduction of malware to systems of organizations beyond Ukraine and Russia.

## TD

Advisors should be aware of these increased risks to their systems and harden their defenses. Knowing where they are vulnerable and what they need to do to protect themselves is a good place to start.

Russia has launched cyberattacks against Ukraine, and Ukraine in turn has unleashed its "volunteer IT army" to fight back. These skirmishes can result in collateral damage to organizations and individuals outside the immediate conflict zone because computer malware, like biological viruses, rarely remains confined to its intended target or space.

We have seen such cyber collateral damage before. In 2017 hackers thought to be affiliated with Russia targeted Ukrainian citizens, with malware known as NotPetya, that was tied to software Ukrainians are required to use to file their taxes. It spread to multiple corners of the world, affecting organizations as diverse as Maersk, Merck, FedEx, and Mondelez International.

There is legal risk for advisors in failing to take appropriate steps in light of a well-publicized threat such as that posed by the Ukraine War. Many laws and regulations require organizations that collect and store personal and financial information to secure that information. The standard of liability is failure to take reasonable steps to protect investor information, and "reasonable" is defined by the needs of the circumstances of the current cyber environment of elevated risk.

The FBI and CISA (Cybersecurity and Infrastructure Agency) issued [a joint warning](#) at the start of the war about potential cyber collateral damage from the Ukraine conflict, and those warnings comprise important safeguards all advisors should take now.

These security steps, many of which advisors can implement themselves, should be documented so they can be presented to a regulator in the event of an investigation following an attack and data breach. Documentation of the following safeguards can reduce legal risk but also business risk that could arise from loss of the advisor's reputation and the loss of confidence of investors following a successful cyberattack:

- \* Implement Multi-Factor Authentication (MFA), in which login requires entry of a code sent to a smartphone) for access to all systems with investor information, including email. While no safeguard is a guarantee against attack, the presence of MFA may deter an attacker who would prefer an easier target.

- \* Conduct the next scheduled system scan and risk assessment now, with attempts by "white-hat" or "ethical" hackers to enter the system in the manner of a true attacker. These assessments and scans can reveal the presence of malware that may not yet have triggered data leakage.

\* Similarly, anti-malware or antivirus software should be updated to scan regularly for malware and also should be updated to the most current version, as should the main operating system. Automatic security updates should be enabled.

\* Train your workers on security awareness and, in particular, make sure they know to alert IT if they notice slow or unusual system behavior.

In this time of greatly enhanced risk to critical information, advisors should govern themselves by a slight modification of the message of a ubiquitous sign in the New York City subways: "If you see something, say something."

Kenneth N. Rashbaum is a partner at Barton LLP where he advises multinational corporations, financial services organizations, life sciences organizations, and other businesses that collect, use, and share electronic information in the areas of privacy and cybersecurity. He is also an adjunct professor of law at Fordham University School of Law. Prior to joining Barton, Ken was a senior litigation partner in the New York office of Sedgwick LLP.

[Ukraine War Has Increased Cyber Risks for Advisors. Here's How to Reduce Them.](#)

**NS** ghack : Cybercrime/Hacking | gdatap : Privacy Issues/Information Security | gcvir : Malware | gcrim : Crime/Legal Action | ncolu : Columns | gcat : Political/General News | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter

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**IPD** Advisor POV

**IPC** G/FBI

**PUB** Dow Jones & Company, Inc.

**AN** Document BON0000020220425ei4p002mh

**SE** Blog  
**HD** **Christie's Raises Funds for Ukraine Through Sales in London and New York**  
**BY** By Abby Schultz  
**WC** 766 words  
**PD** 25 April 2022  
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**SN** Barron's Blogs  
**SC** WCBBE  
**LA** English  
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**LP**

Three upcoming sales at Christie's this spring in London and New York will raise an anticipated US\$1 million for three nonprofits supporting Ukraine and its people who are suffering from the Russian invasion.

The first is a private selling exhibition in London of 116 works to raise money for the World Monuments Fund's Ukraine Heritage Response Fund, while the second and third involve sales of art at Christie's day sales during its major 20th and 21st-century auctions in May.

**TD**

"These are initiatives that we have been working on individually and collectively, ensuring we are collaborating and well organized so we can bring the most benefit and relief aid to Ukraine," says Sonya Bekkerman, Christie's deputy chairman of business development.

The selling exhibition titled "Safeguarding the Irreplaceable," runs from April 25 to May 5, and features the Peremen Collection of Ukrainian Avant Garde Artists as its centerpiece. This collection of early 20th-century artists known as the Odessan Parisians is being sold as a single group of 86 paintings and drawings.

Yakov Peremen collected and supported these artists "and created opportunities for them to thrive," Bekkerman says. In 1919, when the White Army of Southern Russia invaded Odesa—which is today one of Ukraine's most populous cities—Peremen "packed up the collection and shipped it to Palestine," she says. His foresight is how art historians know about artists such as Theophil Fraerman, Amshei Nurenberg, Isaac Malik, and Sigismund Olesevich, who were inspired by and sometimes worked alongside European artists of the day, including Henri Matisse, Edgar Degas, and Marc Chagall.

The selling exhibition also includes paintings by 20th century modernists born in Ukraine, including Maria Siniakova, David Burliuk, Alexandra Exter, Oleksandr Bohomazov, and Wladimir Baranoff-Rossiné, Christie's said.

Another 20 photographs and video works are by contemporary artists of the Ukrainian diaspora that were curated by Peter Doroshenko, the executive director of Dallas Contemporary who is stepping down in May. Artists include Boris Mikhailov, Anna Kulacheck, Yelena Yemchuk, and Ira Lupu.

A portion of the selling exhibition's proceeds will benefit the protection of "Ukraine's cultural heritage from further damage and lay the foundation for future recovery," Christie's said in a news release. Funds will also be sourced from of a significant percentage of proceeds by consignors and most of Christie's commission.

"Cultural preservation is a mission that's close to our heart, close to our mission, understanding its really culture that moves humanity forward," Bekkerman says. "Ukraine's cultural heritage is already severely damaged... They need immediate supplies to Ukraine as the churches, museums, and monuments are being greatly destroyed."

In New York, Christie's will offer 11 contemporary artworks during its May 13 contemporary day sale that have been donated by artists and their galleries to benefit Doctors Without Borders' Emergency Relief



Fund. Among the works in this "Artists for Humanity" grouping are two pencil-drawn caricatures of girls by Yoshitomo Nara, with estimates ranging between US\$80,000 and US\$150,000, and a series of works by Mikhailov, the photographer, called "Yesterday's Sandwich," depicting life in the Soviet Union in the 1970s.

Doroshenko also supported curation of these works, saying in a statement that he reached out to artists who he knew well and worked with in the past.

"All were deeply upset with the current war in Ukraine and wanted to help anyway they could," Doroshenko said. "For the artists who moved to other countries from Ukraine, it was especially difficult, yet everyone located an art work for this important cause."

The May 13 day sales will also include works by artists Kenny Scharf and Gina Beavers to raise funds for Community Organized Relief Effort, or CORE, a global nonprofit crisis relief group founded by Sean Penn and Ann Lee.

Scharf's Frackattack, 2017, is estimated to sell for between US\$100,000 and US\$150,000 and Beavers' Invisible Lip, is estimated to sell for between US\$40,000 and US\$60,000.

The sales come after Christie's immediate response to the crisis in the form of donations to the Red Cross and the United Nations Refugee Agency, which are both providing humanitarian support to Ukrainians. The amounts of these donations weren't specified.

"This has definitely been a passion project for all of us, and we feel incredibly lucky to use our platform for this," Bekkerman says.

#### [Christie's Raises Funds for Ukraine Through Sales in London and New York](#)

**CO** chrs : Christie's International Plc | artmfs : Artemis SA | fpinau : Financiere Pinault SCA

**IN** i64 : Retail/Wholesale | i654 : Specialty Retailing | iretail : Retail | iahou : Auction Houses

**NS** gart : Art | gcltre : Cultural Heritage | gvio : Military Action | c151 : Earnings | c1513 : Sales Figures | ccat : Corporate/Industrial News | gartau : Art Collecting/Sales | gcha : Charities/Philanthropy | gent : Arts/Entertainment | nblog : Blogs | nrw : Reviews | gcat : Political/General News | c15 : Financial Performance | gcns : National/Public Security | gcom : Society/Community | grisk : Risk 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 Minute Briefing  
**HD** **U.S. Says Its Diplomats Will Return to Ukraine**  
**WC** 378 words  
**PD** 25 April 2022  
**ET** 15:33  
**SN** WSJ Podcasts  
**SC** WSJPOD  
**LA** English  
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**LP**

French President Emmanuel Macron wins re-election, defeating far-right leader Marine Le Pen. Twitter is in talks to sell itself to Elon Musk. Luke Vargas hosts.

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

**TD**

Luke Vargas: Here is your Morning Brief for Monday, April 25th. I'm Luke Vargas for The Wall Street Journal. During a visit to Ukraine's capital, US Secretary of State Antony Blinken and Defense Secretary Lloyd Austin told President Volodymyr Zelenskyy that American diplomats will return to the country this week after pulling out earlier this year. Blinken and Austin also told Zelenskyy that Washington will increase military support for Kyiv.

French President Emmanuel Macron was reelected by a wide margin, defeating far-right leader, Marine Le Pen. Macron becomes the first French president to secure a second term in office in 20 years. He is now under pressure to unite millions of people who backed his rivals in the election's first round, when more than 50% of the vote went to far right and far left candidates.

We are exclusively reporting that Twitter is in discussions to sell itself to Elon Musk and could finalize a deal as soon as this week. Sources say that, "On Sunday, the two sides met discuss the Tesla CEO's 43 billion dollar proposal and were making progress." Though they still had issues to hash out, there is no guarantee they will reach a deal. Twitter had been expected to comment on Musk's bid when it reports quarterly earnings on Thursday, if not sooner.

Markets in Asia ended sharply lower with Chinese stocks suffering their worst selloff in two years amid worries about COVID-19 lockdowns. European shares also fell in early trading. On the earnings front, Coca-Cola and Activision Blizzard are among the companies expected to report results today. About one-third of the S&P 500 and nearly half of the Dow Jones Industrial Average are scheduled to report earnings this week.

We have a lot more coverage of the day's news on the WSJ 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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**AN** Document WSJPOD0020220425ei4p0005I

# THE WALL STREET JOURNAL.

CLM Europe News

SE World

HD **Who Is Volodymyr Zelensky? What to Know About Ukraine's President; The former actor and comedian now leads his country's resistance to Russia's invasion, remaining in Ukraine and determined to fight**

BY By James Hookway

WC 2,448 words

PD 25 April 2022

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LP

President Volodymyr Zelensky has become the face of Ukraine's resistance against Russian President Vladimir Putin's invading forces, with impassioned speeches such as an address to the United Nations Security Council in which [he accused Russian forces of committing war crimes](#).

Mr. Zelensky came into power with little traditional political experience. Before he was elected, he was best known for playing a television role as an ordinary schoolteacher accidentally catapulted into power. The show, "Servant of the People," ran for four years, making him a household name.

TD

[Since the Russian strikes began](#) on Feb. 24, Mr. Zelensky has captured the world's imagination, often dressing in military T-shirts or ballistic vests as he urges people to press the fight during videos he posts to Telegram, Facebook and Instagram from the center of Kyiv. On April 18, he posted another video address where he warned that Russian forces had begun a fresh offensive in eastern Ukraine. At other times, the 44-year-old has harangued Western leaders to step up efforts to defeat Mr. Putin. Frustrated with the West's unwillingness to intervene militarily, Mr. Zelensky has repeatedly pressed the North Atlantic Treaty Organization to enforce [a "no fly" zone over Ukraine](#), an idea NATO has rejected, saying it would put the alliance into a war with Russia. He has repeatedly called on Western nations to provide Ukraine with artillery, ammunition, air defense systems and jet fighters to repel Russian forces, or he warned, Poland, Romania, Moldova and the Baltic states could be next.

"The Russian invasion of Ukraine was intended only as a beginning, then they want to capture other countries," he said in a late-night address on April 23.

Mr. Zelensky says he knows he is at the head of the Kremlin's kill-or-capture list, but he insists that neither he nor his family will leave as he tries to keep his battered country together.

Where is Zelensky now?

Mr. Zelensky has met with a number of world leaders who came to Kyiv after Russian forces pivoted to consolidate their positions toward the east of the country. Those arriving included [U.S. Secretary of State](#) Antony Blinken and Defense Secretary Lloyd Austin, European Commission President Ursula von der Leyen, British Prime Minister Boris Johnson and the presidents of Poland, Lithuania, Latvia and Estonia. Mr. Zelensky's exact location is a security matter. [In an ABC interview](#), he said he had been offered safe passage out of the country if the situation further deteriorated, but he said he would remain.

Mr. Zelensky on April 4 [visited the town of Bucha near Kyiv](#), where he said there was evidence that more than 300 civilians had been killed or tortured in the area, and that more atrocities could be uncovered as Russian forces retreated to eastern Ukraine. The following day he spoke by video to the U.N. Security Council in New York, where he cataloged an avalanche of alleged abuses.

"There is not a single crime that they would not commit there," Mr. Zelensky said to the Security Council. "Some of them were shot on the streets, others were thrown into wells, so they died there in suffering."

"Civilians were crushed by tanks while sitting in their cars in the middle of the road," Mr. Zelensky said. "Women were raped and killed in front of their children."

Russia has denied the allegations, saying photographs and videos showing dead civilians had been fabricated.

How long has Zelensky been president of Ukraine?

Mr. Zelensky was elected president in 2019, defeating the incumbent Petro Poroshenko by [casting himself as an antiestablishment outsider](#) bent on rooting out corruption and securing better relations with Moscow. His pitch was largely based on the role he played on his TV show, where he portrayed an ordinary man thrown into the presidency to clean up the country. His political party was even named after the show.

How is Zelensky winning international support?

Mr. Zelensky is at the apex of a sophisticated public relations effort to build global backing for Ukraine. From hand-shot videos from the streets of Kyiv to his addresses to the United Nations and the [U.S. Congress](#), Mr. Zelensky is careful to tailor his message for his specific audience. He invoked the attacks of 9/11 and Pearl Harbor for American lawmakers and referred to Britain standing alone against Nazi Germany as he spoke by videolink to the British parliament. When speaking to the Irish parliament, he referred to the danger of famine in other parts of the world because of the disruption to Ukraine's huge agricultural exports. He told the Grammy Awards that Ukraine's cities were being silenced by the Russian war machine.

In Ukraine, his customary late-night addresses over social media have become a rally-point for ordinary Ukrainians. Sat at his desk, Mr. Zelensky provides updates on how the conflict is progressing, applauding the sacrifices of the Ukrainian armed forces and warning of the tests to come.

How has Zelensky handled the invasion?

Early on, Mr. Zelensky directed much of his energy toward projecting a sense of calm as Russian forces steadily built up along Ukraine's borders to eventually total as many as 190,000 troops. He said U.S. warnings of an imminent invasion were overblown and were damaging Ukraine's economy. Mr. Zelensky pointed to an even larger Russian buildup last spring that was eventually withdrawn.

But after the first Russian strikes began to hit Kyiv and other Ukrainian cities on Feb. 24, he pivoted hard toward shoring up Ukraine's defense, securing as much Western assistance as he could obtain. With Russian propaganda claiming he had already fled the country, he made a hand-shot video of himself out on the street in front of the presidential palace in Kyiv to urge on Ukrainians in their defense of the country. It drew millions of views on Telegram and Facebook. Gone were the suits and ties, in came military sweatshirts.

Mr. Zelensky spoke frequently with Western leaders, urging them to increase sanctions on Moscow in the hope of breaking the Russian advance. As he pleaded with European leaders in a video call to take tougher action, he warned them that this [might be the last time they saw him alive](#), according to several diplomats.

"The silence in the room was impressive," a senior European Union official said. Shortly after, the 27-nation bloc moved to significantly expand the range of measures as the West hardened its response to Moscow's aggression.

Mr. Zelensky has since been on a virtual tour of capitals to rally support for Ukraine. In addition to the U.N. and the U.S. Congress, he has addressed people in the U.K., Germany and Switzerland, among others, with plans for further outreach to seek assistance and keep international pressure on Russia. So far he hasn't succeeded in persuading the West to enforce a no-fly zone over Ukraine.

He is also pushing Western nations to do more to tighten sanctions, including an embargo on oil sales to the EU. On April 21 he suggested to a meeting of the World Bank and International Monetary Fund that a new global tax be imposed on any transactions with Russia to help pay for the rebuilding of Ukraine, which has seen more than 1,000 schools and universities destroyed or damaged in addition to other infrastructure losses.

Mr. Zelensky said Ukraine needs \$7 billion every month until the summer to keep functioning. World Bank President David Malpass said the Russian operation has caused at least \$60 billion in damage to Ukraine's infrastructure.

How has Zelensky's stance against Russia evolved?

Mr. Zelensky initially sought a rapprochement with Russia when he was elected president in 2019. Ukraine had been at loggerheads with the Kremlin since 2014, when Russian forces annexed the Black Sea port of Crimea and stirred up a rebellion that led to two pro-Russian regions breaking away from Kyiv's control. Mr. Zelensky pledged [to improve relations with Mr. Putin](#), and had some early successes. He secured a prisoner exchange with Russia and moved toward a deal on how to build on a 2015 cease-fire agreement.

[Street protests](#) against his plans forced him to change tack. Western diplomats warned him that Mr. Putin was trying to get him to sign an agreement that would provide Mr. Putin with long-term influence over Ukraine's future via Russia's proxies in the breakaway regions, with the goal of barring the country from joining the EU or NATO.

Mr. Zelensky instead turned toward [persuading NATO to engage in a closer relationship with Ukraine](#) while launching a popular campaign to win back control of the strategic Crimean Peninsula. A person close to him said Russia had begun to see him as being too similar to Mr. Poroshenko, whom he succeeded as president, and as someone intent on pushing Ukraine closer to the West.

Political analysts said the prospect of Ukraine aligning itself more closely with the West had enraged Mr. Putin, who has long been trying to restore Russia's sphere of influence, which had been curtailed severely since the end of the Cold War more than 30 years earlier.

On the fifth day of the invasion, Mr. Zelensky said the Ukrainian people were now fighting to become equal members of the EU—with many paying the ultimate price. "We are giving our lives for the right to be equal," he said, unshaven and wearing a green army T-shirt. "Prove that you are with us and won't let us go."

How did Zelensky rise from television comedian to president?

Mr. Zelensky studied law at university but after graduating entered the entertainment business, founding a television-production company. He became famous for his skits, including one where he and some accomplices dropped their trousers and pretended to play a piano with something other than their hands. Later, he won the Ukrainian version of "Dancing with the Stars" in 2006 and voiced the role of Paddington in the eponymous movie about a young bear who visits London.

It was his TV show "Servant of the People" that captured the mood of the country when the program first aired in 2015, however. Mr. Zelensky played a humble schoolteacher who candidly ranted on a video about the everyday corruption many Ukrainians need to contend with. The clip went viral, launching a political career that ultimately propelled his character into the presidential palace.

The success of the show convinced Mr. Zelensky that he should try his hand at politics for real. His campaign echoed many of the themes he explored in the TV show and his political party carried the same name, "Servant of the People." He won the second-round runoff against the incumbent, Mr. Poroshenko, with about 73% of the vote.

What is Zelensky's family background?

Born on Jan. 25, 1978, Mr. Zelensky grew up in a gritty, Russian-speaking region in southeast Ukraine. His background was Jewish; several family members died in the Holocaust while his grandfather served in World War II as an officer in the Soviet army. His father, a mathematician, and his mother, an engineer, chose to stay in Ukraine while many other Jews departed for the U.S. or Israel when the former Soviet Union permitted them to emigrate. Childhood friends recall how he stood out for his earring and his good grades in school. He later obtained a law degree at Kyiv National Economic University.

Mr. Zelensky himself has made little of his Jewish identity, saying in 2020 that he came from an ordinary Soviet Jewish family and that most such families weren't religious. This appears to ignore how Jews in the former Soviet Union, including Ukraine, largely had to suppress their religious identity and were viewed as outsiders. Some commentators have suggested this has informed Mr. Zelensky's own self-image as an outsider, reflected in both his TV work and his presidential campaign in 2019.

Ukrainians appear more favorably disposed toward Jews than do the people of other countries that were in the Soviet bloc. A Pew Research Center poll in 2019 found that 5% of Ukrainians were unwilling to accept Jewish people as fellow citizens, compared with 18% in Poland, 19% of Czechs and 22% in Romania. Ukraine's prime minister when Mr. Zelensky became president, Volodymyr Groysman, is also Jewish.

When Mr. Putin said Russia's invasion was designed to "denazify" Ukraine's leadership—a [potent slur in Russia](#), referring to World War II—Mr. Zelensky was quick to ridicule the Russian leader's claims.

What is Zelensky's connection to Roman Abramovich?

When U.S. officials were drafting a list of Russian oligarchs to sanction in response to the invasion, the White House's National Security Council told the Treasury to leave off one of the best-known names: Roman Abramovich. According to people familiar with the matter, [Mr. Zelensky had advised President Biden](#) in a phone call that Mr. Abramovich could serve an important role as go-between to secure a peace agreement. The U.K. and the EU both sanctioned Mr. Abramovich over his links to Mr. Putin, freezing his assets in their jurisdictions. His London soccer club, Chelsea FC, is now for sale.

[A billionaire former oil magnate](#) and Kremlin insider for more than two decades, Mr. Abramovich is the only oligarch to publicly say he is trying to push Moscow to find a peaceful resolution to the conflict.

What happened between Zelensky and Donald Trump?

Shortly after becoming Ukraine's president, Mr. Zelensky was thrust into the center of U.S. politics after President Donald Trump was accused of pressuring him in a telephone call to investigate his chief rival at the time, Joe Biden. An [impeachment resolution](#) in the U.S. House of Representatives alleged that Mr. Trump had made the provision of \$391 million in U.S. security aid contingent on Mr. Zelensky's publicly announcing a probe. After Mr. Trump's actions came to light, the resolution charges, he released the aid, which was meant to strengthen Ukrainian forces in the eastern part of the country.

Mr. Trump rejected allegations of wrongdoing and, while he was impeached in the House, he was [acquitted by the Senate](#).

This explanatory article may be periodically updated.

Write to James Hookway at [James.Hookway@wsj.com](mailto:James.Hookway@wsj.com)

[Who Is Volodymyr Zelensky? What to Know About Ukraine's President](#)

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**HD U.S. to Return Embassy Presence In Ukraine, Increase Military Aid**

**BY** By William Mauldin, Isabel Coles and Evan Gershkovich

**WC** 953 words

**PD** 25 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A1

**LA** English

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**LP**

SOUTHEAST POLAND -- The U.S. will return an embassy presence to Ukraine and increase military support for the country, Secretary of State Antony Blinken and Defense Secretary Lloyd Austin told Ukrainian President Volodymyr Zelensky during a meeting in Kyiv, as Russia's war shifts gears in eastern and southern Ukraine.

Sunday's visit was the highest-level U.S. delegation to go to Ukraine since the start of the war on Feb. 24 and follows similar trips from other countries' leaders and diplomats, as Washington and its allies increase efforts to show support for Kyiv and help the country defend itself.

**TD**

After pulling out earlier this year, U.S. diplomats will return to Ukraine this week, initially with day trips to the western city of Lviv with the goal of returning to a functioning embassy in Kyiv in the near future, a senior State Department official said. On Monday, President Biden is expected to nominate Bridget Brink, the current U.S. ambassador to Slovakia, as the next ambassador to Ukraine, the official said.

Meanwhile, the U.S. will provide Ukraine with \$322 million in foreign military assistance to allow Kyiv to buy needed weapons, part of a total package of \$713 million in U.S. military assistance for more than a dozen countries in the region, U.S. officials said ahead of a briefing in Poland with Messrs. Blinken and Austin.

The new funding comes after two previous military-aid packages of \$800 million each for Ukraine that included heavy artillery, armored personnel carriers and helicopters.

The visit from Messrs. Blinken and Austin came as Orthodox Christians, the largest religious group in Russia and Ukraine, celebrated Easter two months into the war.

Antonio Guterres, the secretary-general of the United Nations, had appealed for a four-day truce during the Orthodox Holy Week to allow for the evacuation of civilians from front-line towns and the delivery of humanitarian aid.

The cease-fire proposal was rejected by Moscow, which said it was a ruse to allow Ukraine's military to rest and regroup. Russia's first deputy permanent representative to the U.N., Dmitry Polyanskiy, told a Security Council session on Ukraine last week that a pause in hostilities would give Ukrainian forces time to receive new shipments of drones, antitank guided missiles and man-portable air-defense systems.

Mr. Guterres is due to meet with Russian President Vladimir Putin in Moscow this week before traveling to Kyiv. At a press conference on Saturday, Mr. Zelensky criticized Mr. Guterres's decision to visit Russia first. "The war is in Ukraine, there are no bodies in the streets of Moscow," he said.

On Sunday, Mr. Zelensky, who is Jewish, posted a video message from Kyiv's Saint-Sophia Cathedral on the Telegram social-media platform, saying Ukraine on Easter asks "God for great grace to make our great dream come true -- this is another great day -- the day when great peace will come to Ukraine."



After rapid initial gains by Russian forces, the Ukraine conflict has settled into grinding war, with Russia making incremental gains in the south and east of the country, where it is concentrating its firepower after pulling back from Kyiv and other northern regions.

Russia's Defense Ministry said Sunday it had destroyed a gunpowder-and-explosives factory in Pavlohrad, a city near the eastern Donbas area where Russian troops are focusing their offensive, as well as four weapons depots in the northern Kharkiv region.

Ukraine's southern operational command said on Sunday its forces had recaptured eight settlements in the southern region of Kherson, most of which is occupied by Moscow. Russian advances on the towns of Oleksandrivka, Tavri and Mykolaivka were also beaten back by Ukrainian artillery, it said in a statement.

There was no independent confirmation of the claims by either side.

The two U.S. cabinet members' trip to Kyiv on Sunday to meet Mr. Zelensky, follows visits from other countries' leaders. Mr. Biden hasn't visited Ukraine during his presidency, and the White House has said there are no plans for a visit. The State Department official said Mr. Biden speaks regularly with Mr. Zelensky and that the U.S. president's travel requirements are unique, in part due to security considerations.

After meeting Mr. Zelensky, Messrs. Blinken and Austin were expected to brief reporters Monday at a facility in Poland near the border with Ukraine.

Senior military officers there described an accelerating logistical network for supplying weapons and materiel to Ukraine, as well a regional effort to increase troop levels and exercises with members of the North Atlantic Treaty Organization along the alliance's eastern flank.

Seven 155-mm artillery pieces, along with their tow vehicles, are being processed through the facility, adding to the 18 howitzers the U.S. has already provided to Ukraine, a senior defense official said. Six dozen U.S. howitzers coming to Ukraine under a new aid package and rounds of 155-mm artillery were visible on pallets at the Polish facility.

The focus on heavy artillery and armored vehicles comes as Russia removes some of its forces from around cities in northern Ukraine and focuses instead on the eastern Donbas region in what is expected to be a high-stakes conflict on wide-open terrain.

"It gives that capability to engage from a distance," said Lt. Gen. John Kolasheski, commander of the U.S. Army's Fifth Corps, speaking of the howitzers and their effect on Ukraine's enemy. "The equipment could be destroyed, the people could be injured or killed."

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**IPC** DEF

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220425ei4p0001q

**HD The Ukraine Crisis: Office Became Execution Site and Prison**

**BY** By Thomas Grove

**WC** 978 words

**PD** 25 April 2022

**SN** The Wall Street Journal

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**PG** A8

**LA** English

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**LP**

BUCHA, Ukraine -- The Russian troops arrived in waves in Bucha, each one crueller than the last, residents said, all seeking to hold this once-sleepy town outside Kyiv through fear, manipulation and coercion.

The troops, a combination of infantry soldiers, paratroopers and forces associated with Russia's mercenary Wagner Group, set up headquarters in the town to prepare for the coming assault on Kyiv, said Ukraine's military and Ukrainian officials.

**TD**

The nerve center of their operations was a Soviet-era building on 144 Yablunska Street. Soldiers stationed there and in smaller outposts up and down the street guarded it fiercely, turning the leafy road that translates as Apple Street into the scene of some of the grisliest killings of Ukrainians that have come to light since the start of the conflict.

The nondescript four-story office building on the town's southernmost stretch was one of the first sites where Ukrainians were questioned, tortured, killed or detained, according to Bucha residents and local officials.

Nearly 100 soldiers were housed at 144 Yablunska Street, along with radio-electronic equipment used to control operations in Bucha and the nearby towns of Irpin and Hostomel, said Ukrainian officials.

More than 30 Russian military units came through Bucha, mostly from Russia's Far East and Siberia, including the 14th Separate Special Forces Brigade from Khabarovsk, the 38th Separate Motorized Rifle Brigade and paratroopers from Pskov, in western Russia.

Bucha Mayor Anatoly Fedoruk said the Russians divided the city into several zones and worked through a list of some 40 names of local politicians and state officials who lived in each zone, detaining and killing those they found.

He said he saw his name was at the bottom of the first of two pages of names not listed in alphabetical order. The mayor managed to evade the Russians. Russian troops shot and killed the mayor of neighboring Hostomel as he was handing out aid to residents.

When Mykola Zakharchenko, who worked as a security guard on the grounds of 144 Yablunska Street before the Russians arrived, was detained March 4 with another man, the grounds of the building were strewn with dead bodies. The two were led with their hands in the air to a side yard where the bodies of seven men who had been shot were lying face down in pools of blood.

The Russian troops told them to look at the bodies, get on their knees and confess to being members of the Ukrainian resistance.

Mr. Zakharchenko said he wasn't fighting and handed over his phone, a late-model iPhone his son had given him, so that the Russian soldiers could check the contacts and photographs. He watched a Russian soldier download the contents of his phone onto a computer and then look up his domestic identity number. The Russian officer asked him about time he had spent in the Russian city of Tula as a welder in 2018.

"We've seen your proletariat past," said the officer, who was wearing paratrooper gear according to Mr. Zakharchenko. "Get inside."

For the next four days, Mr. Zakharchenko lived in the headquarters' basement, a Soviet-era bomb shelter turned underground prison, with some 130 other people. They were given leftover food and military meals for days as the men, women and children struggled to find space to sleep.

Over the next weeks, the Yablunska Street headquarters became chaotic. Blood from those shot and dragged from room to room stained the floors. Trash piled in the hallways, and bottles of beer and wine littered the floor. Human excrement piled up in buckets and on the floor.

There was similar violence at other Russian bases on Yablunska Street and nearby. Russian soldiers took over one yellow, two-story house with an adjoining garage, where neighbors said people were led and shot.

Northwest of 144 Yablunska Street, Russian troops holed up in buildings a few streets away from one another, one at 7 Ostrovsky Street and another at 104 Vokzalna Street, close to the site where Ukrainian forces destroyed a Russian armored column the day Russia rolled into town.

One Bucha resident who said she was inside the Ostrovsky address described the soldiers who stayed there. "They drank there," she said. "They had fun there. They were having a party."

She said many of the soldiers at the Ostrovsky building were young and frightened, brought to tears by the strain of the war.

"They wanted their mother," she said. "They didn't want to fight." She added that they said they were forced to kill people.

Russian troops took over a children's camp, digging trenches at its entrance. When the Russians left, local residents found five people there with their hands tied. They had been shot in the back of the head. Radio equipment and documents were left in another makeshift base.

After the city descended into panic during the Russian troops' occupation, the town woke up one morning to find them gone.

"We were living in bomb shelters the whole time, we had no idea they had left until the shooting stopped," said Lidia, a cleaner at a church across the street from the children's camp.

Some of the Russian soldiers who were in Bucha returned home to awards. The 64th Separate Motorized Rifle Brigade, one of the units that occupied Bucha, received one of the military's highest honors from Russian President Vladimir Putin following their withdrawal, turning it into an elite Guards Brigade.

"Putin knew about the atrocities his soldiers committed here and all he could say was 'good job,'" said Mr. Fedoruk, the mayor.

Moscow has denied targeting civilians in its military assault on Ukraine and called video and photographic images from Bucha staged.

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Brett Forrest contributed to this article.

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<b>NS</b>	gdef : Armed Forces   gvio : Military Action   gcat : Political/General News   gcns : National/Public Security   grisk : Risk News
<b>RE</b>	ukrn : Ukraine   russ : Russia   asiaz : Asia   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcoz : Developing Economies   eeurz : Central/Eastern Europe   eurz : Europe   ussrz : CIS Countries
<b>IPC</b>	IGV
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document J000000020220425ei4p0001d

**HD      The **Ukraine** Crisis: Easter Brings Prayers for War's End**

**BY**      By Thomas Grove

**WC**      567 words

**PD**      25 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A7

**LA**      English

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**LP**

KYIV -- Ukrainians celebrated Orthodox Easter in the shadow of the war against Russia, with many visiting local churches to pray for an end to a conflict that will soon enter its third month.

On Sunday morning, Ukrainians flocked to St. Michael's Gold-Domed Cathedral in central Kyiv to celebrate the holiday. Soldiers on leave mixed with local residents of the capital city, which the Russians tried and failed to take in the first weeks of the war.

**TD**

Some said they were praying for more heavy weapons from the U.S. and its Western allies, echoing an appeal from Ukrainian President Volodymyr Zelensky, who has called for more help in defending against a Russian assault in the country's east and south.

"We all pray that the Lord would help each of us achieve victory over the aggressor," said Father Feodosiy, 32 years old, who blessed baskets of Easter eggs and cakes laid out by the faithful in the courtyard of the monastery. "And for a quick victory, we need weapons."

"We ask God for great grace to make our great dream come true -- this is another great day -- the day when great peace will come to Ukraine," said Mr. Zelensky, who is Jewish, in a video message posted Sunday from Kyiv's Saint-Sophia Cathedral.

About two-thirds of Ukrainians are Orthodox, while about 10% of the population is Greek Catholic. The Russian Orthodox Church dominated Ukraine for centuries and claims Ukraine as part of its canonical territory.

However, Kyiv pushed for independence following Russia's 2014 annexation of Crimea in Ukraine's south and Moscow's support for separatists in the country's east.

In 2019, Ukraine won its own Orthodox Church, making it independent from the Moscow Patriarchate, which previously had authority over the Orthodox Church in Ukraine.

The Russian Orthodox Church has long been seen as a tool wielded by the Kremlin to gain political and cultural influence and help forge an ideology that supports Russian President Vladimir Putin's geopolitical aims.

During the war, critics have accused the Russian Orthodox Church -- by far the biggest of the Eastern Orthodox churches -- for promoting the Kremlin's view of the conflict.

Patriarch Kirill of Moscow, leader of the Russian Orthodox Church, has described the war in Ukraine as a struggle between good and evil, with the outcome deciding "where humanity will end up, on which side of God the Savior."

St. Michael's became the headquarters of the Orthodox Church of Ukraine in 2019. It became a symbol of Ukrainian resistance after its priests gave shelter in 2013 to pro-Western protesters.

Those demonstrations ultimately snowballed into the deadly street fighting that ousted the leader the next year and turned the country away from Russia and firmly toward the West.

Today, the church displays photos of Ukrainian soldiers who have died in the conflict in the country's east since 2014.

On Sunday, Chaplain Father Dmytro, dressed in olive-green robes, led a group of some 25 conscripts with worn camouflage uniforms and shaven heads through the throngs of churchgoers to deliver a short service for them inside the cathedral's frescoed and golden interior.

"We are on our God-given land," he said. "And we all want victory against our common enemy."

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<b>NS</b>	grel : Religion   gvio : Military Action   gcat : Political/General News   gcns : National/Public Security   gcom : Society/Community   grisk : Risk News
<b>RE</b>	ukrn : Ukraine   russ : Russia   asiaz : Asia   bric : BRICS Countries   devgcoz : Emerging Market Countries   dypcoz : Developing Economies   eeurz : Central/Eastern Europe   eurz : Europe   ussrz : CIS Countries
<b>IPC</b>	NND
<b>PUB</b>	Dow Jones & Company, Inc.
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**HD The Ukraine Crisis: Nestle Reorganizes Operations To Maintain Food Supplies**

**BY** By Saabira Chaudhuri

**WC** 539 words

**PD** 25 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** A7

**LA** English

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**LP**

Nestle SA is rejiggering its operations and supply chain to keep factories running in Ukraine, while ramping up efforts to get food donations to the hardest-hit parts of the country.

After Russia invaded in February, many big multinationals suspended operations in Ukraine, citing concerns about employee safety, labor shortages and the difficulty of getting raw materials into the country.

**TD**

Nestle initially closed all three of its factories in Ukraine following the outbreak of war. Then, two days later, it reopened its confectionery plant in Lviv and its condiments factory in the northwestern Volyn region to continue supplying the country with needed food.

To protect factory staff from the threat of airstrikes, the owner of KitKat chocolate and Nescafe coffee has turned underground rooms into bomb shelters and shut off the elevators.

It has also adjusted production lines to allow for frequent stops and starts, and reduced the number of staff on site at any one time to ensure everyone can fit in the shelters.

Both Lviv and the Volyn region have suffered air attacks recently. "Less than an hour ago I heard sirens saying an attack can come from the air," Volodymyr Spivak said in an interview this month.

Mr. Spivak, Nestle's corporate affairs director for Ukraine and Moldova, has relocated from Kyiv to Lviv, where he has helped direct the company's relief efforts.

Nestle is among several food makers, including General Mills Inc. and Smithfield Foods Inc., that have been sending food donations to Ukraine. Meanwhile, companies ranging from German auto supplier Leoni AG to tech company Fractal Analytics Inc. have made changes aimed at protecting their staff in the country.

Nestle -- which employs more than 5,000 workers in Ukraine -- has had to contend with almost a third of its staff relocating during the conflict, as well as disruption to its supply chains.

Since the war began, the company has been trying to rejigger the way it works in Ukraine while simultaneously grappling with employee discontent over its initial decision to keep selling the majority of its locally made products in Russia, along with some imports. Nestle along with other companies has been criticized by Ukrainian politicians and consumers. The company recently said it would narrow sales in Russia to essentials like baby food and medical nutrition products, halting sales of other products like mainstream pet food, coffee and confectionery.

Russia makes up about 2% of Nestle's global sales, while Ukraine makes up less than 1%, a spokesman said.

Nestle's instant-noodles factory in Kharkiv, one of Ukraine's most heavily bombed cities, remains closed but has become part of the company's humanitarian efforts.

The company's line workers, loaders, engineers and other staff have been entering the facility -- accompanied by armed guards provided by the national police and city territorial defense -- to pack boxes of noodles for local residents, including those sheltering in metro stations.

"It's a dramatically difficult situation because even during the day it was not possible to go just to the shop for bread, because it's 40 kilometers from the Russian border," Mr. Spivak said.

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**CO** nstlc : Nestlé S.A.

**IN** iconf : Chocolate/Confectionery | ifood : Food Products | i41 : Food/Beverages | i421 : Sugar Products | icnp : Consumer Goods

**NS** c24 : Capacity/Facilities | cscm : Supply Chain | neqac : Equities Asset Class News | c42 : Labor/Personnel | ccpgvn : Corporate Governance | ccsr : Corporate Social Responsibility | c41 : Management | ccat : Corporate/Industrial News | cesg : Environmental/Social/Governance | ncat : Content Types | nfact : Factiva Filters | nfcpx : C&E Executive News Filter | nfcpi : C&E Industry News Filter

**RE** ukrm : Ukraine | russ : Russia | asiaz : Asia | bric : BRICS Countries | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | eurz : Central/Eastern Europe | eurz : Europe | ussrz : CIS Countries

**IPC** ABO

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220425ei4p0000z

**HD**      **The Ukraine Crisis: Moscow Hides Data On Economy**

**BY**      By Georgi Kantchev

**WC**      428 words

**PD**      25 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A7

**LA**      English

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**LP**

The West's window into the Russian economy is closing.

In recent days, authorities stopped publishing data on government debt, trade statistics and oil production. The central bank limited the volume of financial information that local banks have to publish regularly while lawmakers are working on a bill banning lenders from sharing data with foreign states.

**TD**

The growing blackout is part of an effort by Russian authorities to protect the economy and domestic companies from further sanctions by the West following Moscow's invasion of Ukraine.

Limited data means Washington and Brussels will have less visibility on whether and how their sanctions are biting into the Russian economy, making it more challenging to find new targets and fine-tune future sanctions rounds.

"They are trying to obscure the economic picture," said Elina Ribakova, deputy chief economist at the Institute of International Finance. "We have bans on Russian media and now the same goes for statistics access. The Iron Curtain is coming up from both sides."

The sanctions have cut off Moscow from much of the Western financial infrastructure. Economists are predicting a deep recession, combined with steep inflation. Russian unemployment is rising amid an exodus of Western companies.

Last week, a branch of the Russian energy ministry that releases monthly oil production and export data said it was limiting "the dissemination of information that can be used as additional pressure on the Russian market and its participants," Russian state newswire TASS reported.

The agency has indefinitely stopped the distribution of monthly crude-oil production data as well as data on the shipments of fuel oil from Russian refineries and gas-processing plants to domestic and export markets, TASS said.

Such information from one of the world's top oil producers is crucial at a time of high crude prices. Russian President Vladimir Putin recently said Western sanctions have stymied Russia's energy industry.

While oil-data watchers have more than one way of collecting statistics, including tanker tracking and information from traders, the lack of timely official Russia numbers would make it harder to monitor global supply.

In that way, the data limits help "cloud the picture of the problems the Russian energy industry is facing," said Mikhail Krutikhin, a partner at independent consulting firm RusEnergy.

The blackout isn't total: The government still publishes mainstay figures such as those for inflation, gross domestic product and a host of other data.

But the scope of the releases has narrowed.



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**IN** ifosfl : Fossil Fuels | i1 : Energy

**NS** ecat : Economic News | e1118 : Trade Figures | c13 : Regulation/Government Policy | gesanc : International Sanctions | gtrade : Trade Barriers/Restrictions | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | e51 : Trade/External Payments | 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** NRG

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220425ei4p0000y

**HD      The **Ukraine** Crisis: Environmental Toll Amplifies a Host of Health Concerns**

**BY**      By Nidhi Subbaraman

**WC**      703 words

**PD**      25 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A6

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**LP**

The war in Ukraine is poisoning the nation's air, water and soil, with environmental-health experts saying pollutants released by the continuing assault could take years to clean up while raising the risk of cancer and respiratory ailments as well as developmental delays in children.

On top of the toll of thousands of lives lost in the conflict, experts are concerned about the health effects of exposure to heavy metals, and to toxic gases and particulates from explosions, fires and building collapses. The potential health impacts could reach beyond Ukraine's borders, as the pollutants are carried downwind and downstream, the experts said.

**TD**

"We're facing a huge environmental problem," said Stefan Smith, program coordinator for disasters and conflict at the United Nations Environment Program.

About 100 inspectors working for the Ukraine government are sampling soil and water at sites of concern, said Iryna Stavchuk, Ukraine's deputy minister of environmental protection and natural resources. The full scale of the harm to the environment is difficult to assess because inspectors lack access to many regions of the country, she said.

Contamination sites are also being identified by nongovernmental organizations, including PAX, a Dutch nonprofit that documented pollution in Syria and other conflict zones; the Conflict and Environment Observatory, a U.K. charity; and Ecoaction, a Ukraine-based environmental group. By combing through witness posts on social media and messaging platforms such as Telegram, and cross-referencing those with satellite images and Google Earth maps, the groups have each documented damage at more than 100 sites, ranging from power plants to military installations and water-treatment plants.

"What we're seeing is really a kind of crowdsourced environmental detective work," Mr. Smith said.

Many contaminated sites have been identified near the cities of Kyiv, Luhansk and Kharkiv, said Evgenia Zasiadko, head of the climate department at Ecoaction.

As fighting intensifies in the eastern part of the country, a heavily industrialized corridor with chemical factories, coal mines and refineries could come under fire.

Damage to coal mines in the region could poison the groundwater that small villages in the area rely on for drinking water. "There is a major risk for local people and for longer environmental impacts if military activities happen there," Ms. Stavchuk said.

In other parts of Ukraine, public-health experts expressed concern over the release from industrial sites of heavy metals such as lead and cadmium -- which are linked to developmental delays in children -- into the air and drinking water. "In the midst of a war, it's hard to quantitate the exposure" to environmental pollutants, said Barry Levy, an adjunct professor of public health at Tufts University School of Medicine and an expert on the effects of war on public health.

After missile debris damaged fertilizer tanks in the Ternopil region, east of Lviv, river-water samples downstream showed ammonia levels 163 times above normal and nitrates 50 times as high, according to Ms. Stavchuk.

Across Ukraine, hundreds of enormous reservoirs store about 6 billion tons of liquid waste from mining and industrial activity, according to a 2019 report by the Organization for Security and Cooperation in Europe. Those toxic chemicals could spill into nearby land or rivers if the reservoirs were damaged.

The conflict has knocked out more than a dozen water facilities, including water-treatment plants and dams, said Wim Zwijnenburg, project leader of PAX's effort to monitor environmental damage sites in Ukraine. Damage to water-treatment plants has left untreated wastewater to wash into rivers or streams.

Air pollution is another major concern, said Neta Crawford, a professor of political science at Boston University and co-director of the Costs of War Project at Brown University. Depending on how long the war lasts, emissions from tanks, military aircraft and trucks could amount to "as much as a small or medium-sized country in an entire year," she said.

Russian strikes have targeted fuel depots and refineries across Ukraine, prompting large fires and the release of pollutants including soot, methane and carbon dioxide.

Previous conflicts suggest that those emissions can have long-distance impacts.

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**IN** i17 : Water Utilities | iutil : Utilities

**NS** gqual : Environmental Pollution | gdip : International Relations | genv : Natural Environment | gairp : Air Pollution | gasbst : Environmental Health | ghea : Health | gvio : Military Action | gcat : Political/General News | gcns : National/Public Security | gpir : Politics/International Relations | grisk : Risk News

**RE** ukrn : Ukraine | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | eurz : Europe

**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220425ei4p0000w

**HD**      **The Ukraine Crisis: World Confronts Economic Cost of War --- Kyiv needs \$5 billion a month in support for up to five months, and \$600 billion to rebuild**

**BY**      By Yuka Hayashi

**WC**      461 words

**PD**      25 April 2022

**SN**      The Wall Street Journal

**SC**      J

**PG**      A6

**LA**      English

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**LP**

WASHINGTON -- Top world financial officials gathered in Washington last week confronted a grim picture of the economic costs of Russia's war in Ukraine and the challenges they face to help pay Ukraine's short- and long-term bills.

Ukraine needs around \$5 billion a month in budgetary support for up to five months and roughly \$600 billion for a broader rebuilding effort, Ukrainian Prime Minister Denys Shmyhal said Thursday at a forum hosted by the World Bank during the spring meetings held with the International Monetary Fund.

**TD**

The two international financial institutions and several individual governments have started pledging contributions, but in interviews and public comments, officials acknowledged much work lies ahead to come up with the funds needed.

"You will now see a big mobilization of the international community," said Odile Renaud-Basso, president of the European Bank for Reconstruction and Development, on Friday. "Everyone is thinking about something like a Marshall Plan for Ukraine, like what happened after World War II," she said, referring to the U.S.-led multinational reconstruction program launched in 1948 that helped revive Europe's economy through official aid and private investments.

The task comes at a challenging time for the world economy. Nations including the U.S. are grappling with their own problems, including soaring inflation and slowing growth. Many developing countries -- facing higher food and fuel prices and ballooning debt burdens in the midst of rising interest rates and a continuing pandemic -- say they need help from rich governments and international financial institutions such as the IMF and the World Bank.

"The big issue everybody is grappling with is... how do you do policy-making in this world when you have a crisis upon a crisis and you haven't recovered from the first crisis yet," Gita Gopinath, first deputy managing director at the IMF, said.

Nonmilitary support for Ukraine and developing-country debt stress were top topics for finance ministers and central bankers attending the meetings.

Ukraine's financial needs, according to officials from Kyiv and the multilateral groups, fall into two main categories: short term and long term.

The country needs roughly \$5 billion every month to cover essential government services over the next two to three months, according to the IMF's managing director, Kristalina Georgieva, referring to a budgetary shortfall resulting from a drop in revenue and increased costs such as caring for wounded soldiers and displaced citizens.

Mr. Shmyhal said about \$600 billion would be needed for the costs of recovery, reconstruction and transformation of Ukraine's economy.

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**CO** eubrd : European Bank for Reconstruction and Development | imonf : International Monetary Fund | twban : The World Bank

**NS** gvexe : Executive Branch | csched : Announcements of News Conferences/Calls | gvio : Military Action | gcat : Political/General News | gcns : National/Public Security | gpir : Politics/International Relations | gpol : Domestic Politics | grisk : Risk News | gvbod : Government Bodies | ncat : Content Types | npress : Press Releases

**RE** ukrn : Ukraine | usa : United States | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | eurz : Europe | namz : North America

**IPC** IGV

**PUB** Dow Jones & Company, Inc.

**AN** Document J000000020220425ei4p0000q

CLM Other Voices

HD **Why Didn't Markets Make [Russia](#) Peaceful?**

BY By Christopher Smart

WC 945 words

PD 25 April 2022

SN Barron's

SC B

PG 70

LA English

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LP

About the author: Christopher Smart is chief global strategist and head of the Barings Investment Institute.

It's humbling when lifelong assumptions crumble, but there are lessons amid the debris. At least that's my hope as I brace for the next gruesome phase of the Ukraine war and watch the world's 11th-largest economy shrink before my eyes. Most markets may be back where they were before the war began, but the world certainly isn't. It's important to understand why.

TD

I studied Russian in college because it seemed important to understand America's principal Cold War adversary. When the Soviet Union collapsed, I packed off to Moscow to help advise a group of harried reformers on how best to drive the market transition. Later, as a portfolio manager, the underlying premise was that investing in Russia delivered good returns and also reinforced progress on political reform and economic integration.

Bolstering the country's stake in the global economy, the simple logic went, raised the chances of political cooperation and peace. It's a premise of much Western diplomacy that now deserves yet another look.

I was not so naïve as to believe that an "[end of history](#)" signaled a new era of interstate comity, but the idea that economic engagement encourages good behavior made sense. As an emerging Russian middle class saw the benefits of German capital equipment, holidays in Turkey, and steadily rising living standards, they would want to encourage their country's deeper involvement with the outside world. Sure, we would still snarl at one another over NATO enlargement or Middle East conflicts, but the basic alignment of economic interests would keep the relationship on the rails.

It's a contentious idea in academia. "[Realists](#)" insist that international relations are best understood as strong states imposing their will on the weak. Indeed, this school claims [vindication](#) in the tragic scenes unfolding in Ukraine. There is an attractive simplicity to the logic that in the wake of Soviet collapse, the West overreached and failed to gain Moscow's trust.

But the notion that free-market democracies don't go to war with one another dates back to philosophers like [Immanuel Kant](#) and [Joseph Schumpeter](#). This was essentially the heart of Western policy toward post-Soviet Russia. There was a [scramble](#) to get Boris Yeltsin invited to the prestigious G7 meetings in the 1990s even if he had little to say on exchange rates. There were legions of foreign advisers like me whose governments financed projects to help privatize state assets, write new corporate laws, and launch retail mutual funds. One key element of the strategy was to secure Russian membership in the World Trade Organization in 2012. [Trade figures](#) confirm that Russia's dependence on global commerce grew rapidly following the Soviet Union's collapse.

Over that time, the points of friction (Serbia, Syria, Iraq, Snowden, Magnitsky, Navalny, and cyberattacks) quickly overwhelmed any fragile grounds for cooperation (tentative foreign investment, Afghanistan, and [space](#)).

By 2015, after Russia had seized the Donbas and Crimea, I worked at the National Security Council as part of a team that began to deliberately dismantle the economic relationship, imposing sanctions, discouraging corporate investment, and cutting off areas of cooperation. The current breathtaking wave of sanctions has delivered the final blow to this badly frayed economic relationship.

If this feels like dramatic failure for one grand experiment, though, perhaps it can launch a re-thinking of modern economic diplomacy.

First, it's important to analyze why we failed. It could be the realists are right that national security concerns were always going to dominate. Or maybe Russia is just the exception that proves the rule. Free-market democracies may in fact be more peaceable, but the Putin regime is not much of either. Had we done more to invest in political and economic transition, would the world be here today?

Second, we may need to re-evaluate how we balance economic engagement with political or security concerns. Trade and financial flows are at the heart of the European Union's success. But we have applied a similar "integration" strategy to China, only to see that relationship go sour. India is very much a free market and a democracy, yet it remains one of the U.S.'s more difficult partners on key foreign policy issues—including current Russia sanctions.

Third, at least with regard to Russia, we're in a new phase of our economic diplomacy, now reliant on sticks for results where carrots failed. Extreme sanctions have yet to produce results in Iran, but they did ultimately contribute to democratization and international integration for post-apartheid South Africa. The punishment being inflicted will tip the Russian economy into depression, sending it back into 1970s-era isolation. Some measures may be relaxed amid bargaining for a cease-fire in Ukraine, but the real logic at this stage is to create enough suffering to encourage regime change. This may come quickly—or never.

As historians explore these questions and others, maybe the immediate lesson is simply that positive economic engagement is necessary to secure cooperative behavior from another country, but it's hardly sufficient. That may not sound like much, but starting to reframe a central premise in Western policy may be the best we can do for now as we pick up the pieces from our prior assumptions about Russia.

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](mailto:ideas@barrons.com).

**NS** gdip : International Relations | c13 : Regulation/Government Policy | gesanc : International Sanctions | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | ncolu : Columns | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

**RE** russ : Russia | ukrn : Ukraine | asiaz : Asia | easiaz : Eastern Asia | eurz : Europe | uk : United Kingdom | 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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**AN** Document B000000020220422ei4p00001

# THE WALL STREET JOURNAL.

**CLM** World News  
**SE** World  
**HD** **Nestlé Rejiggers Operations to Keep Supplying Food in Ukraine; KitKat maker has created bomb shelters in factories and rerouted supplies amid Russia's assault**  
**BY** By Saabira Chaudhuri  
**WC** 995 words  
**PD** 24 April 2022  
**ET** 15:00  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
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## LP

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## TD

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To protect factory staff from the continuing threat of airstrikes, the owner of KitKat chocolate and Nescafe coffee has turned underground rooms into bomb shelters and shut off the elevators. It has also adjusted production lines to allow for frequent stops and starts, and reduced the number of staff on site at any one time to ensure everyone can fit in the shelters.

Both Lviv and the Volyn region have suffered air attacks recently. "Less than an hour ago I heard sirens saying an attack can come from the air," Volodymyr Spivak said in an interview earlier this month. Mr. Spivak, Nestlé's corporate affairs director for Ukraine and Moldova, has relocated from Kyiv to Lviv, where he has helped direct the company's relief efforts.

Nestlé is among several food makers, including General Mills Inc. and Smithfield Foods Inc., that have been sending food donations to Ukraine. Meanwhile, [companies ranging](#) from German auto supplier Leoni AG to tech company Fractal Analytics Inc. have [made changes aimed at protecting their staff](#) in the country.

Nestlé—which employs more than 5,000 workers in Ukraine—has had to contend with almost a third of its staff relocating during the conflict, as well as disruption to its supply chains. For instance, tomatoes once sourced from Ukraine to make sauces are now imported from Italy and Portugal.

Since the war began, the company has been trying to rejigger the way it works in Ukraine while simultaneously grappling with employee discontent over its initial decision to keep selling the majority of its locally-made products in Russia, along with some imports. Nestlé along with other companies [has been criticized by Ukrainian politicians](#) and consumers. The company recently said it [would narrow sales in Russia](#) to essentials like baby food and medical nutrition products, halting sales of other products like mainstream pet food, coffee and confectionery.

Russia makes up about 2% of Nestlé's global sales, while Ukraine makes up less than 1%, according to a spokesman.

Nestlé's instant-noodles factory in Kharkiv, one of Ukraine's most heavily bombed cities, remains closed but has become part of the company's humanitarian efforts.



The company's line workers, loaders, engineers and other staff have been entering the facility—accompanied by armed guards provided by the national police and city territorial defense—to pack boxes of noodles for local residents, including those sheltering in metro stations.

"It's a dramatically difficult situation because even during the day it was not possible to go just to the shop for bread, because it's 40 kilometers from the Russian border," Mr. Spivak said.

Nestlé has imported other products like baby food, soup meals, water and medical-nutrition products from its factories elsewhere in Europe to donate to Ukrainians. Trucks come in via Ukraine's border with Poland from countries like Germany and the U.K., and supplies then get dispersed around the country.

Ukraine's government has been [leaning on companies to import more food](#) into the country after Russia bombed depots, stores and warehouses while destroying packaging and bottling factories. 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. Nestlé says it has donated 2,080 tons of bottled water, baby food, instant noodles, coffee and other products so far and has been working to increase imports for donation from 10 to 25 trucks a week.

Since the outbreak of war, Nestlé has deployed a playbook it developed during Covid-19 lockdowns to get food donations to those in need, working with food banks, nonprofits and local officials.

To coordinate its donation efforts, a team of about 20 Nestlé staff across functions like logistics, corporate communications, operations and sales join an hour-long call every morning.

Aside from its three factories, Ukraine is home to a business center in Lviv that supports accounting, payroll and social-media functions for Nestlé offices in over 70 countries.

Some staff from Nestlé's Lviv hub are now manning an internal hotline that is open from 9 a.m. to 8 p.m. that employees can call to ask questions about relocating or where they can receive medical treatment.

Nestlé said about 30% of its staff in Ukraine have moved, mainly from the east to the west, with some going abroad. To help workers, the company has rolled out a wartime employee support plan that includes paying salaries in advance, offering one-off relocation payments and healthcare services.

For workers leaving Ukraine, Nestlé has transformed part of a baby food factory in Poland into a temporary shelter where they can shower, rest and eat before moving on to more permanent dwellings. Rooms once used for meetings now house folding beds, while a fridge and microwave have been placed in a conference room to allow families to heat up food and assemble simple meals. About 1,000 staff and family members have passed through the site, most staying for a single night or a few hours, the company said.

Write to Saabira Chaudhuri at [saabira.chaudhuri@wsj.com](mailto:saabira.chaudhuri@wsj.com)

[Nestlé Rejiggers Operations to Keep Supplying Food in Ukraine](#)

<b>CO</b>	nstlc : Nestlé S.A.
<b>IN</b>	i41 : Food/Beverages   icnp : Consumer Goods   ifood : Food Products   iconf : Chocolate/Confectionery   i421 : Sugar Products
<b>NS</b>	c24 : Capacity/Facilities   ccat : Corporate/Industrial News   cscm : Supply Chain   gcha : Charities/Philanthropy   gvio : Military Action   ncolu : Columns   gcat : Political/General News   gfod : Food/Drink   gcns : National/Public Security   gcom : Society/Community   glife : Living/Lifestyle   grisk : Risk News   ncat : Content Types
<b>RE</b>	ukrn : Ukraine   russ : Russia   asiaz : Asia   easiaz : Eastern Asia   eurz : Europe   uk : United Kingdom   ussrz : CIS Countries   apacz : Asia Pacific   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcoz : Developing Economies   eeurz : Central/Eastern Europe   weurz : Western Europe
<b>IPD</b>	Wires
<b>IPC</b>	GIS
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220424ei4o0005o

# THE WALL STREET JOURNAL.

**CLM** Economy Week Ahead  
**SE** Economy  
**HD** **Economy Week Ahead: Economic Growth, Inflation in Focus; GDP reports to show how economies performed amid inflation, [Russia's](#) attack on [Ukraine](#)**  
**BY** By WSJ staff  
**WC** 431 words  
**PD** 25 April 2022  
**ET** 00:30  
**SN** The Wall Street Journal Online  
**SC** WSJO  
**LA** English  
**CY** Copyright 2022 Dow Jones & Company, Inc. All Rights Reserved.

**LP**

U.S. and eurozone reports on first-quarter gross domestic product will show how both economies performed during a period marked by sharp rises and rapid falls in Covid-19 cases, surging inflation and the start of Russia's attack on Ukraine.'

TUESDAY

**TD**

U.S. factories have been caught between strong demand and stretched supply chains during the Covid-19 recovery. March data on durable goods—products designed to last at least three years—are expected to reflect a rebound for new orders after a weak February.

THURSDAY

The Bank of Japan is expected to leave its ultralow interest-rate targets unchanged. Japan's economy remains smaller than its prepandemic level, while ["cost-push" inflation](#) is hurting corporate profits as Japanese companies struggle to pass on the higher cost to consumers.

A key measure of U.S. economic growth is expected to have slowed sharply in the opening months of 2022. Gross domestic product is forecast to advance at less than a 1% pace in the first quarter, down from 6.9% quarterly growth at the end of last year. The headline figure, which is adjusted for inflation, will likely reflect surging prices, a growing trade imbalance and slower inventory growth, masking relative strength in consumer spending, business investment and real estate.

FRIDAY

Figures to be released by the European Union's statistics agency are expected to signal a darkening outlook for the eurozone economy following Russia's invasion of Ukraine, with growth weakening again in the first quarter, and the annual rate of inflation remaining high in April. Economists expect the inflation rate to hit a record of 7.5%, up from 7.4% in March.

U.S. consumer spending [slowed sharply](#) in February as households saw wage gains eroded by rising inflation. Economists forecast a pickup in outlays for March as Covid-19 continued to recede and consumers spent more on services like air travel and dining out. The Federal Reserve's preferred measure of inflation, due out alongside consumer spending figures, could show underlying price pressures, while easing, are still near a four-decade high.

The U.S. employment-cost index—a measure of wages and benefits paid by employers—for the first quarter is expected to show another stretch of [strong wage gains](#), providing the Fed with more evidence that a tight labor market is contributing to the 40-year high for inflation.

[Economy Week Ahead: Economic Growth, Inflation in Focus](#)

**NS** ecat : Economic News | gsars : Novel Coronaviruses | e1101 : Economic Growth/Recession | gout : Outbreaks/Epidemics | e11 : Economic Performance/Indicators | ghea : Health | ncolu : Columns |

npred : Economic Predictions/Forecasts | e1103 : Inflation Figures/Price Indices | gcat :  
Political/General News | gcold : Respiratory Tract Diseases | gmed : Medical Conditions | gspox :  
Infectious Diseases | ncat : Content Types

**RE** ukrn : 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

**IPD** Wires

**IPC** G/FED

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220424ei4o0025t

# THE WALL STREET JOURNAL.

CLM	Infogrfx Slide Show
SE	Interactives
HD	<b>Celebrating Orthodox Easter in Ukraine; Orthodox Christians, the largest religious group in Russia and Ukraine, celebrated the holiday as Russian forces built up for an offensive</b>
WC	170 words
PD	25 April 2022
ET	00:03
SN	The Wall Street Journal Online
SC	WSJO
LA	English
CY	Copyright 2022 Dow Jones & Company, Inc. All Rights Reserved.
LP	



PHOTO: Serhii Korovayny for The Wall St for The Wall Street Journal

TD

A woman and her daughter celebrated Orthodox Easter at the Mikhailovsky Cathedral, part of St. Michael's Golden-Domed Monastery, in Kyiv on Sunday.



PHOTO: Serhii Korovayny for The Wall Street Journal

Ukrainian servicemen gathered outside Kyiv's Mikhailovsky Cathedral on Sunday to observe the holiday.



PHOTO: Manu Brabo for The Wall Street Journal

A soldier used his helmet as an Easter basket in Sumi, Ukraine.



PHOTO: Manu Brabo for The Wall Street Journal

An Orthodox priest blessed Easter baskets at the gate of a church in Sumi, Ukraine, on Sunday.



PHOTO: Adrienne Surprenant/MYOP for The Wall Street Journal

Among the multiple toasts at an Easter meal in Khalyavyn, Ukraine, on Sunday was one asking 'for Putin to burn as Ukrainian children are burning now.'

[Celebrating Orthodox Easter in Ukraine](#)

<b>NS</b>	grel : Religion   ncolu : Columns   nimage : Images   gcat : Political/General News   gcom : Society/Community   ncat : Content Types
<b>RE</b>	ukrn : Ukraine   russ : Russia   asiaz : Asia   easiaz : Eastern Asia   eurz : Europe   uk : United Kingdom   ussrz : CIS Countries   apacz : Asia Pacific   bric : BRICS Countries   devgcoz : Emerging Market Countries   dvpcoz : Developing Economies   eeurz : Central/Eastern Europe   weurz : Western Europe
<b>IPD</b>	WSJ
<b>IPC</b>	N/GEN
<b>PUB</b>	Dow Jones & Company, Inc.
<b>AN</b>	Document WSJO000020220424ei4o00231

**HD** **REVIEW --- Don't Expect Sanctions To Win the Ukraine War ---** In recent decades, Western financial penalties have increasingly substituted for military action. Russia shows the limits of that strategy.

**BY** By Nicholas Mulder

**WC** 1,291 words

**PD** 23 April 2022

**SN** The Wall Street Journal

**SC** J

**PG** C3

**LA** English

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**CX**

Corrections & Amplifications

The Soviet Union dissolved in late 1991. A Review essay on Saturday about Western sanctions against Russia incorrectly referred to it ending two decades ago.

(WSJ April 28, 2022)

(END)

**LP**

Western sanctions against Russia have been sweeping and unrelenting since the country began waging war against Ukraine two months ago. Russia's central bank reserves are mostly frozen. The country's oligarchs are scrambling to secure their offshore wealth. Western capital effectively can't be invested in Russia any longer, and the makers of high-tech components have all but stopped exporting them there. Most Russian banks are now disconnected (or soon will be) from the Swift financial messaging network. More than 400 Western companies have left the country. Russia's coal is under embargo, and pressure is building to extend the ban to oil and gas.

**TD**

In Warsaw last month, President Joe Biden declared that "these economic sanctions are a new kind of economic statecraft with the power to inflict damage that rivals military might." Initially, many anticipated that such devastating economic pressure would force the Kremlin to break off its invasion. Some even hoped that sanctions would spark internal unrest that would undermine Mr. Putin's regime. But while Russia's growth prospects are now extremely dire, the sanctions' ultimate outcome has proven as difficult to predict as that of the war itself.

For several decades Western elites have viewed sanctions as an easy substitute for military conflict. In the aftermath of the Cold War, it was widely expected that countries would become more peaceful as they joined the global capitalist order. Economic sanctions offered a convenient way to contain rogue states at low cost and acceptable risk. As a result, the use of sanctions surged between the 1990s and the 2010s. Occasionally the U.S. still resorted to putting boots on the ground, but Washington punished most autocratic regimes, from North Korea to Sudan and from Belarus to Cuba, by putting them under economic quarantine and forgetting about them.

Russia's invasion of Ukraine has exposed the flaws in this approach. The Russian Federation is not a hermit kingdom but a G-20 economy. For the two decades since the end of the U.S.S.R., it has pursued integration into world markets. The West imposed sanctions after Russia annexed Crimea in 2014, but these did little to lessen Russian military might. Nor did the threat of sanctions in the months before the war avert Mr. Putin's invasion on Feb. 24.

Sanctions have historically worked better against small states than large ones. In the 1920s, the threat of sanctions quickly and effectively deterred such states as Yugoslavia and Greece from undesired actions. But arrayed against larger powers, such as fascist Italy or imperial Japan, economic pressure tended to become a weapon of attrition rather than deterrence. A big economy will virtually always take

months, if not longer, to really feel the deprivation that sanctions cause. If the goal is to quickly cripple the war-fighting power of Russia, a resource-rich, hostile nuclear power with a large army, then sanctions are of limited use.

European leaders are belatedly recognizing that economic pressure alone is incapable of ending a war on this scale. Luxembourg's foreign minister Jean Asselborn noted last week that European leaders had to decide between "sanctions or weapons." He added, "My conclusion -- and if you had told me this two months ago, I would have said, 'Are you crazy?' -- is that it's now weapons." Indeed, sanctions merely complement the fierce resistance being put up by the Ukrainian army, equipped by growing quantities of NATO materiel.

The U.S. and Europe have shown remarkable unity in adopting the current sanctions regime. President Ronald Reagan's efforts to levy sanctions against the U.S.S.R., Libya and Nicaragua in the 1980s were more contentious, encountering resistance from German chancellors and British Prime Minister Margaret Thatcher. European leaders successfully pushed the Reagan administration to roll back sanctions that would keep European firms from constructing gas pipelines from Siberia. The relevance of this older pipeline dispute to the recent Nord Stream 2 saga was not lost on Secretary of State Antony Blinken, who once wrote a book on this forgotten crisis of the Atlantic alliance.

Maintaining sanctions on a country the size of Russia will require the U.S. to manage not only its NATO allies but also non-Western ones. Altogether, 37 advanced economies have coordinated the campaign to isolate Russia. This group controls about 55% of world GDP. But much of the international community remains outside that coalition.

Many Latin American, African and Asian countries are reluctant to join the sanctions in part because they depend on Russian commodities and raw materials. Most developing economies can ill afford to stop buying Russian wheat, corn, oil, copper, nickel, aluminum and nuclear technology without alternate sources of supply. If the West is to persuade or coerce more than half of the world's population in the global South out of trade with Russia, it will have to help them cushion the shock of switching away from Russian commodities, or else face a future of global inflation, debt crises and regional recessions.

When the time comes for peace negotiations, the sanctions will furnish a useful tool. A negotiated settlement might seem implausible right now, but history shows that the war aims of belligerents can and do change over time, especially in prolonged conflicts. In the event of real talks, the staged lifting of sanctions could be tied to Russian withdrawal from Ukrainian territory.

Western negotiators could make similar use of frozen assets. So far, the U.S., U.K., EU and Swiss governments have frozen roughly \$400 billion in Russian central bank assets and at least \$240 billion in private wealth. The West has thereby gained a considerable prize, but it has also suffered serious financial losses because of the sanctions. At the end of 2020, Russia's stock of foreign direct investment stood at \$446 billion. Much of that money has been lost as Western firms have fled the country. Portfolio investments worth another \$120 billion have become irretrievable or at risk of default. Mr. Putin could nationalize the remaining Western business assets, much as the Bolsheviks decided in 1918 to abrogate all debt obligations and property rights of Western investors.

The expropriations of the 2020s, like those of the 1910s, will shape Western relations with Moscow for years to come. But should future political change in Moscow allow for a rapprochement, Western powers will need not only to reconstruct Ukraine but also to help rebuild a Russian economy shattered by sanctions. The interwar recriminations that followed the Russian Revolution and the Treaty of Versailles are a reminder that justice for the victims of aggression must be combined with generous provisions that mend international relations and foster economic stability.

The economic sanctions against Russia have opened a new battlefield: currency markets, strategic technologies, corporate supply chains and foreign assets. But the technical ingenuity of the new generation of sanctions cannot answer important questions of politics and strategy. We don't know what victory in this economic war would look like or whether it can yield a geopolitical solution that is stable and durable. Could a nuclear power whose economy and institutions are wrecked by sanctions transition to democracy without external aid? Sanctions alone don't hold the answers. For that, the West will need positive economic measures and farsseeing diplomacy.

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Mr. Mulder is assistant professor of history at Cornell University and the author of "The Economic Weapon: The Rise of Sanctions as a Tool of Modern War," published earlier this year by Yale University Press.

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**CO**      rosgos : Central Bank of the Russian Federation

**NS**      gdip : International Relations | gvexe : Executive Branch | gcat : Political/General News | gesanc : International Sanctions | gtrade : Trade Barriers/Restrictions | gvio : Military Action | ncor : Corrections | ncrx : Corrected Items | 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

**RE**      russ : Russia | ukrn : Ukraine | 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**      IGV

**PUB**      Dow Jones & Company, Inc.

**AN**      Document J000000020220423ei4n0000k



# THE WALL STREET JOURNAL.

CLM Economy  
SE Economy  
HD **Ukraine's Grim Economic Toll From War Confronts World Governments; Kyiv says it needs around \$5 billion a month in budgetary support for up to five months and \$600 billion for broader rebuilding effort**  
BY By Yuka Hayashi  
WC 1,154 words  
PD 24 April 2022  
ET 00:50  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

WASHINGTON—Top world financial officials gathered in Washington this past week confronted a grim picture of the growing economic costs of [Russia's war in Ukraine](#) and the challenges they face to help pay Ukraine's short- and long-term bills.

Ukraine needs around \$5 billion a month in budgetary support for up to five months and roughly \$600 billion for a broader rebuilding effort, Ukrainian Prime Minister Denys Shmyhal said Thursday at a forum hosted by the World Bank during spring meetings held with the International Monetary Fund.

TD

The two international financial institutions and several individual governments have started [pledging contributions](#), but in interviews and public comments, officials acknowledged that much work lies ahead to come up with the funds needed.

"You will now see a big mobilization of the international community," said Odile Renaud-Basso, president of the European Bank for Reconstruction and Development, in an interview Friday. "Everyone is thinking about something like a Marshall Plan for Ukraine, like what happened after World War II," she said, referring to the U.S.-led multinational reconstruction program launched in 1948 that helped to revive Europe's economy through official aid and private investments.

The task comes at a challenging time for the world economy. Nations including the U.S. are grappling with their own problems, including soaring inflation and [slowing growth](#). Many developing countries—facing higher food and fuel prices and ballooning [debt burdens](#) in the midst of [rising interest rates](#) and a continuing pandemic—say they need help from rich governments and international financial institutions such as the IMF and the World Bank.

"The big issue everybody is grappling with is...how do you do policy-making in this world when you have a crisis upon a crisis and you haven't recovered from the first crisis yet," Gita Gopinath, first deputy managing director at the IMF, said in an interview.

Nonmilitary support for Ukraine and developing-country debt stress were top topics for finance ministers and central bankers attending the meetings.

Ukraine's financial needs, according to officials from Kyiv and the multilateral groups, fall into two main categories: short term and long term.

The country needs roughly \$5 billion every month to cover essential government services over the next two to three months, according to the IMF's managing director, Kristalina Georgieva, referring to a budgetary shortfall resulting from a drop in revenue and increased costs such as caring for wounded soldiers and displaced citizens.

Ukrainian President Volodymyr Zelensky told the delegates in his video appearance at a World Bank roundtable on Ukraine aid Thursday that "the Russian military aims at destroying all objects in Ukraine

that can serve as an economic base for life that includes railroad stations, food warehouses, oil refineries."

Mr. Shmyhal said about \$600 billion would be needed for the costs of recovery, reconstruction and transformation of its economy. He said his government has asked a number of countries to provide 10% of their unused special drawing rights—IMF-created monetary-reserve assets—to help Ukraine after a \$650 billion global allocation last year to boost world liquidity.

Meanwhile, the World Bank estimates the physical damage to Ukraine's infrastructure and buildings at \$60 billion so far.

World Bank President David Malpass suggested that reconstruction planning is under way. He said during the Thursday roundtable that the rebuilding should start with urgent repairs to essential infrastructure such as transportation, power, heating and digital connectivity within six to eight months of the end of the war. Efforts to strengthen cities, households, agriculture and businesses should follow, he said.

"As the war continues, we will work to build confidence in Ukraine's financial, monetary and fiscal institutions," Mr. Malpass said.

Officials from multilateral institutions said they hope to provide support for Ukraine's short-term budgetary needs with grants from countries, rather than loans that require repayments, given the current dysfunction of its economy. The IMF projected this past week that [Ukraine's economy would shrink 35%](#) this year. Mr. Shmyhal said more than 60% of the country's businesses stopped their operations completely or partially in March, including the iron and steel works plant in Mariupol, where Ukrainian soldiers have been holed up.

Putting together a package for reconstruction will be more complex. To persuade nations to provide sizable resources, Ukraine needs to pledge to overhaul its economy while presenting plans to strengthen its long-term resilience, including environmental efforts, said Ms. Renaud-Basso of the EBRD.

"Before the war, Ukraine had a huge agenda of reform in terms of improving governance, fighting against corruption and improving its judicial system," she said. "These challenges remain, and they will have to be addressed in the reconstruction if there is to be a lot of international support."

Bringing in private-sector investments is also essential, officials said. On Thursday, U.S. Deputy Treasury Secretary Wally Adeyemo and Ukrainian Finance Minister Sergii Marchenko invited executives from top U.S. financial entities for dinner to discuss how they could help in rebuilding Ukraine. Included were Bank of America Corp., Goldman Sachs Group Inc., Citigroup Inc. and Mastercard Inc.

"We believe that the only way to give us the necessary energy to get out from the crisis is a huge amount of investment, private investment," Mr. Marchenko said in an interview with The Wall Street Journal.

He said the group discussed possible reforms in Ukraine to accommodate greater private investment, including fighting corruption, improving the judicial system and bolstering investor protections.

"It's wise to do some steps, some necessary steps to be able to attract additional investment into Ukraine," Mr. Marchenko said.

Predicting the extent of the damage and the cost of reconstruction is difficult as the war continues, officials said. Clearly the amounts will be huge.

#### SHARE YOUR THOUGHTS

How can the global community prepare for the long-term effects of the war in Ukraine? Join the conversation below.

After World War II, the U.N. High Commissioner for Refugees was established to help three million Europeans displaced from their homes. Today more than 4.5 million Ukrainians have fled the country, and eight million more are displaced internally, said Ms. Georgieva during the roundtable with Ukrainian officials, as she urged countries to help.

"Those of us who know well European history are horrified for you, but we are horrified for Europe and the world as well," said Ms. Georgieva, a development [economist born and trained](#) in Cold War-era

Bulgaria. "We have these rare moments in life when we find who we are, and this is one of these moments."

Write to Yuka Hayashi at [yuka.hayashi@wsj.com](mailto:yuka.hayashi@wsj.com)

[Ukraine's Grim Economic Toll From War Confronts World Governments](#)

**CO** imonf : International Monetary Fund | twban : The World Bank

**NS** gvexe : Executive Branch | gcat : Political/General News | ecat : Economic News | gpir : Politics/International Relations | gpol : Domestic Politics | gvio : Military Action | ncolu : Columns | gcns : National/Public Security | grisk : Risk News | gvbod : Government Bodies | ncat : Content Types

**RE** ukrn : Ukraine | usa : United States | eurz : Europe | namz : North America | uk : United Kingdom | dvpcoz : Developing Economies | eeurz : Central/Eastern Europe | weurz : Western Europe

**IPD** Wires

**IPC** BAC

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**AN** Document WSJO000020220423ei4n001b9

# THE WALL STREET JOURNAL.

CLM Russia News  
SE World  
HD **Russia Blocks Economic Data, Hiding Effect of Western Sanctions; Authorities have stopped publishing data on banks, oil and debt**  
BY By Georgi Kantchev  
WC 1,161 words  
PD 23 April 2022  
ET 15:00  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

The West's window into the Russian economy is closing.

In recent days, authorities stopped publishing data on government debt, trade statistics and [oil production](#). The central bank limited the volume of financial information that local banks have to publish regularly while lawmakers are working on a bill banning lenders from sharing data with foreign states.

TD

SHARE YOUR THOUGHTS

How effective do you think the sanctions against Russia are? Join the conversation below.

The growing blackout is part of an effort by the Russian authorities to protect the economy and domestic companies from further sanctions by the West following [Moscow's invasion of Ukraine](#). Limited data means that Washington and Brussels will have less visibility on [whether and how their sanctions are biting into the Russian economy](#), making it more challenging to find new targets and fine-tune future sanctions rounds.

"They are trying to obscure the economic picture," said Elina Ribakova, deputy chief economist at the Institute of International Finance. "We have bans on Russian media and now the same goes for statistics access. The Iron Curtain is coming up from both sides."

The sanctions have cut off Moscow from much of the Western financial infrastructure. Economists are predicting a [deep recession](#), combined with steep inflation. Russian unemployment is rising amid an [exodus of Western companies](#).

Last week, a branch of the Russian energy ministry that releases monthly oil production and export data said it was limiting "the dissemination of information that can be used as additional pressure on the Russian market and its participants," according to Russian state newswire TASS.

The agency has indefinitely stopped the distribution of monthly crude oil production data as well as data on the shipments of fuel oil from Russian refineries and gas-processing plants to domestic and export markets, TASS said.

Such information from one of the world's top oil producers is crucial at a time of high crude prices. Russian President Vladimir Putin recently said that [Western sanctions have stymied Russia's energy industry](#). While oil-data watchers have more than one way way of collecting statistics, including [tanker tracking and information from traders](#), the lack of timely official Russia numbers would make it harder to monitor global supply.

In that way, the data limits help "cloud the picture of the problems the Russian energy industry is facing," said Mikhail Krutikhin, a partner at independent consulting firm RusEnergy.

The blackout isn't total: The government still publishes mainstay figures such as those for inflation, gross domestic product and a host of other data. But the scope of the releases has narrowed.

On Tuesday, the central bank suspended the release of the foreign-debt payment schedule, which typically lays out the external debt that Russia needs to pay in a schedule based on its maturity. Paying foreign debt has become a sensitive issue as Moscow teeters on the brink of a default on its international bonds. With a big chunk of its foreign reserves sanctioned, Russia now can't make certain payments in dollars. Earlier this month, [S&P Global moved Russia into default](#) on its foreign-debt credit rating after the government attempted to make a payment on a dollar bond to investors in rubles.

A spokesperson for Russia's central bank didn't respond to a request for comment.

On Thursday, the country's Federal Customs Service suspended its monthly publication of data on exports and imports. The data normally contain thousands of categories of goods and services that Russia imports and exports, including items as varied as live sheep, nuclear equipment and vulcanized rubber.

"I support this decision and consider it justified in order to avoid incorrect estimates, speculations and discrepancies in terms of import deliveries," said the head of service Vladimir Bulavin. The central bank had earlier also suspended the publication of trade data.

Analysts may be able to reconstruct some of the trade impact on Russia by examining data from its top trading partners, but it is a laborious process and it could take time for a picture to emerge.

On the banking front, local lenders won't be required to publish some financial statements for the period from Dec. 31, 2021 to Oct. 1, 2022, the central bank said Tuesday. Banks also don't have to disclose capital and risk information during the same period. And on Wednesday, the State Duma, Russia's lower house of parliament, approved a draft bill that would ban Russian banks from sharing banking secrets with foreign states. That includes data on customers and their transactions as well as about beneficiaries and beneficial owners.

Restrictions on banking data could conceal a banking crisis. Sanctions imposed by the U.S. and European nations were aimed at hobbling Russia's financial system. It cut major Russian banks' access to the dollar and other reserve currencies and severed some of the lenders from the Swift global-payments messaging system.

Last month, the central bank said it would temporarily cut the volume of financial reporting required from lenders to "limit credit institutions' risks associated with the sanctions imposed by Western countries."

The data blackout "can impact the design of sanctions, particularly financial sanctions, if crucial information is missing," said Maria Shagina, visiting senior fellow at the Finnish Institute of International Affairs.

The blackout represents a U-turn for Russia, which built a robust infrastructure for data gathering and dissemination following the fall of the Soviet Union. Russia had worked for years to improve its creditworthiness with foreign investors and was rated investment grade before the war.

While official statistics from other emerging markets often have been criticized by analysts and international institutions for their data quality or government influence, Russian data have been widely accepted by independent economists.

"It used to be: Publish it unless there is a reason to hide it. Now it looks like: Hide it unless there is a reason to publish it," said Janis Kluge, an expert on the Russian economy at the German Institute for International and Security Affairs. "As long as the data was not too political, the statisticians could continue publishing it."

One exception was official mortality figures during the pandemic, which revealed a discrepancy between lower official Covid-19 deaths and significantly higher excess mortality, or deaths above the long-term average. Analysts have accused Russia of [undercounting Covid-19 deaths and playing down](#) the pandemic's severity, a charge Russian authorities have denied.

Now, the limits imposed on official statistics are much more widespread—and economists expect the data restrictions trend to continue.

"It's getting more and more challenging and we might get to a point where we'd be inferring from satellite photos about what's happening in the Russian economy," Ms. Ribakova said.

Write to Georgi Kantchev at [georgi.kantchev@wsj.com](mailto:georgi.kantchev@wsj.com)

[Russia Blocks Economic Data, Hiding Effect of Western Sanctions](#)

**IN** ifosfl : Fossil Fuels | i1 : Energy

**NS** e1118 : Trade Figures | ecat : Economic News | c13 : Regulation/Government Policy | ccat : Corporate/Industrial News | e11 : Economic Performance/Indicators | e212 : Government Borrowing | e51 : Trade/External Payments | gesanc : International Sanctions | gpir : Politics/International Relations | gpol : Domestic Politics | gtrade : Trade Barriers/Restrictions | ncolu : Columns | npred : Economic Predictions/Forecasts | gcat : Political/General News | e21 : Government Finance | gdip : International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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**IPD** Wires

**IPC** I/FSL

**PUB** Dow Jones & Company, Inc.

**AN** Document WSJO000020220423ei4n000gp

# THE WALL STREET JOURNAL.

CLM Europe News  
SE World  
HD **Sanctions Strand Thousands of [Russia](#)-Bound Luxury Cars; Vehicles stuck at Belgium port as customs officials navigate sanctions related to [Ukraine](#) invasion**  
BY By Costas Paris  
WC 945 words  
PD 23 April 2022  
ET 20:30  
SN The Wall Street Journal Online  
SC WSJO  
LA English  
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LP

Some 8,000 luxury cars destined for Russia are parked at the Port of Zeebrugge in Belgium as authorities there try to navigate a maze of sanctions slapped on Moscow for [its invasion of Ukraine](#).

The cars—including some of the latest Lexus, Cadillac and Mercedes models—arrived from Asia in the first week of April. They were supposed to be transshipped to Russia, but [came under a luxury ban](#) that prohibits vehicles worth more than €50,000, equivalent to \$54,000, from being exported. The buildup of vehicles is one example of the confusion at key European ports over how to interpret and enforce sanctions against Russia.

TD

"The vehicles came under the luxury ban, but there is a range of other products stuck here that come under different sanctions," said Marc Adriansens, director of the port's car terminal. "The cars won't likely move for a long time as they'll probably be sold to different markets."

Mr. Adriansens said he didn't know who the buyers of the cars in Russia are, or who owns them at this stage. He said Zeebrugge has space for 10,000 vehicles.

Ports across the world, including car terminals, have been [struggling to cope with record volumes](#) of cargoes as economies open from the Covid-19 pandemic.

Zeebrugge is one of Europe's biggest vehicle transshipment ports, moving more than two million cars a year. But sanctions apply to a range of products including aircraft parts, machinery, chemicals and semiconductors.

Zeebrugge port officials said more than 1,000 Russian-destined containers have been blocked for checks and that a number of other export hubs around Europe are dealing with similar issues.

"There is a lot of confusion, and we need from authorities a list of ships that we should be looking out for," said Isabelle Ryckbost, secretary-general of the European Sea Ports Organization, a trade body grouping the EU's biggest ports. "Supply chains are already massively disrupted, and delays to check which ships and what products are banned adds to the strain."

With new sanctions on Russia introduced regularly, European customs officers are struggling to keep up, according to people familiar with the matter. A particular problem with sea trade is that although Russian-flagged vessels are banned from ports in Europe and the U.S., many are still sailing using other flags and are registered outside Russia.

ESPO called on EU governments this week to deploy more staff and resources to determine which vessels and cargo are covered by the ban and which ones are to be exempted.

The EU has issued some guidelines on how to implement the bans, but port operators said the rules are often confusing and involve a lot of exemptions.

Russia's oil and gas exports aren't banned, but tanker owners say they are [largely staying away from lifting crude](#) at the Black and Baltic seas, fearing they will be caught in the sanctions.

"We have 4-5 ships with Chevron on time charter, but we can't sail in to pick up the crude because we can't get insured," said Nikolas Tsakos, founder and chief executive of New York-listed TEN Ltd., one of the world's biggest tanker operators.

He said shipowners with long-term contracts that are moving Russian oil and gas are only allowed to discharge the cargo at a European port because of the continent's energy shortage.

"A lot of tankers have contracts to take cargoes to China and India," Mr. Tsakos said. "But if you do it, your ships could be blacklisted. We all support the Russian sanctions, but this is sheer madness."

Oil traders and freight forwarders estimate that at least 200 tankers that routinely move Russian oil and gas have been idled because they fear they will be sanctioned. But with Russia offering clients sharp discounts for its crude, [some tankers take the risk](#) and sail into the Black Sea where they mostly pick up the oil from other ships.

"If you take the risk, your ship will earn more than \$200,000 a day for going into the Black Sea compared with \$30,000 elsewhere," a Singapore oil trader said. "It's happening, and it will happen more going forward."

The risk goes beyond penalties. A number of commercial ships in the Black Sea have been attacked, and the waterway, which is normally used by hundreds of vessels daily to move big shipments of grains, oil and LNG, has been heavily mined. Ukraine's ports in the Black Sea have been closed since early March.

Apart from oil, gas and grains, the ships are also used to import cargoes of steel, copper, aluminum and nickel from Russia into Europe. Seaborne EU exports to Russia include technology products, paper, fertilizers, home goods and clothing.

Europe has already [banned Russian coal imports](#) and the next step could be fossil fuels and LNG. Although there is still no political consensus with the EU for such sanctions, any move [to ban energy products](#) would have a profound impact on ports such as Zeebrugge.

The port is a main entry, transshipment and storage facility for LNG shipments serving north and western European clients.

"The cars are a problem, but as long as gas keeps moving, I think Zeebrugge will be OK," Mr. Adriansens said. "But if those cargoes from Russia stop, the port will be in trouble."

Write to Costas Paris at [costas.paris@wsj.com](mailto:costas.paris@wsj.com)

#### [Sanctions Strand Thousands of Russia-Bound Luxury Cars](#)

**IN** i763 : Port/Harbor Operations | iaut : Automotive | iship : Water Transport/Shipping | itsp : Transportation/Logistics | imarfr : Marine Freight | i74 : Marine Transport | icargo : Freight Transport/Logistics

**NS** gesanc : International Sanctions | c13 : Regulation/Government Policy | ccat : Corporate/Industrial News | e51 : Trade/External Payments | ecat : Economic News | gpir : Politics/International Relations | gtrade : Trade Barriers/Restrictions | ncolu : Columns | gcat : Political/General News | gdip : International Relations | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

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**HD**     **The Ukraine Crisis: Budweiser Brewer Joins Russia Pullout --- AB InBev said it would sell joint-venture stake, as other companies weigh their options**

**BY**     By Saabira Chaudhuri and Georgi Kantchev

**WC**     803 words

**PD**     23 April 2022

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**LP**

The world's biggest brewer is pulling out of Russia, exiting a key beer market, as Moscow's invasion of Ukraine drags on and multinational companies weigh their options.

Anheuser-Busch InBev SA said it would sell its stake in its large Russian beer joint venture, booking a \$1.1 billion impairment charge. That follows moves by its biggest rivals, Heineken NV and Carlsberg A/S, which operate independently in Russia, and said weeks ago they would leave.

**TD**

AB InBev operates in Russia through a noncontrolling stake in a joint venture run by Turkish drinks maker Anadolu Efes. The Budweiser maker said Friday it was in discussions to sell its stake to Anadolu Efes.

Carlsberg said Thursday it would take a \$1.39 billion write-down tied to its decision to leave Russia. Heineken has said it expects to take a \$432 million charge tied to its move to pull out.

Two months into Russia's invasion of Ukraine, companies that haven't already left the country are evaluating their continued presence -- based on considerations they say are moral, logistical, or involve safety concerns.

AB InBev's move comes amid intense pressure on big companies from Ukraine's government, Western countries, investors and consumers to pull out of Russia.

A raft of financial sanctions and export controls placed on Russia by Washington and its allies has made doing routine business in the country difficult, if not impossible, for many companies. Making international payments, importing raw materials and paying staff have been complicated by the new restrictions.

More than 750 Western companies have said they would exit or cut back operations in Russia, according to researchers at Yale University.

Some companies, such as AB InBev, initially took a more wait-and-see approach. It previously said it had asked its Turkish partner to suspend the license for Budweiser in Russia and would forfeit all profits from the joint venture.

On Friday, it said that request would form part of any agreement between the two companies.

Moscow, meanwhile, has been pressuring companies to restart operations.

Earlier this week, German auto-parts supplier Continental AG, which in March suspended production at its Russia plant, said it temporarily was resuming tire production for passenger cars. It said local employees faced the prospect of "severe criminal penalties" if it failed to meet local demand.

Representatives for the Russian prosecutor general's office weren't available to comment on such penalties. The office previously said it would step up scrutiny of Western companies that have said they are pulling out, to ensure enforcement of Russian labor laws.

There are several pieces of legislation that are making their way through the Russian Duma that could make it much harder for companies to take a middle path. One measure would allow for the nationalization of assets left idle by Western companies. Another is aimed at criminalizing complicity with Western sanctions.

How either piece of proposed legislation would affect companies is unclear.

On Thursday, Russia's deputy trade minister said both IKEA and Zara owner Industria de Diseno Textil SA were seeking to reopen their Russian stores after adjusting their supply chains, according to state media agency TASS.

Viktor Evtukhov said that foreign companies that have suspended their activities cite logistical problems rather than the situation in Ukraine, TASS said.

Neither IKEA nor Inditex would comment directly about Mr. Evtukhov's statements. An IKEA spokeswoman said the company's decision to temporarily pause operations in Russia was still valid. An Inditex spokesman said the company also paused its operations only temporarily, and previously said it would resume operations as soon as circumstances allow.

AB InBev has been a major player in Russia's beer market since 1999, when its predecessor, Interbrew, formed a joint venture with Sun Brewing, becoming the No. 2 brewer there and the No. 1 in Ukraine.

After its blockbuster 2016 acquisition of SABMiller, AB InBev inherited SAB's 24% stake in Anadolu Efes and in 2018 struck a 50-50 joint venture to merge its Russia business with that of the Turkish brewer. AB InBev treated that business as an equity stake, while Anadolu Efes consolidated it fully into its accounts.

Russia was for years one of the world's fastest-growing beer markets, but has been a tough environment since the global financial crisis.

Moscow moved to curb drinking by raising taxes and limiting sales, and the economy was also hit by sanctions and lower oil prices. By 2019, Russia made up 4% of global beer volumes, with consumption at around two-thirds of what it was a decade earlier.

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**NS** c184 : Joint Ventures/Consortia | cdiv : Divestments | ccat : Corporate/Industrial News | c13 : Regulation/Government Policy | gesanc : International Sanctions | gtrade : Trade Barriers/Restrictions | neqac : Equities Asset Class News | c181 : Acquisitions/Mergers/Shareholdings | c18 : Ownership Changes | cactio : Corporate Actions | e51 : Trade/External Payments | ecat : Economic News | gcat : Political/General News | gdip : International Relations | gpir : Politics/International Relations | ncat : Content Types | nfact : Factiva Filters | nfcipin : C&E Industry News Filter

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **U.S. Secretary of State Blinken, Defense Secretary Austin to Visit [Ukraine](#), Zelensky Says; A trip would be the highest-level visit by U.S. officials since the war began**  
BY By Thomas Grove and Yuliya Chernova  
WC 1,329 words  
PD 24 April 2022  
ET 03:47  
SN The Wall Street Journal Online  
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LA English  
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LP

KYIV, Ukraine—U.S. Secretary of State Antony Blinken and Defense Secretary Lloyd Austin are due to visit Ukraine on Sunday, Ukrainian President Volodymyr Zelensky said, in what would be the highest-level visit by U.S. officials to Ukraine since the start of the war.

Mr. Zelensky, speaking to reporters in a subway station in Kyiv on Saturday, said he would discuss military assistance with the U.S. officials. The Defense Department and State Department declined to comment on Mr. Zelensky's remarks.

TD

"We will talk about the list of weapons we need and the pace of their supply," the Ukrainian president said, adding that he was grateful for recent increases in military shipments.

Mr. Zelensky has pressed Western countries for more weapons and support, and the U.S. and allies have raced to supply Ukraine with NATO-standard heavy weaponry as its outgunned troops seek to repel Russian forces.

Earlier, Mr. Zelensky warned that Russia had its sights set on other European countries if its troops push past Ukrainian forces trying to [hold back a renewed Russian offensive](#) in the south and east of the country.

"The Russian invasion of Ukraine was intended only as a beginning, then they want to capture other countries," Mr. Zelensky said in a speech late Friday.

Moscow's gains over the besieged port city of Mariupol likely have begun to free up troops to push further west along Ukraine's southern regions, where Russian troops have made the most progress [since the start of its invasion](#) in February.

On Saturday two Russian missiles hit an unspecified military asset and two residential buildings in the coastal city of Odessa, more than 300 miles west of Mariupol, according to a post on the city government's Telegram social-media account. Mr. Zelensky's chief of staff, Andriy Yermak, wrote on his Telegram account that at least five civilians, including an infant, were killed and 18 people wounded. Later, Odessa's Mayor Gennadiy Trukhanov said the number killed was at least eight.

The Russian Ministry of Defense said Russian rockets hit a logistics terminal at a military airfield in the Odessa region.

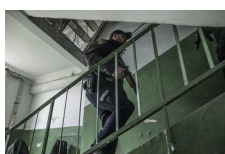
A Russian general said Friday that [Moscow wanted to establish a land corridor from Mariupol to Crimea](#) and onward to the Russian-backed territory of Transnistria, a separatist region established inside neighboring Moldova with Moscow's help, to support Russian speakers there.

Moldova on Friday summoned Russia's ambassador over the comments of Maj. Gen. Rustam Minnekayev, deputy commander of Russia's Central Military District, saying they "are unfounded and contradict the position of the Russian Federation supporting the sovereignty and territorial integrity of the Republic of Moldova."

The general's statements, on which the Kremlin declined to comment after they aired on state media, underscored one of Kyiv's central rallying cries for Western support in its fight against Russia: that a revisionist Russia, under President Vladimir Putin, is trying to re-establish a Soviet-era sphere of influence that reaches deep inside Europe.

It also highlighted how the Kremlin has sought to use the so-called separatist republics it has backed across the Caucasus region and Eastern Europe as a pretext to exert control beyond Russia's borders.

Transnistria broke away from former Soviet Republic Moldova following its declaration of independence from the Soviet Union in 1991 in an effort to stay within the Soviet bloc. The Soviet 14th Guards Army intervened months later on the side of the separatists and have stayed in the separatist region as what Moscow calls a peacekeeping force.



Police officers climbed into a burned apartment after a Russian rocket attack in Kharkiv, Ukraine, on Friday. PHOTO: Manu Brabo for The Wall Street Journal

Russia has made meaningful gains along Ukraine's coast of the Azov Sea and is seeking to make further headway west on the country's Black Sea coast. But Ukraine retains control of the port cities of Odessa, near the border with Moldova, and Mykolaiv, where it is working to push back Russian troops. An unknown number of Ukrainian forces also remain in the tunnels and underground bunkers of the [Azovstal steel plant in Mariupol](#).

Russian strongholds in the south and east have come into renewed focus in recent weeks following Moscow's withdrawal of troops from around Kyiv after a failed attempt to take the capital.

Ukraine's general staff said Saturday that Russian forces have made a tactical push from the Russian-controlled separatist areas in Ukraine's Donetsk and Luhansk regions to position themselves for an assault on Slovyansk. That city was a center of [civilian disappearances and torture](#) at the hands of Russian-backed troops later pushed out by Ukraine during the 2014 conflict in the region.

"In the Donetsk direction, the Russian enemy is conducting offensive operations along the entire line of contact," Ukraine's general staff said Saturday. It said Russia's 64th Separate Motorized Rifle Guards Brigade, which Kyiv says was responsible for some of the [worst atrocities against Ukrainians in the city of Bucha](#), had now taken positions in eastern Ukraine but had suffered heavy losses.

Those battles don't so far amount to the concerted Russian offensive that Ukraine and Western countries expected in what Moscow has called the second phase of the war, according to military analysts. The U.K. Defense Ministry said Saturday that Russia had made no major gains in the previous 24 hours.

Russia's Ministry of Defense said Saturday its forces had used high-precision air-based missiles to strike 25 Ukrainian armored vehicles and three weapons depots overnight. It also said it had shot down a Ukrainian Su-25 aircraft in the region of Kharkiv and destroyed 15 Ukrainian unmanned aerial vehicles.

With the battle for Donbas pitting conventional forces against each other, Ukraine is struggling to make up for its disadvantage in artillery and a shortage of Soviet-standard ammunition—one reason Mr. Zelensky has asked the U.S. and allies to supply

NATO-standard heavy weapons. Analysts say it will take weeks for Kyiv to train its forces on the Western systems and use them to full effect.

Ukraine's military has been able to partly offset Russia's overwhelming advantage in aircraft by using Western-supplied anti-aircraft missiles, such as Stingers and Starstreaks, to down several Russian jet fighters, helicopters and drones in recent days, according to footage of wreckage posted by Ukrainian troops and verified by military analysts. Ukraine said Friday it lost an An-26B transport plane that hit a power line in the Zaporizhzhia region, leaving at least one crew member dead.

The U.S. has been the first to provide Ukraine with NATO-standard 155-mm howitzers. President Biden said Thursday that Washington's latest \$800 million military-aid package would include 72 of the towed artillery pieces in addition to 18 pledged the previous week.

On Friday, Canada said its military had also sent an unspecified number of 155-mm howitzers and antiarmor ammunition to Ukraine. Canadian Broadcasting Corp., citing a military source, reported the package would include GPS-guided Excalibur rounds, which are valued at about \$112,000 per round.

French President Emmanuel Macron said Paris was providing Ukraine with Caesar self-propelled 155-mm artillery pieces, in an interview published Friday by the newspaper Ouest-France. The newspaper, citing military sources, reported that Paris was transferring 12 Caesars, which have a range of some 40 kilometers, equivalent to about 25 miles, and that Ukrainian soldiers would begin training Saturday in France.

Mauro Orru contributed to this article.

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[U.S. Secretary of State Blinken, Defense Secretary Austin to Visit Ukraine, Zelensky Says](#)

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# THE WALL STREET JOURNAL.

CLM World News  
SE World  
HD **Ukraine Accuses Russia of Digging Mass Graves for Civilian Victims; Senior Russian military official says Moscow's territorial goals extend beyond the Donbas, toward Moldova's Transnistria region**  
BY By Yaroslav Trofimov  
WC 1,483 words  
PD 23 April 2022  
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LA English  
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LP

KHARKIV, Ukraine—Ukrainian officials accused Russia of burying thousands of civilians in mass graves outside Mariupol, a city now mostly under Russian control, as a senior Russian military official said [Moscow's territorial goals](#) extend well beyond Ukraine's eastern Donbas region.

Moscow stopped considering Donbas as part of Ukraine—including areas controlled by Kyiv—when President Vladimir Putin in February [recognized the independence](#) of the so-called Donetsk and Luhansk people's republics, statelets created with Moscow's help in part of the region in 2014.

TD

Maj. Gen. Rustam Minnekayev, deputy commander of Russia's Central Military District, said in remarks at a conference carried by state media on Friday that Moscow sought to control all of southern Ukraine to secure a land corridor to Crimea, the Ukrainian peninsula that Moscow [annexed in 2014](#), and to Moldova's Transnistria region, where he said Russian speakers suffer from discrimination.

To achieve these goals, Russia, in addition to capturing the parts of Donbas that remain under Ukrainian control, would also have to seize the coastal regions of Mykolaiv and Odessa. Russian forces came close to overrunning Mykolaiv in early March, but since have been repelled and control a sliver of the region.

Moscow, however, occupies most of the Kherson region in southern Ukraine and a large part of the Zaporizhzhia region. Russia's RIA state news agency Friday ran interviews with a member of the Russian parliament, Dmitry Belik, and a pro-Moscow Crimean Tatar leader, Eyvaz Umerov, calling for absorbing these occupied territories into a new Crimean federal district within Russia.

Kremlin spokesman Dmitry Peskov declined to comment on the possibility of Russia expanding its military aims in southern Ukraine. It wasn't clear to what extent Gen. Minnekayev's remarks—which also included the false claims that Russia fought "against the entire world" in World War II and that Russian armed forces are suffering no casualties in Ukraine—reflected the Kremlin's policy.

In Mariupol—much of which has been leveled by shelling, bombing and street fights—Ukrainian municipal authorities said mass graves for residents killed by the Russian army were being dug outside the city in an area that is already twice as large as the local cemetery.

"The worst war crime of the 21st century has been committed in Mariupol," Mayor Vadym Boychenko said in remarks posted by the municipality on social media. "Putin is exterminating Ukrainians. He has already killed tens of thousands of civilians in Mariupol."

Satellite images released Thursday by Maxar Technologies showed what appeared to be more than 200 mass graves in the town of Manhush, just outside Mariupol. These graves could contain between 3,000 and 9,000 people, the municipality said. Russia didn't immediately respond to a request for comment. In general it ascribes all civilian casualties in Mariupol to Ukrainian forces.

Russia on Thursday announced a victory in the strategic port city even though Ukrainian forces were still blockaded inside its vast Azovstal steel plant. A spokesman for Ukrainian President Volodymyr Zelensky said while nearly all of Mariupol was under Russian control, the fight for the plant continued.

A rare acknowledgment of Moscow's deliberate strategy to level Mariupol, which used to be home to about 400,000 people, came from a Thursday address by Adam Delimkhanov, a Russian lawmaker from Chechnya who led Chechen units of the Russian National Guard in battles for the city.

"We can say that the special operation to destroy and cleanse Mariupol has now been concluded," Mr. Delimkhanov said alongside a unit of Chechen Russian National Guard troops in front of a burning Mariupol building. The troops in the video chanted, "Russia is strength" and "Allahu akbar."

Mr. Peskov said Russian troops had sealed off the Azovstal steel plant, where an estimated 1,500 Ukrainian troops were holed up. Ukrainian soldiers in Mariupol said they would be ready to withdraw with their arms if their safety were guaranteed by a third party.

British Prime Minister Boris Johnson on Friday said he agreed with a Western intelligence assessment that the war in Ukraine could continue until the end of next year and that Russia could win.

"I think the sad thing is it is a realistic possibility," Mr. Johnson said. "Putin has a huge army, he has a very difficult position because he's made a catastrophic blunder—the only option he has now is to continue to try to use his appalling, grinding approach."

The British government also said it would reopen its embassy in Kyiv next week, joining a host of nations returning to the Ukrainian capital after Russian forces pulled back from Kyiv and other cities in the north. And Mr. Johnson said the government proposes sending tanks to Poland.

The U.S. doesn't have diplomatic personnel in Ukraine and hasn't outlined any plans for American diplomats to return.

As part of an effort to pursue an end to the war, United Nations Secretary-General António Guterres will [travel to Moscow](#) and meet with Mr. Putin and Russian Foreign Minister Sergei Lavrov on Tuesday and will travel to Ukraine and meet with Mr. Zelensky and Ukrainian Foreign Minister Dmytro Kuleba on Thursday, according to Mr. Guterres's office.

Mr. Putin ordered Russian forces to focus on seizing the parts of Donbas that remain under Ukrainian control, after his initial plan to swiftly conquer the capital, Kyiv, and other major cities of eastern and central Ukraine failed because of fierce resistance. Russia's new strategy, Ukrainian and Western officials say, is to encircle Ukraine's best forces in Donbas through a pincer movement, with offensives pushing north from the Zaporizhzhia region and south from the town of Izyum.

So far, Russian forces have made incremental gains, taking a handful of small villages since [seizing the town of Kreminna](#) last weekend. Russian forces on Friday pushed toward Slovyansk, one of the main cities in Ukrainian-controlled Donbas, and took over the village of Lozove, according to Ukraine's general staff.

Ukraine's military has been able to curtail Russia's overwhelming advantage in aircraft by using Western-supplied antiaircraft missiles, such as Stinger and Starstreak, to down several Russian jet fighters, helicopters and drones in recent days, according to footage of wreckage posted by Ukrainian troops and verified by military analysts. Ukraine said Friday it lost an An-26B transport plane that hit a power line in the Zaporizhzhia region, leaving at least one crew member dead.

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The U.S. has been the first to provide Ukraine with NATO-standard 155-mm howitzers. President Biden said Thursday that Washington's [latest \\$800 million military-aid package](#) would include 72 of these towed artillery pieces in addition to 18 pledged the previous week.

On Friday, Canada said its military also sent an unspecified number of 155-mm howitzers and anti-armor ammunition to Ukraine. Canadian Broadcasting Corp., citing a military source, reported the package would include GPS-guided Excalibur rounds, which are valued at about \$112,000 per round.

In an interview published Friday by newspaper Ouest-France, French President Emmanuel Macron said Paris is providing Ukraine with Caesar self-propelled 155-mm artillery pieces. The newspaper, citing military sources, reported that Paris was transferring 12 Caesars, which have a range of some



40 kilometers, equivalent to about 25 miles, and that Ukrainian soldiers would begin training Saturday in France.

Ukrainian officials have warned recently that Moscow plans in the coming weeks to conduct a sham referendum on severing Russian-controlled parts of Zaporizhzhia and Kherson from Ukraine and possibly proclaiming a so-called Kherson people's republic, similar to what it did in Crimea, Donetsk and Luhansk in 2014. That would allow Russia to start forcibly drafting local men, as has happened with the mandatory mobilization of men up to 65 years old in Donetsk and Luhansk.

Russia already has replaced most mayors in occupied areas of southern Ukraine with handpicked allies, with the exception of the mayor of the city of Kherson. Moscow hasn't commented publicly on referendum plans. "Not a single person in the Kherson region, which awaits liberation, will come to that referendum," the Ukrainian governor of Kherson, Hennadiy Lahuta, said in a TV appearance. "Anything they may conduct will be unlawful and falsified."

Georgi Kantchev contributed to this article.

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[Ukraine Accuses Russia of Digging Mass Graves for Civilian Victims](#)

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