

Conflict Update Day 386

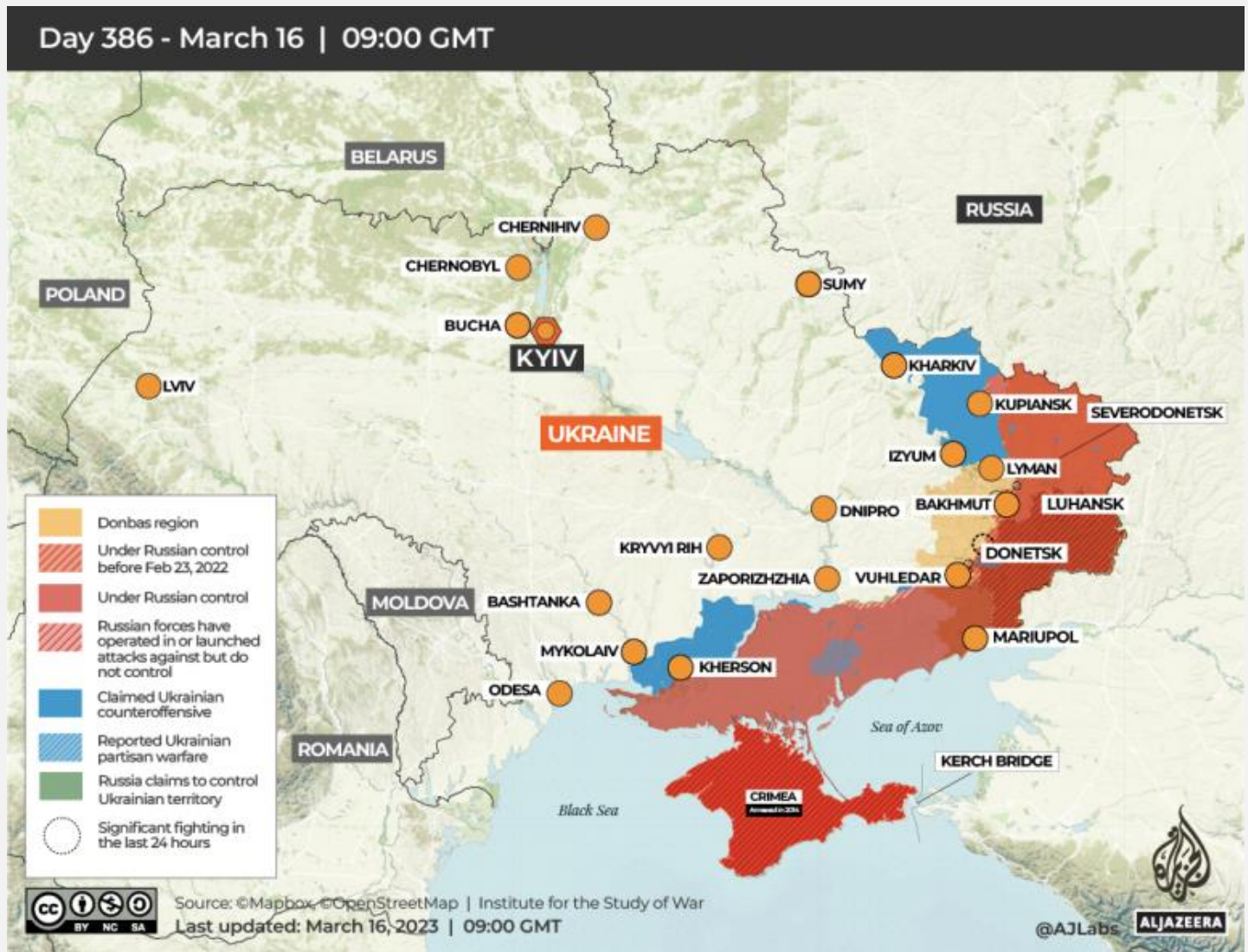
March 16th, 2023

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Conflict Assessment

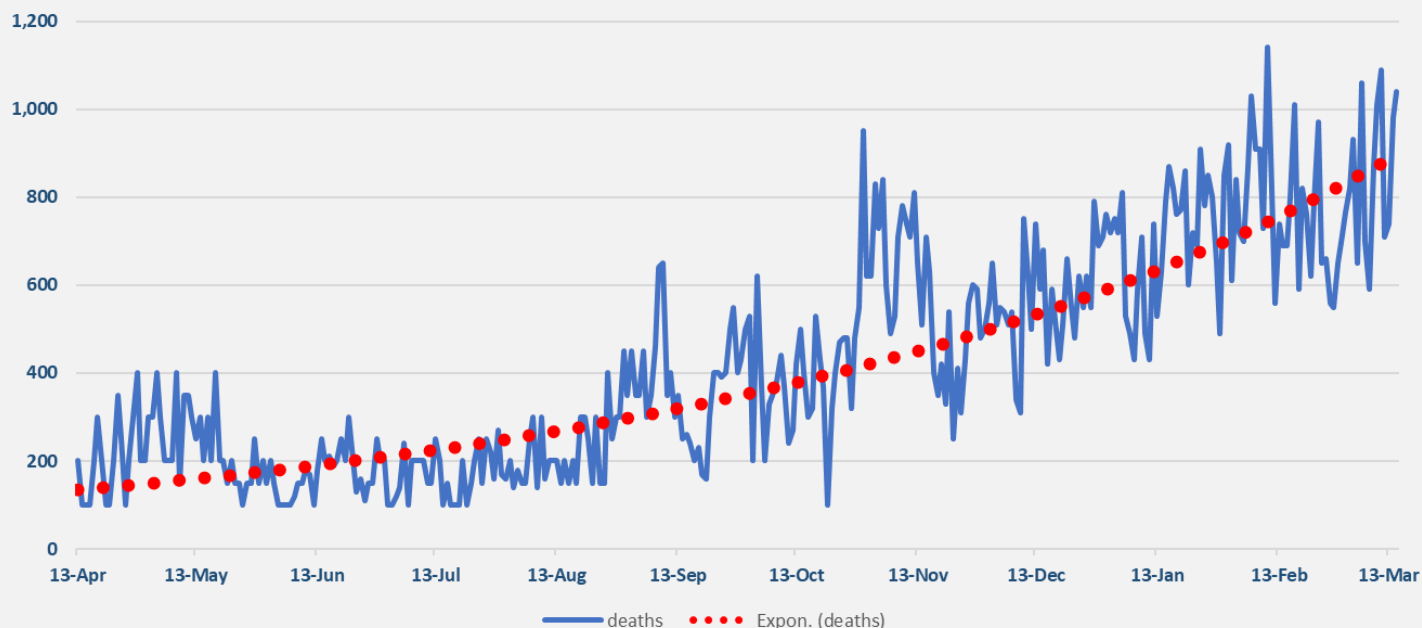
Russian losses – 162,560 (+1,040) soldiers killed, 3,504 (+12) enemy tanks, 6,810 (+11) armored combat vehicles, 2,539 (+11) artillery systems, 503 (1) MLRS systems, 265 (+3) air defense systems, 305 (+1) warplanes, 289 (+0) helicopters, 2,145 (+13) UAVs of the operational-tactical level, 907 (+0) cruise missiles, 18 (+0) warships/cutters, 5,394 (+17) trucks and tankers, 4 Iskander Missile Launchers (+0), 239 fuel bowsers (+0) and 257 (+0) units of equipment.

Key Takeaways



Ukrainian ground forces shot down a Russian fighter jet near the besieged eastern city of Bakhmut, said Andriy Yermak, the head of the Ukrainian president’s office (included in today’s numbers above).

Russian troop deaths by day



Russia losing 800 men per kilometer in Bakhmut: Diplomat – A British diplomat has said that hundreds of Russian soldiers are being killed for every kilometer of ground seized around the city of Bakhmut. For months, it has been one of the hottest portions of the 600-mile front.

Ian Stubbs, a senior military adviser within the British delegation to the Organization for Security and Co-operation in Europe, spoke to Ukrinform on the sidelines of the Security Co-operation Forum in Vienna yesterday. He said that Moscow's troops and their Wagner Group mercenary compatriots are taking high casualties in the "intensive combat" in Donetsk region.

"Over the past week, we have seen intensive combat as Russia continues its grinding offensive in the Donbas," Stubbs added. "Russia is suffering extremely heavy casualty rates.

Russian forces have taken control of the village of Zaliznianske and are expanding the encirclement of Bakhmut, head of the Russian mercenary Wagner force Yevgeny Prigozhin said.

Russian attack on US drone investigation - The crash of a United States military surveillance drone into the Black Sea after it was intercepted by Russian jet fighters continues to be "investigated," US Secretary of State Blinken said.

The US today released video of Black Sea drone incident with the Russian jet. The Pentagon says declassified footage shows Russian Su-27 approaching the back of MQ-9 drone and beginning to release fuel as it passes.

The declassified 42-second footage released by the US European Command shows the Su-27 fighter jet approaching the back of the MQ-9 drone and dumping fuel near it, in what US officials said was an apparent attempt to blind its optical instruments.



The released excerpt also shows the loss of the video feed after another close Russian manoeuvre, which the Pentagon said resulted from the Russian jet's collision with the drone. It ends with images of the drone's damaged propeller, which the Pentagon says resulted from the collision, making the aircraft inoperable.

Russia vows to respond 'proportionately' to US 'provocations' - Intensified spying by American drones near Ukraine could lead to an escalation and Russia will respond proportionally to future intelligence-gathering operations, Moscow's defence chief has told his US counterpart.

The comments came in a phone conversation on Wednesday between Sergei Shoigu and Pentagon boss Lloyd Austin after the United States accused a Russian Su-27 fighter jet of colliding with one of its Reaper surveillance drones, forcing it to crash into the Black Sea.

Russia denied it deliberately brought the unmanned aerial vehicle down.

"It was noted that flights by American strategic lethal drones by the Crimea coastline were provocative in nature and created pre-conditions for an escalation of the situation in the Black Sea zone," a defence ministry statement quoted Shoigu as saying.

"[Russia] has no interest in such a development, but it will continue to respond proportionately to all provocations."

FSB Building in Rostov-on-Don on fire - Deadly explosions and inferno ripped through a Russian FSB building 75 miles from Ukraine after ammunition was detonated in the storage warehouse.

A series of explosions rocked the FSB's border patrol building, before it burst into flames in the southern Russian city of Rostov-on-Don this morning.

One person was killed and two others were injured after the raging inferno ripped through the building.

A series of explosions were heard every 10 seconds after the ammunition caught fire, eyewitnesses said.

'The explosion was very loud, not a pop. We heard one explosion, acquaintances who live closer to the place of the fire claim that there were two, but we clearly heard only one,' a witness who lives close to the FSB building told Russian news outlet 161.ru.

Another eyewitness said: 'The building just exploded right in front of my eyes. I was chatting on the phone when it exploded. 'Windows all flew out, everything collapsed. I think some must be injured inside there.

The governor of the Rostov region, Vasily Golubev, explained explosions during the fire in the FSB building were caused by "short circuiting the electrical wiring inside the building" and the detonation of fuel tanks due to the fire.

Rostov region borders Ukraine's Donetsk and Luhansk Oblasts.



Explosions rang out near the Belgorod CHPP – Early this morning explosions rang out in Belgorod, Russia.

Residents report a loud "cotton" in the area of the CHP, near the railway station. The governor of the Belgorod region said that air defense seems to have worked in the Russian region. "In Belgorod, an air defense system shot down 2 missiles." According to preliminary data, there were no casualties.

Chinese-made drone shot down over Ukraine - Ukrainian military shot down a Chinese-made Mugin-5 unmanned aerial vehicle in the Donetsk region, as reported by

The report Ukrainian journalists to the military drone which down over the 47 assault rifle. drone was flying low with handguns. that after the crash of kilograms, a funnel ground.



servicemen led wreckage of the they report was shot weekend with an AK-Soldiers said the enough to be shot Journalists also said a drone weighing 20 remained in the

The Mugin-5 drone is manufactured by a Chinese company based in Xiamen, east China and is known as the "Alibaba drone" because it is sold on Chinese marketplaces Alibaba and Taobao for up to \$15,000.

Mugin Limited confirmed that it was a drone made by them and called the incident "extremely unfortunate." "We do not approve of the use. We are doing everything we can to stop it," a spokesman for the company told the TV channel.

Ukrainian cluster mine artillery stalls Russian forces in Vuhledar - UK intel - The Russian military advance against the Donetsk town of Vuhledar has stalled in part due to Ukraine's use of artillery-launched anti-armor cluster mines, the United Kingdom's Defense Ministry assessed in a Thursday morning intelligence update.

"One factor in Russia's heavy losses in this sector has been Ukraine's successful adoption of Remote Anti-Armor Mine systems (RAAM)," explained the UK Defense Ministry. "RAAM is a specialist artillery shell which scatters anti-armor mines up to 17km away from the firing unit."

The UK Defense Ministry and other Western reports have indicated that the Ukrainians have often launched the mines over and behind advancing Russian forces. This causes casualties and disarray when Russian vehicles attempt to maneuver or retreat.

Polish special services eliminated a Russian spy network that was preparing to sabotage a railway - Internal Security Agency (AUB) of Poland detained six foreign citizens on suspicion of working for the Russian special services and preparing for sabotage activities in the country, writes Gazeta Wyborcza.

AUB agents found hidden cameras on railway routes and transport hubs recording movement of trains, transmitting images via Internet.

Sections monitored included railway routes in the Subcarpathian Voivodeship Jasionka airport, located in the vicinity of Rzeszów and the main transshipment point for Western weapons and ammunition for Ukraine.

West warming to Ukraine crossing Putin's red line: Ukraine - Western officials are warming to the idea of Ukraine crossing Putin's red line to take back Crimea, a Ukrainian official said.

Tamila Tasheva, Ukraine's representative for Crimea, said in an interview with the Daily Beast that Western leaders have changed their tone on the idea that Ukraine could take back Crimea, which is widely seen as a red line for Putin that could result in an escalation of the ongoing war.

"We heard from Western leaders that...if we come back to Crimea, that there would be an unavoidable escalation, that might even provoke a nuclear conflict," Tasheva said, without specifying which leaders. "The rhetoric has been changing since we explain more and more what Crimea is, what it means for Russia, and how things are connected around Crimea."

In recent months, Russia has accused Ukraine of attempting to attack parts of Crimea. On March 1, the Russian Defense Ministry said that Russian forces stopped a "massive" Ukrainian drone attack in Crimea. Additionally, Alexander Bogomaz, the governor of Russia's Bryansk region, said in a post on his Telegram channel that Ukrainian troops attacked the Klimovsky district and "Saboteurs fired at a moving car."

Black Sea will become 'totally ours,' Russian-appointed governor Says - Volodymyr Saldo, appointed by the Kremlin to lead Ukraine's southern Kherson region after it was seized during Putin's illegal war, said the Black Sea will become Russia's.

The official, whom Russia declared "head of the Kherson civic military administration" after gaining control of the territory in the first phase of its invasion, made the remarks during a competition held in Rostov-on-Don, a city in southern Russia, this week.

The Black Sea, which is bordered by two European Union countries—Bulgaria and Romania—as well as Ukraine, Georgia, Moldova, Russia and Turkey, is of strategic and economic importance to Moscow, largely because of the transit routes it provides.

"The sea of Azov already became Russia's internal sea, and I think the Black Sea will soon become one, too" - so-called "governor of Kherson region" Saldo. What do Turkey, Bulgaria, Romania and Georgia think about that?" the official tweeted as a caption.

Comment – This region has long been coveted and sought after by Russian rulers, stretching back centuries. Pre-Russian Revolution, Tsar Nicholas II agreed with France and the UK that, in return for events elsewhere in WWI, Moscow would receive modern-day Istanbul, then Constantinople, as their war reward(s). The Revolution however put paid to that when Russia agreed with Berlin to exit the war.

Russia's Wagner puts \$15 million bounty on Italian defence minister - Russia's mercenary Wagner group has put a \$15 million bounty on Italian Defence Minister Guido Crosetto, who blamed the group for causing the increased migration wave to Italy, a report by the Italian intelligence services reads.

News of the bounty was reportedly received by Italian intelligence some 10 days ago but was not made public until this week. It was followed by Crosetto blaming Wagner for an increase in migrants from Africa to Italy.

According to interior ministry data, migration has risen to 20,021 migrants from 1 January to 15 March 2023, compared to 6,263 migrants who reached the country during that same period in 2022 and 6,041 in 2021.

Also read: Increase deportations, recognise migrant deals, EU tells capitals

On Monday, Crosetto said Wagner, a mercenary group whose owner has close links to Putin, was behind the surge of migrant arrivals that have caused political turmoil both in Italy and Europe, as well as scores of deaths.

Comment – If true, and an assassination is carried out, surely this constitutes a violation of Article 5 of the NATO Agreement – “An attack on one NATO nation is an attack on all NATO members?”

Russia’s Wagner group recruiting mercenaries on Pornhub – report - Russia's Wagner mercenary group has taken to an unconventional platform to recruit new fighters in their battle against Ukrainian forces – taking out an advertisement in pornography website Pornhub.com, Ukrainian news outlet Ukrainskaya Pravda reported Wednesday.

Putin ally Yevgeny Prigozhin's private military force has faced issues recruiting mercenaries – especially as their fighters continue to perish on the front lines – and have thus taken out the suggestive ad in the Kemerovo and Volgograd regions of Russia, according to the report.

The risqué ad features a woman twirling a lollipop in her mouth as a voiceover encourages viewers to sign up for a position at the Wagner group. It’s unclear how many times the ad has been viewed on Pornhub and for how long it has been up on the site.

Comment – Aha! – Pornhub is owned by Mindgeek, a Canadian company based in Montreal, QC, Canada.

Evidence of Russia using Grom standoff weapons in Ukraine emerges - Wreckage found in Ukraine marks the first confirmed use of Grom missiles since Russia's all-out invasion of the country began a year ago.

In one clip circulating on social media, an individual filming walks over to the site of a Grom wreckage. While it is unclear exactly how long it’s been there, a sizable portion of the missile’s body can be clearly seen along with what appear to be pop-out wings designed to allow the weapon to glide to its intended target.

Grom is a Russian air-to-surface weapon with a pair of pop-out wings that give it an extended stand-off capability, and comes in powered and unpowered forms. Even though in pieces, some believe that the markings visible and the general dimensions of the remnants line up with what is known about a specific powered export variant of the weapon known as Grom-E1.



In his 2015 book titled Russia’s Air-Launched Weapons: Russian-Made Aircraft Ordnance Today, Russian military aviation expert and The War Zone contributor Piotr Butowski explained that the Grom family of weapons are produced by the country’s Tactical Missiles Corporation (KTRV). The weapon’s overall design is known to be derived from the Kh-38M air-to-surface missile also designed by KTRV.

Russia competing with Wagner mercenaries in Ukraine - Russia's Defense Ministry has likely been pushing hard to conquer Vuhledar to compete with the Wagner private military company, the UK said.

"Russia’s only notable recent tactical success has been in the Bakhmut sector, which is dominated by Wagner Group mercenary forces, currently engaged in a public feud with the Russian Ministry of Defense," said the UK MoD.

In a Wednesday briefing, US Joint Chiefs of Staff Chairman General Mark Milley said that "Ukraine has fixed the Russian forces at that city and they're exacting very heavy costs on the Wagner Group and the Russian regular military."

Intelligence: Russian occupying forces in Crimea preparing for defense. The Russian military keeps "a powerful ground and aviation component" in Ukraine's Crimea, building fortifications and preparing for defense on the occupied peninsula, Vadym Skibitskyi, deputy chief of Ukraine's military intelligence, said yesterday.

According to Skibitskyi, nearly 90 combat aircraft and 60 attack helicopters are currently stationed on the peninsula.

Russian troops reportedly set up a special group on the peninsula, now assembling fortifications and defense lines as Moscow maintains its military infrastructure in Crimea in combat readiness.

Ukraine repels 75 Russian attacks in past 24 hours. Ukraine's military repelled over 75 Russian assaults in five areas over the past day, the General Staff of Ukraine's Armed Forces reported in its morning briefing on March 16. Russian forces are concentrating their efforts on conducting offensives toward Lyman, Bakhmut, Avdiivka, Mariinka, and Shakhtarsk in Donetsk Oblast.

Russia plans on drafting 400,000 soldiers to fight against Ukraine - Russia reportedly plans on drafting 400,000 people to fight the war against Ukraine.

According to a March 14 report by the Russian service of Radio Free Europe/Radio Liberty, that cites several regional media outlets, Russia's MoD will start a new recruitment campaign on April 1, aiming to contract 400,000 soldiers.

The ministry has sent orders with recruitment quotas to Russia's regions, RFE/RL reported.

Residents of Russia's Voronezh Oblast started receiving summonses to military enlistment offices as in September last year following the so-called "partial" mobilization announced by Russian dictator Vladimir Putin, the publication says.

Simultaneously, ISW confirmed that Russia "continued measures to mobilize the struggling Russian defense industrial base (DIB) for a protracted war effort."

Russian occupying forces are also intensifying their mobilization efforts throughout the occupied Crimean peninsula, Ukraine's Defense Ministry's National Resistance Center reported on March 14.

Containment

Netanyahu holds meeting on Ukraine, said to look at providing military aid - For the first time since resuming office, PM Netanyahu held a discussion Israel's policy regarding aid to Ukraine in the face of the Russian invasion and war, his office said. The statement said the meeting included Defense Minister Yoav Gallant, Foreign Minister Eli Cohen, National Security Adviser Tzachi Hanegbi, Mossad chief David Barnea, IDF Chief of Staff Herzi Halevi, Foreign Ministry Director-General Ronen Levy, Netanyahu's military secretary Avi Gil, and others.

Hebrew media reported the meeting discussed the option of providing military assistance to Ukraine, which has long been lobbying Israel for weapons and in particular air defense systems. Kyiv has expressed frustration that its requests have so far been rebuffed.

The US has also been pushing Israel to increase its support, apparently with weapons, according to reports.

During the meeting, the NSC presented Ukraine's demands, its expectations of receiving Israeli air defense systems, and the sensitive nature of relations with Russia, Ynet reported without citing sources.

Israel is prepared to give Ukraine a rocket early warning system and assist clearing landmines, according to the report.

Walla cited an unnamed Israeli official as saying there is a growing group within the security and intelligence establishment that believes Israel should approve military aid to Ukraine in a manner that would not cause tension with

Russia, such as allowing a third country to supply certain Israeli systems. The report did not say which country or what specific hardware would be offered.

Israel has resisted providing weapons to Ukraine since the start of Russia's invasion in February 2022. One major reason for Israel's hesitance appears to be its strategic need to maintain freedom of operations in Syria, where Russian forces largely control the airspace.

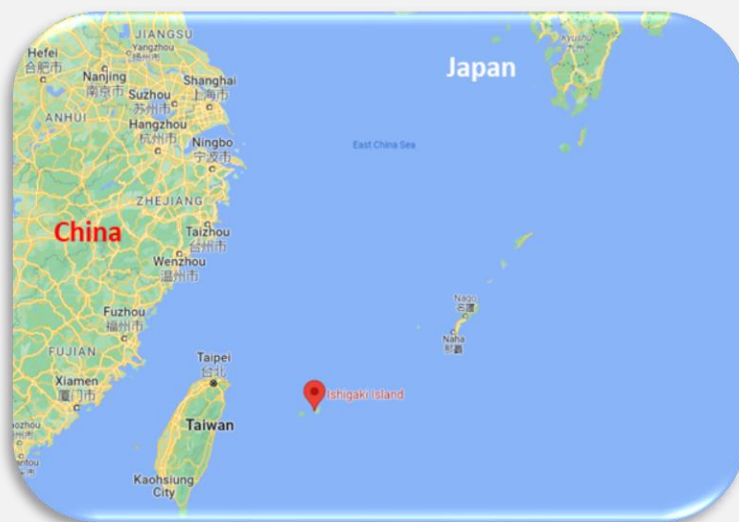
Poland to send four fighter jets to Ukraine - Poland will send Ukraine four MiG-29s within the "next few days", President Andrzej Duda says as other countries remain hesitant to provide Kyiv with fighter jets.

Warsaw received "clear declarations" from several countries willing to supply Ukraine MiG-29 fighter jets, Polish spokesman Piotr Muller said yesterday as cited by Bloomberg. Muller didn't name those countries.

Japan deployed 570 military units to an island near Taiwan - Japan today deployed up to 570 military units of ground self-defense forces, including missile anti-aircraft and anti-ship units, to the remote southern island of Ishigaki, located near Taiwan, according to Japan Times.

The transfer was carried out "in response to the intensification of Chinese military operations in nearby waters." Chinese ships, per Japanese authorities, repeatedly entered the territorial waters of Japan around uninhabited islands.

In December, the Chinese military sent dozens of aircraft and a group of ships into Taiwan's air defense recognition zone, the island's defense ministry said .



Sweden to send Ukraine 8 Archer self-propelled artillery systems. The Archer self-propelled artillery systems, coupled with combat vehicles and tanks, increase Ukraine's defense capabilities and enable them to regain territory at a faster pace, according to Swedish Defense Minister Pål Jonson.

Estonia to transfer more weapons, special equipment to Ukraine. Estonian Defense Minister Hanno Pevkur's proposal to send another military defense package to Ukraine has been approved, ERR reported. The latest defense aid will include semi-automatic rifles, sniper rifles, scopes, binoculars, ammunition, individual and special equipment, patrol boats, thermal imaging scopes, and medical supplies.

Comments, Updates, Developments and Reports

Russia committed a 'wide-range' of war crimes, says UN - A UN-mandated investigative body said in a report Russia committed a wide range of war crimes in Ukraine, such as willful killings, torture and the deportation of children,

The Independent International Commission of Inquiry on Ukraine said that Russian forces have carried out "indiscriminate and disproportionate" attacks on Ukraine, resorted to torture, killed civilians outside of combat, and failed to safeguard the Ukrainian population.

‘The age of the unmanned fighter jet is upon us’: AJ Defence Editor - Al Jazeera’s defence editor, Alex Gatopoulos, said the incident between the US reconnaissance drone and the Russian fighter jets is “the latest in a long line of confrontations where militaries take a dim view of their adversaries snooping on them.”

“Russia has been very clear it will not allow NATO aircraft to operate so close to its area of military operations,” he said.

But the incident, Gatopoulos explained, highlighted two things, one that “the dumping of fuel onto the drone would never have been done to a manned aircraft” and “these types of drones, the US MQ-9 Reaper, Turkey’s Bayraktar TB-2 and China’s Wing Loong 2 are useful tools for tracking and destroying insurgents with no means to retaliate.”

“A new generation of armed drones is coming online that will be able to survive operating against a near-peer adversary like Russia in a highly contested airspace like those that border the Ukrainian coast. The age of the unmanned fighter jet is upon us,” he added.

Comment – A previous Update included our commentary on this some months ago.

Yanukovych's debt to the Russian Federation in the amount of \$3 billion: Zelenskyy yesterday commented on the decision of the British court which issued a decision in the case of "Yanukovych's debt" for 3 billion dollars.

"Today, there is an important decision in London - in the case regarding the Kremlin bribe to Yanukovych back in 2013. When Russian money and dirty schemes with the then politicians in Ukraine were actually used as part of the aggression against our state," the head of state said.

Zelenskyy emphasized Russian aggression began already then, in 2013 – politically, economically, and later by special services and military force.

"It is in this context that the case of 3 billion Eurobonds should be considered. It should be considered completely. And it is fair," he concluded.

Russia filed a case in 2016 claiming return of the funds after former Ukrainian president Yanukovych was ousted from power and escaped to Moscow for refuge.

Kazakhstan impounds Russian property at Baikonur Cosmodrome - Kazakh authorities have impounded property of Russia’s main operator of spacecraft launching sites in Baikonur in the Central Asian nation’s southern region of Qyzylorda.

Kazakhstan’s bailiff service banned Russia’s Space Infrastructure Center from transferring assets and property out of the country, ordering the entity’s leader to remain in Kazakhstan, Moscow Times newspaper reported on 14 March.

Kazakhstan’s move to impound the space company’s property came days after the chief of Russia’s Roskosmos space agency, Yury Borisov, publicly criticized Kazakh Communications Minister Baghdad Musin for his team’s decision to postpone the construction of a new spacecraft launch area at Baikonur.

Musin called Borisov’s criticism “ a diplomatic miscalculation.”

China wants Russia to continue war in Ukraine, says Lithuanian president - China’s role in Russia’s war in Ukraine is “more destructive than constructive”, Lithuanian President Gitanas Nausėda has said.

“Unfortunately, I see the aim of China is to continue this war, to make this war even more bloody and in such a situation that China is in the hidden or open form supporting Russia,” Nausėda said in an interview with Euronews.

It came after the Lithuanian president took part in a discussion with members of the European Parliament.

“It’s very difficult, not trustful, to believe that China may play the role of mediator between the two countries. It should at least be neutral,” Nausèda said.

“I can imagine such a status, but now I do not see the possibilities and China has to consider what it wants to achieve in this war. So far, I evaluate and I see the role of China as rather destructive than constructive,” he added.

Putin & Russia

Russia accused of destroying 400 apartment blocks in Mariupol to hide war crimes - Russian forces have destroyed hundreds of apartment blocks throughout occupied Mariupol in order to hide their war crimes according to the city’s Ukrainian mayor.

“For two months... they destroyed every second high-rise building,” Mariupol Mayor Vadym Boychenko said during an interview with Ukrainform.

Kremlin denies second mobilization as military offices ‘clarify’ data of draft-eligible men - The Kremlin on Wednesday denied that Russia was considering a second round of military mobilization for the war in Ukraine as military offices in a number of regions started asking reservists to “clarify” their personal information.

Military commissariats in the Voronezh and Lipetsk regions have announced they will send summons to men eligible for the draft to update their military registration data.

“The country’s authorities and the Defense Ministry have set the task of maintaining military records in digital format...we call up citizens of our region who are registered with the military in order to clarify their personal data,” said Valery Gerasimenko, the Lipetsk region’s military commissar, noting that there were “no mobilization activities.”

When asked about the summons by reporters, Kremlin spokesperson Dmitry Peskov said: “It is common practice. All data needs to be clarified and updated.”

However, Russian enlistment offices have been offering people to fight in Ukraine during these checks, independent Verstka news website said, citing military sources from the Voronezh region and the Siberian Federal District.

Comment – Russia and the Kremlin are obviously desperate for additional heads, lately recruiting in female prisons, schools and on pornographic website Pornhub.

What this does speak to is Putin’s continuing concern of awakening “Russian Main Street” should he mobilize major western-Russian cities and communities.

He continues instead via distant and dependent provinces and oblasts of the Russian Federation. But this seems to have run its course with the law of diminishing returns kicking in, and growing awareness of conditions, kill ratios and an appreciation of senior Russian Command ineptness in leading Kremlin forces. The recruitment well is running dry.

Initially Moscow recruited in far-flung Russian Federation oblasts and provinces, also turning to Chechnya and Georgia for soldiers, whilst appealing unsuccessfully to other ex-Soviet CSTO (Collective Security Treaty Organization) members.

It “Shanghaied” and directed mobilization to Ukrainian occupied territories with “non-Russian” Ukrainians being conscripted.

This was followed by introducing Wagner, the mercenary group to the conflict, and coercing foreign workers to join military ranks as opposed to being expelled from the country.

Once more looking for heads, recruitment then moved to prisons and local businesses, but still insufficient to withstand the huge Ukrainian kill ratio of Kremlin troops.

Continuously desperate for soldiers, Moscow now approached Syria, Congo and other countries where Wagner mercenaries operated, albeit with limited success.

At some stage Putin is going to be compelled to conscript young Russians from the St. Petersburg's, Moscow's, Ekaterinburg's and other major Russian centers. He is running out of recruitment options and if choosing to prolong the illegal invasion, as appears to be the case, he needs to go "Main Street."

Putin tells Russia's billionaires to invest in face of "sanctions war" - Putin earlier today urged Russia's billionaires to invest in new technology, production facilities and enterprises to help it overcome what he said were Western attempts to destroy its economy.

Addressing Russia's business elite in person for the first time since the day he sent his troops into Ukraine on Feb. 24 last year, Putin told them their role was not just to make money but to support society.

Companies should not hide their assets offshore but should invest more at home, he said.

He hailed the "high mission" of entrepreneurs who looked after their workers and directed their talents not just towards extracting profit but also for the public good.

Billionaires Oleg Deripaska, Vladimir Potanin, Alexei Mordashov, German Khan, Viktor Vekselberg, Viktor Rashnikov, Andrei Melnichenko and Dmitry Mazepin were among those in attendance.

In the clearest sign of rising demands on big business, the government - faced with a widening budget deficit - plans to raise around 300 billion roubles (\$3.9 billion) in a windfall tax, though this will not affect oil, gas and coal firms.

Finance Minister Siluanov said the tax would be set at around 5% of excess profits, TASS reported. The levy will come into force legally from 2024, but the finance ministry expects companies to make payments this year as well, he said.

Russia is hoping to bring about economic growth this year, after a 2.1% slide in 2022. Economy Minister Maxim Reshetnikov told the congress that GDP and investment would grow this year, but stopped short of giving estimates.

8-year-old daughter of Putin ally listed as owner of a multimillion-dollar apartment in London exclusive area - Vladimir Gruzdev made his name as a grocery-store tycoon before starting a career in politics, which won him special recognition with Putin in 2010. His net worth was most recently estimated to be \$900 million in 2021, per Forbes.

The Times of London first reported on the apartment in an investigation with Transparency International, an anti-corruption nonprofit that shared details of the property with Insider.

The apartment was purchased for £2.3 million in 2000 through a Cayman Islands company, where the tax rate is 0%. That's equivalent to £4m now, or about \$4.9m at today's conversion rate, when adjusted for inflation. One property-valuation website suggests it could be worth over \$10m, but its actual value on the open market is unclear.

Company records show the 8-year-old girl, whom Insider isn't naming as she is a minor, was first declared to be the owner of the luxury property in February of last year, 20 days before Russia launched its full-scale invasion of Ukraine.

Ukraine sanctioned Gruzdev after he shared a statement from the Association of Lawyers of Russia — whose board he chairs — supporting the war. He isn't sanctioned by any other countries.

His daughter's residence is in Kensington — one of London's most exclusive boroughs — and includes a parking space and a maid's room, per the Times. Several national embassies, the Royal Albert Hall, and Prince William and Kate Middleton's current residence are all within 600 yards of the property.

Question – How much other money is there invested in properties and financial vehicles across the West that originates in Russia? The UK is known for being a haven for such international money movement, turning a blind eye in the interest of attracting foreign capital.

Sanctions

U.S. threatens TikTok ban unless Chinese owners divest - TikTok has been threatened with a federal ban unless Chinese owner ByteDance sells its stake in the popular short video app, the company said earlier today.

The Committee on Foreign Investment in the United States (CFIUS), the interagency panel that reviews foreign investments with national security implications, has demanded that the Beijing-based app maker divest, TikTok confirmed in a statement to the press.

CFIUS and TikTok for two years had been discussing a possible mitigation agreement to allow the world's most downloadable app in 2022 to continue its U.S. operations while addressing data privacy concerns. That window began closing rapidly in recent weeks as Congress stepped up its scrutiny of the social media platform and prepared to hand the White House more powers to impose controls.

In order to meet the conditions for reducing risk to data exposure—more than 100 million Americans have the app on their phone—such a deal would inevitably see the company cede a degree of control in the name of oversight. But it could also involve the sharing of sensitive details like its algorithm.

TikTok has long said it operates independently of ByteDance, the developer behind its Chinese equivalent Douyin, which itself had over 700 million monthly active users as of late 2022.

Its CEO, Shou Zi Chew, is due to testify in Congress next week at the House Energy and Commerce Committee. The company maintains it has never shared user information with Chinese authorities and wouldn't do so if asked. US government officials argue it may not have a choice.

"The difference between the private sector and the public sector—that's a line that is nonexistent in the way the CCP operates," FBI Director Christopher Wray said at a congressional hearing on March 8, referring to China's long-ruling Communist Party.

"Data is the coin of the realm," Wray told the Senate Intelligence Committee. "Those who have the best information have the power, and that's what that enables them to do."

"This is a tool that is ultimately within the control of the Chinese government, and it, to me, it screams out with national security concerns," he added.

China

China's spy balloon masks espionage iceberg in US - In the middle of February, a week after the US downed China's spy balloon off the Atlantic coast, a diplomat at its foreign ministry sought to turn the fiasco on its head by accusing America of launching airships over Chinese territory, too.

After flat denials by seniors US officials, the Chinese spokesperson, who when asked for Beijing's evidence referred reporters to Washington instead, then complained that America had refused to share details of the balloon debris, which was being examined "behind closed doors."

"What gives such an investigation credibility anyway?" he asked, in what was the extent of China's attempt to save face. Beijing's refusal to concede any wrongdoing was par for the course, subject-matter experts said.

In reality, the balloon would've been "more of an afterthought" for China's leaders, said James Lewis, a senior researcher at the Center for Strategic and International Studies and director of its Strategic Technologies Program. "It's been embarrassing for China, and it's made them look silly, so I don't see them expanding it greatly."

However, China is growing its traditional surveillance capabilities, including ships and aircraft that operate off sensitive sites around the world. In the US, Beijing is suspected of strategically acquiring real estate for signals intelligence. And in space, it controls an array of 260 spy satellites, second only to the US, a Pentagon report said last year.

Beijing's increasingly sophisticated cyber spying has enjoyed successes in part thanks to America's poorly secured networks, Lewis told Newsweek. It has pursued intellectual property theft with impunity, at times with help from human sources, for 20 years, costing American companies billions of dollars.

"They're very adept at hacking, and they've improved remarkably in the last few years. It had been more of a Wild West culture when the PLA was running hacking, because they would hack for personal gain," he said, referring to China's People's Liberation Army. "Xi Jinping has pretty much got that under control. They're very aggressive."

In September 2015, outside the White House during Xi's state visit, former President Obama said their two nations had "reached a common understanding" that would put an end to China's "cyber economic espionage for commercial gain."

"We've agreed that neither the US nor the Chinese government will conduct or knowingly support cyber-enabled theft of intellectual property, including trade secrets or other confidential business information for commercial advantage," Obama said. "The question now is: Are words followed by actions?"

It was the same press conference where Xi said China didn't intend to militarize the artificial islands it was constructing in the South China Sea.

An analysis of 160 Chinese espionage cases directed at the US since 2000 found 41% involved cyber espionage, according to CSIS. Among the actors, 42% were Chinese military or government employees, 32% were private Chinese citizens, and 26% were non-Chinese actors, "usually US persons recruited by Chinese officials," it said.

A third of the incidents sought military technology, 51% commercial technologies, and 16% US political information.

"The majority of the successful recruitments are Chinese nationals, because they either feel patriotic or they're subjected to coercion because of their family at home," said Lewis of CSIS.

Chinese 'Spy Buoys' in the Arctic could be surveilling American nuclear subs - A hydrophone-equipped buoy could use oceanographic research as a cover, but actually be recording the sounds of passing subs.

Canadian Defence Minister Anita Anand said yesterday that the Canadian federal government is aware of buoys recovered from Arctic waters, and that this type of activity is not new.

Anand's comments at a news conference in BC followed confirmation from the MoD and Canadian Armed Forces that they are aware of recent efforts by China to conduct surveillance operations in Canadian airspace and waters.

Spokesman Daniel Le Bouthillier said in a statement that the armed forces have tracked and stopped attempts to surveil Canadian territory since 2022 under Operation LIMPID.

China's consumption conundrum - In the three months since the Chinese government abruptly lifted its far-reaching "zero COVID" policy, the Chinese economy has roared back. For nearly three years, the policy wreaked havoc on Chinese businesses and supply chains, pushing growth down to its lowest level in decades. The chaotic reopening then led to a viral wave that infected an estimated 80 percent of the population but rapidly petered out. With the

worst now over and the biggest constraint on the economy lifted, the Chinese government announced a growth target of five percent for 2023.

Although China's faster-than-expected rebound brought cheers from global markets, despite growing fears of a global recession, that optimism should be tempered. China's growth is unlikely to rescue the global economy the way it did after the 2008 financial crisis. Indeed, a five percent growth target is hardly ambitious, instead revealing the Chinese government's concerns about its economy's many underlying vulnerabilities.

These range from local government finances, increasingly starved of revenue, to the ailing property sector, with a particular vulnerability being exports. The pandemic hardly dented China's export sector—it now exports 15 percent of the world's goods, its highest level ever—yet that bright spot will turn from an asset to a liability during a global recession that will reduce external demand for Chinese goods.

But the larger problem is not external demand; it is the lack of domestic demand.

With a central government unwilling to stimulate the economy, local governments tightening their belts, and an export sector facing headwinds, the only growth driver left is consumption. Yet boosting consumption among China's 1.4 billion citizens is difficult. It is well known that Chinese households are big savers—generally putting away about one-third of their income, a rate that is more than three times as high as their American counterparts.

Unleashing those savings has not been easy: the Chinese government has attempted the so-called rebalancing from investment to consumption for the better part of 15 years. That agenda, however, often gets derailed or subordinated to other priorities. When the Chinese economy falters, Beijing typically resorts to driving investment and exports because that gets immediate results. Those results can be seen in the vast sums poured into new housing and bullet trains, as well as world-class highways and airports—all of which support Chinese manufacturing and exports. **(Comment** – This is also evident in its BRI program where Chinese investment in (BRI) member countries requires them to employ Chinese labor and materials for any Beijing-funded projects, boosting internal Chinese demand and employment, and with it the benefits sought by the CCP as parallel to domestic consumption as mentioned above).

China also faces other problems, including demographic decline, which can hamper consumption. China's population growth is now slowing faster than anticipated, and it shrank for the first time in 2022. Although it has been seven years since Beijing abandoned its one-child policy in the hope of boosting the birthrate, there has been no baby boom. There are no good solutions to reverse that trend, and the Chinese government seems to be out of ideas. With these challenges, shifting course will be difficult. But there are some important steps that Beijing can take to get behind a genuine “pro-consumption” agenda. Whether it succeeds will not only determine how fast China grows in the years to come; it will also have significant implications for the global economy.

For any government, boosting consumption is difficult. For China, the challenge is especially daunting because of its scale. It would be prohibitively expensive to perpetually subsidize the consumption of 1.4 billion people, 600 million of whom still live on roughly \$5 per day.

Boosting consumption sustainably generally requires two things: (i) organizing the economy to optimize it for growth and (ii) raising household income and confidence. Chinese President Xi, having secured his third term, appears much less interested in organizing the economy for growth than his predecessors did, instead optimizing it for security and resilience.

Strikingly, in the Five-Year Plan released in 2021, Xi made the decision to abandon China's long-standing policy of setting a hard growth target. For decades, such a target served as the organizing principle for the Chinese political economy, establishing a signal incentivizing provinces to compete with one another to achieve higher growth. As such, the percentage target for 2023 should be understood within this context—it now serves only as guidance, not an order.

Instead of focusing on growth, the new Chinese leadership is reorganizing the economy so that provinces pull together to develop leading technologies and to protect supply chains. In short, Xi and his team want to conduct industrial policy more efficiently and more cost effectively. This priority is clearly driven by both China's intensifying technological competition with the United States and by frustration over not achieving as much progress at home as desired.

Although China has one of the world's most formidable and efficient manufacturing ecosystems, chasing frontier technologies nonetheless requires hefty spending, with no assurance of returns. Indeed, even after decades of government subsidies, China's semiconductor industry is still at least a decade behind its leading international competitors. Although redoubling on industrial policy is by no means guaranteed to succeed, it appears that the target that matters most to Xi is not GDP growth but the nanometers of a chip.

If growth is no longer the overwhelming priority, then a pro-consumption agenda can still focus on raising household income and building consumer confidence. China's leaders know that its citizens are not optimistic about their economic future. The household savings rate, an indicator of household confidence, rose to 38 percent of disposable income during the pandemic, its highest level since 2014.

The preference of Chinese households for saving instead of spending will not change until clear and present risks to growth—including deleveraging, flatlining productivity, and the flagging property sector—are dealt with, especially at a time when youth unemployment is 17 percent. To give households confidence in the future will require more than just announcements and public messaging. It will require concrete actions.

To jump-start consumption immediately, Beijing could offer consumption coupons to households, government-issued vouchers that can be used for the purchase of goods or services. A pilot program in 2020 proved successful in driving 3 yuan of consumption for 1 yuan distributed through coupons (**Comment** – An abbreviated multiplier effect).

In addition, Beijing could reverse its recent crackdown on education services and Big Tech. If the government were to end restrictions on these sectors that it imposed in 2021, it would immediately generate jobs for recent college graduates.

More important than taking these immediate steps, however, is the need for China's leaders to demonstrate their commitment to prioritizing consumption over the long term. One way to do so would be for Beijing to announce its intention to raise household income as a share of GDP from the current 62 percent to at least 70 percent by 2030 (that ratio is 80 percent in the United States). Targeting income would serve a similar political purpose as the GDP target: requiring the Chinese government at every level to support that goal. Moreover, it marries a concrete target to the vague notion described by the Chinese Communist Party (CCP) of achieving a “moderately prosperous Chinese society.”

This will require a reset of the state's relationship with the private sector, responsible for 60 percent of GDP and 80 percent of jobs, and consequently indispensable to any pro-consumption agenda. One way to show its support for the private sector is for Beijing to declare that rather than levying higher taxes on private businesses and entrepreneurs, it targets redistribution from the state to households as a key means of raising household income.

Because the Chinese state is the ultimate owner of these firms, it can use firm profits to fund other priorities. For example, rather than investing their profits, state firms could be mandated to use them to finance public services for low-income households or to support households' looming pension and health-care liabilities.

In the countryside, Chinese farmers could be empowered to sell their land to the local government at a fair market price rather than simply transferring it for free, enabling farmers to start their own businesses or move to the cities, where they can earn higher wages. These reforms would give households more confidence in their future prospects and reassure the private sector that the “common prosperity” agenda—which many suspect is predicated on a massive wealth redistribution from the private sector—is not intended to stifle its growth and dynamism.

If China develops and sustains a pro-consumption agenda, it will transform the country's international reputation. Since it abandoned its obsession with GDP growth, it has been searching for ways to counter growing international skepticism about its economy. A genuine shift toward greater consumption would go a long way toward overcoming investor skepticism and reassuring global markets.

That is not all. Unleashing domestic consumption is also the surest path for China to achieve its goal of becoming the world's largest economy, anchored by the world's largest middle class, by 2035. Such a shift brings climate benefits too: more consumption means less investment in those industrial sectors that have produced most of China's carbon emissions over the last several decades. A successful pivot toward consumption, then, will also facilitate China's challenging transition to net zero, which Beijing has pledged to achieve by 2060.

These steps, however, are not guaranteed to bring results. Even if committing to a pro-consumption agenda, it will have difficulty executing in the face of domestic political constraints, such as confronting vested interests in the state sector. For instance, economic policies benefitting Chinese households will necessarily come at the expense of a powerful constituency and fiscal tool of the CCP: state firms being reluctant to distribute their profits to households.

Without enlisting state-owned enterprises in redistribution, Beijing will have to either tolerate unfunded mandates or cut social security benefits to avoid draining its fiscal coffers. And this latter choice would be politically unpopular and likely to trigger social instability, as demonstrated by recent protests by retirees against government cuts to their medical benefits. (**Comment** – China has a further challenge in that non-Han citizens do not enjoy the same social benefits as Han folk do. Beijing recognizes this and is moving to redress the imbalance. But this will cost hundreds of billions of dollars, something not added to the above).

Moreover, sustaining domestic consumption will require a thriving private sector, so that companies and businesses remain an engine of job creation and income growth. But such an approach will necessitate a reversal of Beijing's centralization trend of the last decade in which companies were reined in. Giving more power to the private sector will severely test the Xi administration's disposition toward greater control.

For China, boosting consumption has been as elusive as health-care reform in the United States: there has long been a consensus on the need for change but little to show for it. The main difference, however, is that China is still far below US levels of GDP per capita, and relying on consumption is Beijing's best bet to draw level. Whether it likes it or not, China faces a stark choice. It can either choose a pro-consumption path or risk forfeiting its goal of becoming the world's largest economy over the next decade.

Comment – Invigorating and sustaining western society has been the advent of a middle class, driving consumption, savings and national growth through the multiplier effect, all vital in a country's macro-economic profile. A vibrant middle class drives a country's growth and is the fundamental element of that growth.

Without this "empowered middle class" sector owning land and the means of production and finance, we revert back to the days of kings and churches owning everything and controlling citizenry.

Nearly 80 percent of China's 1.4 billion citizens are no better than peasants, earning less than the average Nigerian laborer. This is going to be a monumental hurdle in Chinese economic conversion and achievement – without taking account of their looming demographic disaster.

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