



## Summary (As of 1030 Hrs UTC)

**As of 28 February, maritime ports in Ukraine remain closed as per orders from the Ukrainian military.**

On 26 February, French officials announced that marines patrolling the English Channel area intercepted a cargo ship sailing under the Russian flag and escorted it to the port of Boulogne-Sur-Mer for an investigation. The interception of the vessel, identified as the *MV BALTIC LEADER* and understood to have been carrying cars at the time of the interception, was triggered by financial sanctions imposed on Russia for its invasion of Ukraine. The vessel was headed from Rouen, in Normandy, to St Petersburg and was stopped near Honfleur. It was due to arrive in St Petersburg on 3 March. Customs officials carrying out the investigation are verifying if the vessel was indeed linked to Russian financial interests, with reports indicating that the process could take up to 48 hours. The French government has given maritime officials the power to intercept vessels suspected of contravening the sanctions.



Reports emerged on 27 February that two vessels have been detained by the Russian Navy in proximity to Snake Island, whilst sailing in Romanian waters. The two vessels were then directed towards the Crimea peninsula. A statement released by the Ukrainian government disclosed that following the announcement of a "counter-terrorist operation" in the north-western part of the Black Sea, Russian Navy vessels captured two Ukrainian-flagged bulk carriers vessels. The statement identified the first vessel as the Ukrainian flagged *AFINA*, which was reportedly sailing in Romanian waters 22 nautical miles off Snake Island when she received a command to approach a Russian warship for inspection. Another vessel is believed to have been detained after a sharp and illogical change of course was recorded. The Ukrainian flagged *PRINCESS NICOLE*'s AIS was also showing a course towards Snake Island. When both vessels approached the Russian warships, their AIS were turned off and communication was stopped. As of Sunday morning, AIS data indicates that they are now staying 18 nautical miles off the coast of Crimea.

Reports emerged on 27 February that two vessels have been detained by the Russian Navy in proximity to Snake Island, whilst sailing in Romanian waters. The two vessels were then directed towards the Crimea peninsula. A statement released by the Ukrainian government disclosed that following the announcement of a "counter-terrorist operation" in the north-western part of the Black Sea, Russian Navy vessels captured two Ukrainian-flagged bulk carriers vessels. The statement identified the first vessel as the Ukrainian flagged *AFINA*, which was reportedly sailing in Romanian waters 22 nautical miles off Snake Island when she received a command to approach a Russian warship for inspection. Another vessel is believed to have been detained after a sharp and illogical change of course was recorded. The Ukrainian flagged *PRINCESS NICOLE*'s AIS was also showing a course towards Snake Island. When both vessels approached the Russian warships, their AIS were turned off and communication was stopped. As of Sunday morning, AIS data indicates that they are now staying 18 nautical miles off the coast of Crimea.

## On the Ground

**As of the morning Monday 28 February tensions remain high between Ukraine and Russia, with Russian troops continuing their advance on Ukrainian soil. Delegations representing Kyiv and Moscow have started to arrive in neighbouring Belarus, though there is minimal hope that these talks will end fighting in Ukraine.**

Russian forces have taken up positions 30 km (19 miles) away from the Ukrainian capital Kyiv, though the city remains under Ukraine's control. A two-day curfew in the city has been lifted, with officials warning that the next 24 hours will be crucial. The north-eastern city of Chernihiv faced heavy shelling from Russian troops overnight Sunday - Monday, though it too remains in the hands of Ukraine. The United Nations' refugee agency (UNHCR) has indicated that it is getting reports of people being blocked from getting onto trains in Ukraine, as it indicated that some 422,000 people have fled the country to neighbouring states, adding that more than 100,000 people are now displaced within Ukraine.

Negotiators for Kyiv and Moscow have arrived in Belarus for peace talks, which were agreed to over the weekend. The talks will take place near the Ukrainian-Belorussian border. Ukrainian authorities have said that the main issue



on their agenda is a ceasefire and withdrawal of troops from Ukrainian territory. In an address on Sunday 27 February, Ukrainian President Zelenskyy warned that he does not expect the discussions to yield results, though he added that they should try and use this chance even if it is small, so that no-one can blame Ukraine for not trying to stop the war. This comes as reports emerged overnight that Belorussian President Alexander Lukashenko is preparing to deploy some of his soldiers to join the Russian invasion. Lukashenko had previously stated that while there were no Belorussian troops currently fighting the war in Ukraine, they could be deployed at Moscow's request. Belarus meanwhile held a referendum on 27 February to ditch its non-nuclear status, which effectively raises the stakes at a time when the country has become a staging ground for the Russian invasion of Ukraine. The Belorussian government reported on 28 February that some 800 people were arrested as the vote sparked the biggest protests in months with thousands taking to the streets in Belarus. The vote to change the constitution passed by 65% according to official data, and could see nuclear weapons on Belarusian soil for the first time since the country gave them up after the fall of the Soviet Union. The new constitution also gives powers to an assembly created by Lukashenko and populated by party loyalists, officials and pro-government activists, and gives lifetime immunity from prosecution to the president if he leaves office. On Sunday, Lukashenko stated that he could ask Russia to return nuclear weapons to Belarus.

As Russia faces growing pressure, both externally and internally, the defence ministry has for the first time acknowledged that its forces have suffered losses during its invasion of Ukraine. It had previously claimed for days that it had suffered no casualties. However Russian officials did not provide an exact figure. On 28 February, Kyiv's defence ministry claimed that more than 5,000 soldiers have been killed in the first four days of fighting in Ukraine. In a statement posted on Facebook, Ukrainian officials disclosed that approximately 5,300 Russian troops have been killed, and claimed that 191 tanks, 29 fighter jets, 29 helicopters, and 816 armoured personnel carriers have been destroyed by Ukraine's forces. These claims have not been independently verified, though the UK's Ministry of Defence believes that Russian forces have taken "heavy" casualties in the opening stages of the conflict.

This comes as additional sanctions were imposed on Moscow over the weekend, which include the European Union, Canada, US and other allies opting to remove key Russian banks from the interbank messaging system, Swift - a move that will sever the country from much of the global financial system. On Monday morning, Russia woke up to its markets in turmoil as the economic sanctions have started to isolate the country. The rouble plummeted by 30% in opening market hours on Monday - a new, record low. Moscow's central bank attempted to contain the impact of western sanctions on the Russian economy by hiking interest rates from 9.5% to 20% and banning brokers from selling securities held by foreigners. On the ground, it is evident that Russians are concerned that these sanctions will severely impact their day-to-day lives. Images began to circulate on social media on Sunday of Russians waiting in long queues outside ATMs, worried that the new sanctions could trigger cash shortages and disrupt payments. There are also concerns that bank cards may cease to function or that banks could limit cash withdrawals. Russian banks on Sunday sought to calm fears over money supplies and online payment systems.

President Putin on Sunday announced that he has ordered Russia's military to put its deterrence forces, which include nuclear weapons, on "special alert." He told defence chiefs that the move was the result of "aggressive statements" by the West, amidst global condemnation of his invasion of Ukraine. The US immediately condemned the decision, calling it an "unacceptable escalation." While the announcement does not mean that Russia intends to use the weapons, Putin last week warned that "whoever tries to hinder us" in Ukraine would see consequences "you have never seen in your history," - words that were widely interpreted as signalling a threat to use nuclear weapons if the West stood in his way. In the wake of the announcement, the EU imposed further sanctions on Russia, including the financing of weapons for Ukraine, a total ban on Russian planes using EU airspace and a banning of state media outlets Sputnik and Russia Today from EU territory. These measures come on top of other sanctions that have already been imposed by Western nations, including asset freezes on major banks and wealthy individuals, including Putin and Sergei Lavrov.

As Putin comes under growing pressure to win his war in Ukraine, there are rising concerns that Russian forces could become more violent on the ground. Over the weekend, a number of demonstrations were held in Moscow and St Petersburg. While police were swift to suppress the anti-war protests, it is becoming evident that a percentage of Putin's own population is becoming fed up with his antics. This number could grow as sanctions begin to impact ordinary Russian citizens. On the ground in Ukraine, Russian troops have made advances, though they've not made



the impact that Putin thought they would have already made. Both UK and US officials have said that Russia's army is behind schedule and have incurred significant casualties. For its part, Russia has acknowledged that it has suffered some casualties in Ukraine, though no official figures have been released as the propaganda machine continues to turn.

It is evident that this time Putin has miscalculated the war by convincing himself that the Ukrainian people needed to be liberated. Some of his decisions in recent days, including calling on the Ukrainian army to overthrow the government, show his desperation as he tries to grab onto every possibility to take control of the entire country and impose a pro-Russian government in Ukraine. Perhaps the most significant miscalculation for Putin has been the Ukrainian people themselves and their defiance to protect their country, heritage and choice to decide what happens within their own borders and which direction Ukraine heads towards.

Globally, Putin also finds himself increasingly isolated. Apart from a few like-minded individuals who have praised his move on Ukraine, including Assad in Syria, the junta military in Myanmar and Trump, and with Belarusian leader Lukashenko sticking next to him and even allowing his own country to be used as a launching pad for the war, globally Putin finds himself on the wrong side of history. While initially it was thought that Russia's global isolation could push it closer to China, some cracks, albeit minimal, have started to appear as China has hinted at limits to its friendship with Russia. Reports have emerged that Chinese state-owned financial institutions are quietly distancing themselves from Russia's economy. While China has refused to term Putin's attack on Ukraine an "invasion" and has condemned Western-led Sanctions, Beijing is trying to carefully balance its ties with Moscow without openly violating sanctions, which could jeopardise its access to key Western export markets. On Monday, Reuters news agency reported, citing a source familiar with the situation, that the Bank of China's Singapore operations had recently ceased financing deals involving Russian oil firms. This report followed a Bloomberg article published on 26 February which stated that the Bank of China and Industrial & Commercial Bank of China had restricted financing for purchases of Russian commodities.

### Advisory

**The security situation across Ukraine remains fluid and is likely to rapidly deteriorate in the coming days. As of 24 February, all commercial operations at Ukrainian ports have been suspended by the order of the Ukrainian military. There are also unconfirmed reports that Russian vessels are blocking access to Ukrainian waters at the northern edge of the Romanian EEZ. Any vessels currently within Ukrainian Ports are advised to leave immediately if deemed safe to do so. Vessels should ensure that they are broadcasting on AIS and clearly state their intentions across VHF. Any vessels challenged by Russian military vessels should comply fully with instructions. Further, MS Risk advises all commercial operators to avoid transiting or any operations within the EEZ of Ukraine or Russia within the Black Sea. No attempt should be made to access the Sea of Azov. Commercial operations within the EEZ of Turkey, Bulgaria and Romania are currently unaffected. As the situation continues to develop in Ukraine, there remains a high degree of uncertainty in regards to the freedom of navigation throughout the wider Black Sea.**



## About MS Risk

MS Risk is a privately-owned company domiciled in the Isle of Man. It is underwritten by a syndicate of Lloyd's of London for special risks case management in all jurisdictions. It also acts as retained advisors to syndicates in the Lloyd's of London specialty risk insurance markets: kidnap for ransom, extortion, hijack, illegal detention, illegal war tax, malicious product tamper, terrorism, political and war risk.

MS Risk is always mindful and compliant to legislation and guidelines on the use of private security services including, but not limited to the US FCPA (1977), UK Bribery Act (2010), Canadian Bill C-48 (2007), ASX 8 Corporate Governance Principles, and the World Bank/IFC Voluntary Principles on the Use of Government and Private Security Forces. MS Risk is a signatory of the Swiss government's International Code of Conduct. It is transparent and compliant to market expectations on legal and ethical conduct in the performance of services.

MS Risk has a dedicated team of researchers, a 24/7 hotline service, and a pool of trained and experienced consultants to support client needs.

MS Risk supports clients in a variety of business sectors with the following services:

### SECURITY CONSULTING

- Risk assessments and intelligence reporting
- Planning and management
- Due diligence and investigations

### PROJECT MANAGEMENT

- Interim security
- Training
- Special assignments

### CRISIS RESPONSE

- Crisis management
- Business continuity management
- Hostile operations support to commercial interests

### VIRTUAL SECURITY DIRECTOR SERVICE

- For clients lacking a full-time security executive

References are always available.

More information is found at [www.msrisk.com](http://www.msrisk.com)

**24 hr Contact Information:**

Email: [operations@msrisk.com](mailto:operations@msrisk.com)