



IRINA CHISHKOVA/UNSPASH

THE KREMLIN, Moscow, Russia

## West stands to lose at least \$288B in assets if Russian assets seized

RUSSIA'S state RIA news agency said on Sunday it had calculated that the West stood to lose assets and investments worth at least \$288 billion if it confiscated frozen Russian assets to help rebuild Ukraine and Moscow then retaliated.

After President Vladimir Putin sent forces into Ukraine in February 2022, the US and its allies prohibited transactions with Russia's central bank and finance ministry, blocking around \$300 billion of sovereign Russian assets in the West.

US and British officials have worked in recent months to jumpstart efforts to confiscate Russian assets immobilized in Belgium and other European cities in order to help reconstruction in Ukraine, parts of which lie in ruins. They hope Group of Seven (G7) leaders will agree to issue a stronger statement of intent when they meet in late February, around the second anniversary of Moscow's invasion of Ukraine, three sources told Reuters on Dec. 28.

Russia has accused Washington of trying to strong-arm countries in Europe, where most of the Russian assets are, into signing up to similar measures, and the Kremlin has said that Moscow has a list of US, European and other assets that would be

confiscated if Western countries press ahead.

RIA cited data which it said showed that direct investment by the European Union (EU), the G7 nations, Australia and Switzerland in the Russian economy at the end of 2022 totalled \$288 billion. It said EU nations held \$223.3 billion of the assets, of which \$98.3 billion was formally held by Cyprus, \$50.1 billion by the Netherlands and \$17.3 billion by Germany.

It said the top five European investors in the Russian economy also included France with assets and investments worth \$16.6 billion and Italy with \$12.9 billion.

Among the G7 countries, it named Britain as one of the largest investors, citing data at the end of 2021 which showed British assets in Russia were worth about \$18.9 billion.

It said the United States had \$9.6 billion worth of Russian assets at the end of 2022, Japan \$4.6 billion and Canada \$2.9 billion.

Switzerland and Norway, which RIA said usually signed up to anti-Russian measures, had \$28.5 billion and \$139 million respectively at the end of 2022, it said, while data showed Australia had \$683 million invested at the end of last year.

Reuters could not verify the data cited by RIA. — **Reuters**

# Red Sea transport crisis seeps into German chemicals sector

FRANKFURT — Germany's chemicals sector, Europe's largest, is starting to feel the pinch from delayed shipments via the Red Sea, becoming the latest industry to warn of supply disruptions that have forced some companies to curb production.

Crucial Asian imports to Europe ranging from car parts and engineering equipment to chemicals and toys are currently taking longer to arrive as container shippers have diverted vessels around Africa and away from the Red Sea and Suez Canal, following attacks by Yemen's Houthis.

While German industry has gotten used to supply disruptions in the wake of the pandemic and Ukraine war, the impact of reduced traffic via the trade artery is starting to show, with Tesla's Berlin factory the most prominent victim so far.

Germany's chemicals sector, the country's third-biggest industry after cars and engineering with annual sales of around €260 billion (\$282 billion), relies on Asia for around a third of its imports from outside Europe.

"My procurement department is currently working three times as hard to get something," said Martina Nighswonger,

chief executive officer and owner of Gechem GmbH & Co. KG, which mixes and bottles chemicals for big industrial clients. As a result of the delays, Gechem GmbH & Co. KG, which makes annual sales in the double-digit millions of euros, has lowered production of dishwasher and toilet tablets because it can't get enough trisodium citrate as well as sulfamic and citric acid.

The company is therefore reviewing its three-shift system, Ms. Nighswonger said, adding the ripple effects from the transport squeeze could remain a problem for the first half of 2024 at least.

This is causing frank discussions with customers, Ms. Nighswonger added.

"If we get three truck loads instead of six, each customer only gets part of their order quantity, but at least everybody gets something," she said.

Bigger specialty chemicals maker Evonik also said it was being hit by "short notice routing changes and delays," adding some ships had changed direction as many as three times within a few days.

The company said it was trying to mitigate the impact by ordering earlier and switching to air

freight, which is considered a stopgap because some chemicals are not allowed to be transported by plane.

### ASIAN DEPENDENCE

German industry body VCI has long pointed to the dependence on Asian imports, saying that while production outages should be limited to individual cases, import delays via the Red Sea were an additional burden for an already weakened industry.

"The effects are particularly noticeable in medium-sized fine and specialty chemicals companies," VCI chief economist Henrik Meincke said, adding these companies often source a sizeable proportion of their raw materials from Asia.

The Red Sea transport crisis comes as Germany's economy is already under pressure due to a recession, as well as high labor and energy costs. According to S&P Global, Europe's chemicals sector, along with cars and retail, is seen as the most vulnerable.

In addition to delayed imports, chemicals groups point to higher fuel costs, as tankers transporting crucial raw materials take around 14 days longer to arrive, adding

these costs can only be partially passed on to customers.

Others are less impacted.

Covestro, which makes foam chemicals used in mattresses, car seats and building insulation, expects to incur higher freight prices, but added these were insignificant within its overall spending.

It said an internal task force was dealing with the issue, still pointing to its strong regional footprint.

Fragrance maker Symrise, too, said it did not expect delays in its deliveries because it had enough safety stocks, and it called on customers stick with their usual ordering patterns to head off any unwarranted hoarding.

Wacker Chemie, which supplies polysilicon for roughly half the world's chips, also pointed to higher prices, but added its business had not been significantly affected so far.

VCI's Mr. Meincke sees a fairly low chance of widespread production outages even if the Red Sea situation remains tense, adding that with weak demand, red tape and high energy and raw materials costs the sector had enough to worry about already. — **Reuters**

## Terraform Labs files for bankruptcy protection in US

TERRAFORM Labs (TFL), the company behind the stablecoin TerraUSD, which collapsed and roiled cryptocurrency markets in 2022, filed for Chapter 11 bankruptcy in the United States, according to court papers filed on Sunday.

Singapore-based Terraform Labs, in a filing with the bankruptcy court in Delaware, listed assets and liabilities in the range of \$100-\$500 million.

Terraform Labs said it would meet all financial obligations to employees and vendors during the Chapter 11 case without requiring additional financing. It also plans to continue Web3 offerings expansion.

"The filing will allow TFL to execute on its business plan while navigating ongoing legal proceedings, including representative litigation pending in Singapore and US litigation involving the

Securities and Exchange Commission (SEC)," Terraform Labs said in a statement.

The SEC's civil case against Terraform and Kwon is linked to the collapse of TerraUSD, a "stablecoin" designed to maintain a constant \$1 price, and the more traditional token Luna, which closely associated with TerraUSD.

Recently, a federal judge postponed the trial of the SEC against the company and its co-founder,

Do Kwon, over an alleged \$40-billion cryptocurrency fraud, to enable Mr. Kwon's extradition for his participation.

Kwon and Terraform Labs were held responsible for two cryptocurrencies whose collapse caused turbulence in crypto markets around the world two years ago.

Both cryptocurrencies lost an estimated \$40 billion or more when TerraUSD failed to maintain its \$1 peg in May 2022. — **Reuters**

## Marcos issues energy efficiency order to government agencies

PRESIDENT Ferdinand R. Marcos, Jr. has ordered government offices to conserve and use energy more efficiently in anticipation of increased power demand brought about by El Niño.

The Palace released an administrative order (AO) signed on Jan. 16, which cited the need to accelerate the rollout of a long-term program aimed at reducing government consumption of electricity and petroleum products.

Under the order, government agencies and state-controlled firms are subject to random spot checks by inspectors and must hire auditors to conduct energy audits.

The organizations subject to the AOs are also required to update their inventory of energy-consuming equipment such as cars and lighting, among others, and submit a timeline for replacing them with more energy-efficient products.

They must also adopt low-cost energy efficiency and conservation measures such as maintaining a temperature of 24 degrees Celsius in air-conditioned spaces, turning off unused lights and air-conditioning units, and activating sleep settings on office equipment.

Government agencies are also required to draft procedures to monitor their energy consumption.

El Niño is expected to lead to a significant increase in power demand, with the Energy department projecting peak demand to hit 13,917 megawatts (MW) in the Luzon grid, 2,891 MW in Visayas and 2,584 MW in Mindanao.

"There is a need to intensify efficient utilization and conservation efforts of electricity and fuel to mitigate power demand amidst the ongoing El Niño phenomenon," the President said in the AO. — **Kyle Aristophere T. Atienza**

## Pompano touted as possible *bangus* alternative

THE Department of Agriculture (DA) said that it hopes to increase pompano production, with the goal of offering the saltwater fish to consumers as an alternative to *bangus*, or milkfish.

In a statement on Monday, Agriculture Secretary Francisco Tiu Laurel, Jr. said that the DA will support the production, post-harvest processing, and marketing of the pompano in public markets.

"The DA, through (the Bureau of Fisheries and Aquatic Resources) will promote pompano production as part of the government's push to expand mariculture parks and modernize the aquaculture industry," Mr. Laurel added.

He said the BFAR will assist in improving the breeding of the fish in specialized facilities.

"Increasing fish production through aquaculture is part of the DA's efforts to modernize agriculture, boost food production, and ensure food security," the DA said.

Pompano production in 2022 amounted to 457 metric tons (MT), against 16,004 MT worth of imports during the year.

The DA said it is collaborating with Santeh Feeds Corp. to expand pompano production.

"In the company's floating sea cages, thousands of imported fry of short-finned pompano are being raised to help reduce fish



PHILIPPINE STAR/EDD GUMBAN

imports, provide a healthier protein source for consumers, and possibly open export opportunities," it said.

The company's fish farm in Silaguin Bay, Zambales, has 44 floating cages, with the capacity for about 3-4 tons of pompano.

The DA said that it takes nine months to culture pompano. Fish up to 500 grams are sold in public markets, while fish weighing 800 grams and above are for export. — **Adrian H. Halili**

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