

May 23 , 2022

Dear colleagues,

It has already been over 80 days since the beginning of a special military operation of the Russian armed forces on the territory of Ukraine aimed at demilitarisation and denazification of the Ukrainian nationalist regime. There have been some significant events over the past month that I would like to inform you about.

From the trade union point of view, some of the most important events are taking place in the economic life of Russian industries. As you know, since the end of February, the "collective West" has already imposed six packages of the so-called "infernal" sanctions against our country, which were meant to destroy the economy of Russia and force its political leadership to abandon the operation.

Despite certain negative consequences, mainly related to the illegal deprivation of Russia's access to part of its national gold and foreign exchange reserves held in Western banks, as well as the pressure that the United States exerts on European countries to force them to give up on purchasing Russian oil and gas, the economy of our country still does not experience critical difficulties. There is some progress in establishing energy supplies to other countries, changing logistics routes and establishing new supply chains of components to active enterprises.

The situation on the consumer market is stable; there are no interruptions in the supply of food products and consumer goods. All products that are common to the population are available in retail chains and are sold without any restrictions. The temporary rush demand for a number of goods (for example, sugar, office paper or medicines) was eliminated and prices were mostly brought back to normal. Imported goods are gradually being replaced by Russian products, or goods supplied through parallel imports. The delivery of goods without obtaining permission from the owners of well-known brands became possible after the government made a special decision for the period of sanctions.

The cost of gasoline, diesel fuel and electricity remains at the level of 2021. It is expected that by the end of 2022, inflation will not exceed 15%, which means that from mid-May to the end of the year, its rate will not exceed the target level of 4%. Foreign exchange rates have soared sharply since the beginning of the military operation, but then gradually dropped to the level of 2020.

In February, a number of large companies with foreign capital announced their withdrawal from the Russian market or the suspension of their operation in Russia. These are mainly foreign retail chains, large corporations for the production and sale of household equipment, furniture, cars, as well as renowned public catering chains. In total, according to the Ministry of Labour of Russia, about 200 thousand people have been employed at those enterprises, which is less than 0.3% of active population.

To date, some of these chains and enterprises have resumed their work, having changed their owner (e.g., OBI multinational home improvement supplies retailing company). Renault assembly plant has become state property and is resuming its work. KFC and McDonald's chains have sold their assets in Russia, but will continue to operate under a new brand in June. IKEA has postponed the resumption of work until August of this year, but continues to pay salaries to 15 thousand of its employees, while maintaining jobs. At the same time, many foreign companies not only do not plan to shut down production in Russia, but also to expand it (Auchan, Leroy Merlin, etc.). Unemployment in the country remains at 4.1%.

Russia is gradually imposing retaliatory sanctions. The most noted of them is the conversion of trade in hydrocarbons to roubles. It should be made clear that this step currently concerns natural gas and is due to the fact that Western banks, under pressure from their governments, refused to make payments in dollars and euros by imposing sanctions against Russian banks. During May, most buyers of Russian gas switched to settlements according to the proposed scheme, ensuring the inflow of foreign currency to Russia and selling it on the domestic Russian market for roubles. Those states that refused to accept such payment procedures were left without gas, now they are forced to purchase it at high prices passing the difference on the consumers and their citizens. It is possible that the practice of selling for roubles will be expanded to other goods: oil, fertilizers, grain, etc. Retaliatory sanctions also affected Western companies that previously thrived on selling Russian hydrocarbons: relations with them have been blocked.

The essential task of spring is to ensure a successful sowing campaign. According to official data, it is going well and, if weather does not fail, a very good harvest is expected this year: 130 million tons of grain, including a record high of 87 million tons of wheat. Agricultural businesses are fully supplied with fuel, planting stock and all necessary fertilizers.

Despite the restrictions, Russia continues to trade various types of raw materials and food products, while receiving significant revenues that ensure timely payment of public sector wages and social benefits. Despite the sanctions, Russia's foreign trade surplus tripled in four months of this year and reached \$106.5 billion.

At the end of April, a meeting of the FNPR General Council adopted an appeal urging the authorities to pursue a more active social policy aimed at protecting jobs and ensuring wage indexation.

In early May, the FNPR held a 40-car all-Russian trade union motor run through 75 regions of the Russian Federation under the slogans for peaceful labour and the world without Nazism. Its participants covered 10,000 km from Vladivostok via Moscow to Sevastopol. In total, over 51 thousand union members on 8,500 cars took part in the events along its route with numerous rallies held during stopovers.

Public support for the special military operation remains high. According to the independent Public Opinion Foundation, one of the largest and best-known nationwide research agencies, as of May 1, 2022, more than 73% of Russian citizens

support the military operation, while over 79% of respondents have a positive view of Vladimir Putin's performance as President.

As for the current situation, it becomes obvious that Western countries are not set up to resolve the conflict diplomatically and continue to support the armed forces and nationalist formations of Ukraine, sending not only heavy weapons to the combat zone, but also thousands of mercenaries from dozens of countries.

As more territory of the Lugansk and Donetsk People's Republics is liberated, there is more and more evidence of the atrocities of the Ukrainian regime, the destruction of civilian infrastructure, massive use of civilians as human shields, bullying and murder of citizens suspected of sympathizing with Russia.

A special parliamentary commission continues to investigate in the activity of thirty chemical and bacteriological laboratories in Ukraine, sponsored by the Pentagon and various US funds. More and more data is published on the research conducted there that shows evidence of preparing for bacteriological warfare against the population of Russia and other countries.

(<http://duma.gov.ru/en/news/53937/>).

I stand ready to provide you up-to-date detailed, exhaustive explanations.

Yours in Solidarity,

Evgeny Makarov

Vice President, FNPR

BRICS National Trade Union Coordinator