Naftogaz CEO Lobbies in Washington to Protect Ukraine’s Energy

- Chief of state-owned energy company seeks Washington support
- Calls for more air defenses to fend off infrastructure attacks

Former US Vice President Mike Pence Speaks With Bloomberg TV

Watch
For the head of Naftogaz, one of Ukraine’s largest state-owned companies, fresh Russian attacks on the country’s energy infrastructure are virtually guaranteed as its military mounts a counteroffensive ahead of the cold winter months.

“Many things will depend on the way the infrastructure will be attacked,” Oleksiy Chernyshov said in an interview Friday in Washington. “We try to do everything we can in order to make the energy and heating supply sustainable, protecting some physical assets with physical means. But this kind of protection can never guarantee an overall shield.”

Chernyshov, who was named CEO in November 2022, said he met with members of Congress and Biden administration officials during a three-day visit to Washington to lobby for weapons to beef up Ukraine’s air defenses, including with additional Patriot batteries and F-16 fighter jets.

“You can hardly protect an asset from a ballistic missile attack,” he said. “That is why it is crucially important for Ukraine to increase its capabilities in air defense. We
definitely require more Patriots.”

Russia’s attacks could interrupt the flow of gas through the country’s pipelines to Europe, a vital lifeline for the continent, or throttle supplies in the country as Naftogaz and its employees are working to have 14.7 billion cubic meters of gas into underground storage, Chernyshov said.
Markets

**Evergrande’s Billionaire Chairman Hui Is Under Police Surveillance**

- Hui subject to 'mandatory measures,' company says in statement
- Chairman has been under police surveillance, people said

WATCH: Hui Ka Yan, the billionaire chairman of beleaguered property developer China Evergrande Group, has been placed under police control, according to people familiar with the matter. Rebecca Choong Wilkins reports. *Source: Bloomberg*

By Bloomberg News
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Hui Ka Yan, the billionaire chairman of beleaguered developer China Evergrande Group, has been suspected of committing crimes and placed under police control, in another blow to a real estate tycoon who was once among the richest men in Asia.
Authorities notified Evergrande that Hui has been subject to “mandatory measures,” due to “suspicion of illegal crimes,” according to a company statement to the Hong Kong stock exchange Thursday. It didn’t elaborate on what the measures entail or what crimes he may have committed. The company’s shares will remain halted until further notice, it said.

The move is the latest sign that the saga at the world’s most indebted developer has entered a new phase involving the criminal justice system, after authorities earlier this month detained some staff at its wealth management unit. Other people taken into custody recently include Peter Xu, one of Hui’s sons, China Business News reported. It all adds to questions over the fate of Evergrande after setbacks to its restructuring plan in recent days roiled financial markets and raised the risk of a liquidation.

The announcement follows a Bloomberg News report, citing people familiar with the matter, that Hui was taken away by Chinese police earlier this month and put under so-called residential surveillance, a type of police action that falls short of formal detention or arrest and doesn’t mean Hui will be charged with a crime. That measure means he is unable to leave the location, meet or communicate with others without approval, based on China’s Criminal Procedure Law. Passports and identification cards must be handed to police but the process shouldn’t exceed six months, according to the law.

The mandatory, or coercive measures cited in the Evergrande statement can take several forms, including summons, release on bail and residential surveillance, detention and arrest, according to the procedure law. The measures can be enforced by the police, courts or prosecutors.
For Hui, who controlled one of the world’s biggest fortunes when Evergrande’s shares peaked in 2017, the development is another blow in a remarkable fall from grace. Once considered among the most politically connected businessmen in China with ambitions ranging from electric cars to soccer, the tycoon has now become the most high-profile casualty of President Xi Jinping’s crackdown on excessive leverage and speculation in the real estate sector.

Evergrande sits at the center of a years-long property crisis that has hurt the Chinese economy and hammered confidence in the housing market. Last week, the developer said it scrapped key creditor meetings and has to revisit its plan to restructure its
offshore debt. Since then, it has disclosed it was unable to meet regulatory qualifications to issue new bonds – a key component of the debt overhaul – while its mainland unit failed to repay an onshore bond.

“There is almost zero possibility that the finances of Evergrande will stabilize let alone improve,” said Willy Lam, an adjunct professor at the Chinese University of Hong Kong who has authored several books about Chinese politics.

Open House: Fall of Evergrande’s Hui Traced in $112 Million Home

A Bloomberg Intelligence gauge of Chinese developer stocks dropped 0.6% on Thursday to lowest level since 2011. Homebuyer sentiment remains fragile ahead of a key holiday sales period that will test the effectiveness of stimulus measures rolled out in recent weeks.

Read more on Evergrande

China Evergrande’s Rise, Fall and Debt Restructuring: QuickTake

Teetering China Property Giants Undercut Xi’s Revival Push

Secretive Group of Holdout Creditors Is Key to Evergrande’s Fate

The son of a wood cutter who grew up in poverty, Hui built Evergrande into China’s largest developer by using leverage to buy massive tracts of land and scoop up rivals, before branching out into industries ranging from bottled water to professional soccer and electric vehicles.

He was once Asia’s second-richest person, only to see his net worth slump as his property empire crumbled. Hui is now worth about $1.7 billion, down from $42 billion in 2017, according to the Bloomberg Billionaires Index. Evergrande has 2.39 trillion yuan ($327 billion) in liabilities.

The 64-year-old has been a Communist Party member for more than three decades. In 2008, he was elected to join the Chinese People’s Political Consultative Conference, an elite group comprising government officials and the biggest names in business. He later secured two other five-year terms.
Things took a turn for the worse in 2021, when Evergrande officially became a defaulter and authorities from its home province of Guangdong led what is poised to be one of the nation’s biggest debt restructurings.

Hui had been part of the CPPCC’s elite 300-member standing committee since 2013, but he was told not to attend the annual convention in March last year as his property group became the biggest casualty of the nation’s credit crunch.

China’s central bank has blamed Evergrande’s demise on its “own poor management” and “reckless expansion,” and the government has urged Hui to use his fortune to help repay investors.

“Evergrande's recent negative headlines couldn’t have come at a worse time as Beijing pushes hard to revive homebuying,” said Neo Wang, Evercore ISI’s New York-based managing director for China research.

— With assistance by Charlie Zhu, Emma Dong, David Scanlan, K Oanh Ha, Jacob Gu, and Li Liu

(Adds comments from fifth paragraph)
Business

UAW Aims For At Least 30% Wage Bump to Woo New Members

- Union initially said it wanted a 40% pay raise from carmakers
- Increase takes into account a cost-of-living allowance
The United Auto Workers union wants to emerge from its strike against Detroit's three major automakers with at least a 30% pay raise, according to people familiar with the matter.

That's the level – which is lower than the around 40% hike it initially proposed to Ford Motor Co., General Motors Co. and Stellantis NV – that the union believes will allow it to satisfy existing members and organize non-union plants. It takes into account a cost-of-living allowance, or COLA, and a general wage increase, according to the people, who asked not to be named because the talks are private.

Automaker stocks rose on the news, led by 2.5% gains in GM and Stellantis' US shares. GM and Ford have seen steep declines since July amid uncertainty about the negotiations. Stellantis is the outlier, up 36% so far this year.

A wage bump of at least 30% is expected to generate interest from non-unionized auto workers and help grow the union's membership, according to the people.

The union's president, Shawn Fain, is on a mission to expand the UAW by organizing future electric-vehicle battery plants and by targeting workers at Tesla Inc. and the US plants of Asian and European automakers, two people said. Its membership has fallen to 400,000 from more than 1 million in the 1970s.

A UAW spokesperson declined to comment. GM, Ford and Stellantis also declined to comment.

Ford has already offered a 20% pay increase, plus COLA payments on top of it. The UAW also had lowered its demand for pay raises to 36%. If the COLA formula gives workers additional raises, it represents a smaller gap between the two sides on pay.
Read More: UAW Offers Slightly Lower Raise Demand to Detroit Automakers

The wage increase is part of a complex puzzle that also includes how much the automakers will invest in their factories to secure jobs for the UAW. Other issues include compensation for workers at future battery plants and retiree benefits, including the union’s demand for a return to traditional pensions. Each piece has to be agreeable to all parties or the deal will fall apart.

The UAW has been striking the automakers since Sept. 15, the first time it has targeted all three simultaneously. Fain is threatening to widen the strike on Friday if the companies don’t show progress at the bargaining table.

Fain already had workers walk out at 38 GM and Stellantis parts distribution facilities last week, saying that there was too little progress in talks.

Read More: UAW’s Bid to Upend the Auto World Began With a Snub of Bill Ford
(Updates with Stellantis no comment in the sixth paragraph)