

Russian companies in Zug under sanctions

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The sanctions hit several Russian-owned companies in Zug directly. EuroChem, the fertiliser producer headquartered in the canton, was affected when the European Union placed its founder Andrey Melnichenko on its sanctions list in March 2022. The day before the listing, Melnichenko's beneficial interest had been transferred to his wife, who was listed herself in June 2022.¹ EuroChem, which argued that it was no longer owned or controlled by a sanctioned person, continued its operations in Zug under close scrutiny by SECO. The coal producer SUEK, also linked to Melnichenko, faced similar questions.

Fertilisers and food products were exempted from some sanctions to protect global food security. The European Union clarified that its sanctions did not prohibit the trade in Russian fertilisers and grain and extended the exemption for transactions in agricultural products. Switzerland generally aligns its measures with such adjustments of the EU regime.² EuroChem and other fertiliser producers could therefore continue their business, although they faced difficulties with banks, insurers and shipping companies that preferred to avoid all Russian-linked business.

Other Russian-linked companies in Zug reduced their activities, moved them abroad or closed. Where ownership changed, Russian shareholders transferred their stakes to non-sanctioned persons or to management. Such transfers must be examined carefully, since the sanctions prohibit making assets available to listed persons and the authorities scrutinise transfers made shortly before or after a listing. Investigating such cases falls to SECO.

1 Notes

1. Wikipedia, "Andrey Melnichenko (industrialist)", en.wikipedia.org: EU listing on 9 March 2022, the day he withdrew as beneficiary of EuroChem and SUEK. Cyprus Mail (Reuters), "EU blacklists wife of

Russian billionaire Melnichenko to curb bypassing sanctions", 3 June 2022, cyprus-mail.com: stake transferred on 8 March 2022; according to the EU, Aleksandra Melnichenko replaced her husband in March 2022 as beneficial owner of Firstline Trust, which represents the ultimate owner of EuroChem Group; her EU listing in June 2022. Swiss adoption of her listing not separately checked. ↩

2. Council of the EU, press release on the "maintenance and alignment" package, 21 July 2022, consilium.europa.eu: the EU measures do not target trade in agricultural and food products, including wheat and fertilisers, and the exemption for transactions in agricultural products is extended; Council Regulation (EU) 2022/1269 of 21 July 2022, eur-lex.europa.eu. ↩

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