

Russian countermeasures and Swiss companies in Russia

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The sanctions war ran in both directions. Russia adopted countermeasures against the states that imposed sanctions, which it classified as unfriendly states. Switzerland was placed on the list in March 2022.¹ Companies from unfriendly states needed the approval of a government commission to sell their Russian subsidiaries, a sale that had to be at a substantial discount and required a contribution to the Russian budget. Russia placed the subsidiaries of several Western companies under temporary state management.²

Swiss companies with business in Russia faced a choice between leaving on these terms and staying under growing political pressure at home. Some left, others reduced their activities to essential goods such as food and medicines, and some stayed largely as before. Companies headquartered in Zug were among all three groups. The decisions depended on the size of their Russian business, their exposure to Western customers and investors, and their assessment of the long-term prospects of the Russian market. Public lists compiled by academics and non-governmental organisations tracked the decisions and increased the reputational pressure on the companies that stayed.³

1 Notes

1. Government of the Russian Federation, "The Government approves the list of unfriendly countries and territories", 7 March 2022, government.ru/en/docs/44745; Government Directive No. 430-r of 5 March 2022; the list includes Switzerland. ↩
2. Morgan Lewis, "Update: Russia Introduces New Rules Allowing Takeover of Assets Owned by 'Unfriendly State' Persons", May 2023, morganlewis.com: Presidential Decree No. 302 "On Temporary

Management Over Certain Assets" of 25 April 2023, initially covering shares of Uniper and Fortum in Russian power generation companies. Nest Centre, "Liminal ownership: The redistribution of property in wartime Russia", nestcentre.org: exits of investors from unfriendly states require the approval of the Government Commission on the Control of Foreign Investment, which imposes a mandatory discount on the independent valuation and a "voluntary" contribution to the budget (currently 60 and 35 per cent). Wikipedia, "Unfriendly countries list", en.wikipedia.org: exit contribution from March 2023 and a 50 per cent discount from July 2023. ↩

3. Yale School of Management, "Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain", som.yale.edu: list compiled since the week of 28 February 2022 by Jeffrey Sonnenfeld and the Yale Chief Executive Leadership Institute, grading companies from A to F. Leave Russia database, leave-russia.org: tracks more than 4,300 companies by status in Russia, including 169 Swiss companies. ↩

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