

Zug in the Russian business press

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The Russian business press also took an interest in the Zug connection. Reports on the annual accounts of Russian groups could mention their Swiss trading companies and the profits booked in the canton. Russian journalists who investigated the ownership of such companies and their relations with state officials produced material that Western reporting could later draw on. For Russian readers, Zug became a byword for the international side of Russian business, standing for the low-tax, discreet location in which the profits of Russian exports were collected before they were distributed to the owners.

The image was simplified, as images tend to be. It concealed the fact that most of the trading companies performed real functions: they negotiated with customers, organised shipping, arranged finance and managed risks. It also concealed the fact that many of their employees were Swiss or came from Western countries. It nonetheless captured an element of truth, because for the owners of Russian groups the Swiss company was the point at which their business left the Russian legal system and entered the international one. That position was valuable in normal times and became a vulnerability when the sanctions came.

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