

Kremlin could seize Russian assets of U.S. companies, warns Moral Rating Agency

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The Russian assets of major global corporations could be seized by the Kremlin amid the ongoing fallout from Russia's invasion of Ukraine, according to new research



Russian President Vladimir Putin may start to seize the assets of international companies doing business in Russia, new research finds. (Alexei Nikolsky, Sputnik, Kremlin Pool Photo via AP)

AP

SHEL +2.88% ▲ **8031** -0.67% ▼ **8058** -0.33% ▼ **GE** +2.90% ▲ **PEP** +0.08% ▲ **BA** +0.40% ▲



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With the war now in its sixth month, the Moral Rating Agency has released new data on

47 of the largest companies in the world, which it says have assets at risk. The Agency was set up to examine whether companies' promises of exiting Russia were realized, and its research includes both U.S. and overseas companies.

Moral Rating Agency founder Mark Dixon points to the Kremlin's recent move to tighten its grip on the Sakhalin-2 oil-and-gas project as evidence of its willingness to expropriate the assets of foreign companies. Russian President Vladimir Putin signed a decree ordering the Sakhalin Energy Investment Company to be transferred to a new Russian entity. The decree means that the Kremlin now has an effective veto over which foreign investors will be allowed to keep their stake in the project.

About 50% of Sakhalin Energy is owned by Russia's state-owned gas company Gazprom RU:GAZP, which will be allowed to keep its stake. Shell SHEL, +2.88% has said it would sell its 27.5% stake in Sakhalin Energy. Japan's Mitsui 8031, -0.67% and Mitsubishi 8058, -0.33% hold 12.5% and 10% stakes, respectively.

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"The decree demonstrates that Russia is not just willing to expropriate assets but is also positioning itself to engage in 'expropriation blackmail,'" said Dixon, in a statement.

Among the companies it researched, The Moral Rating Agency identified General Electric Co. GE, +2.90%, PepsiCo Inc. PEP, +0.08% and Boeing Co. BA, +0.40% as at risk of asset expropriation.

A General Electric healthcare manufacturer in Russia could be a target for the Kremlin, the Agency said. In response, GE directed MarketWatch to the company's statement on its Russian footprint issued in March.

"We are suspending our operations in Russia, with the exception of providing essential medical equipment and supporting existing power services to people in the region," it said, at that time. "We continue to work closely with the proper authorities to ensure compliance with sanctions as well as all laws and regulations."

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The Moral Rating Agency also highlighted a PepsiCo snacks facility in Novosibirsk and a dairy plant in Moscow as at risk.

In March PepsiCo suspended the production and sale of Pepsi Cola and its other global beverage brands, including 7-Up and Mirinda, in Russia. The food and beverage giant also suspended capital investments and all advertising and promotional activities in Russia.

Citing a PepsiCo spokesperson, the Just Food website subsequently reported that PepsiCo has suspended further investment on the recently-opened Novosibirsk plant.

PepsiCo's 2021 annual report [lists](#) the dairy plant in Moscow and also a food plant in Kashira, which is in the Moscow region.

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PepsiCo has not yet responded to a request for comment from MarketWatch on the Moral Ratings Agency's research.

Boeing assets were also identified by the Agency as possible Kremlin targets. In its research, the Moral Rating Agency pointed to "Boeing subsidiaries, R&D facilities and joint ventures," as at risk of expropriation.

Following Russia's Ukraine invasion, Boeing [suspended](#) its operations in Moscow, as well as [parts and maintenance support](#) for Russian airlines. The Seattle Times [reports](#) that Boeing's Moscow Design Center employs more than 1,000 engineers.

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Boeing has not yet responded to a request for comment from MarketWatch on the Moral Ratings Agency's research.



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