

GE suspended Russian operations after the Ukraine invasion a year ago. Here's why it hasn't fully departed Russia.

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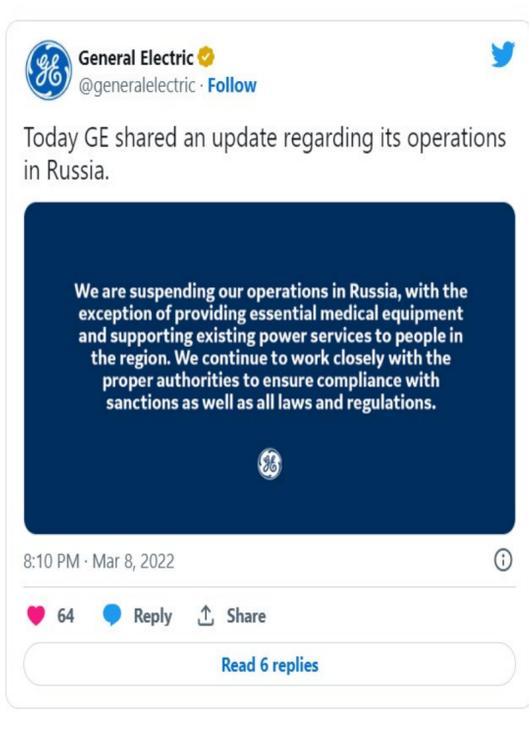
Referenced Symbols

GE **-1.43%**



Like many Western companies, General Electric Co. announced the suspension of its operations in Russia shortly after Vladimir Putin launched his devastating invasion of Ukraine last year.

On March 8, 2022 — 13 days after the full-scale Russian invasion — the industrial conglomerate said it was suspending its operations in the country, with the exception of providing essential medical equipment and supporting existing power services.



GE **GE, -1.43%** took a [\\$263 million charge](#), partly as a result of its Russia move, last year. Still, GE has been criticized by the [Moral Rating Agency](#), an organization set up after the invasion of Ukraine to examine whether companies were carrying out their commitments to [exit Russia](#).

"GE is powering Russia while Russia is simultaneously destroying power stations in Ukraine," Moral Rating Agency founder Mark Dixon told MarketWatch in early January, pointing to the company's support for Russian power services.

"Their glass is very half-full, and they are trying to suggest that it's half-empty," he added on Thursday.

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Amid international condemnation of the Ukraine invasion, the wide-ranging West-imposed sanctions on Russia to cripple the country's economy. The European Union's raft of sanctions includes a far-reaching ban on new investment across the Russian energy sector. The E.U., though, has allowed ["limited exceptions,"](#) including for civil nuclear energy.

GE HealthCare told MarketWatch in February that, in addition to lawful product sales for civilian use, support and services, it continues to offer essential training to medical professionals in Russia on the safe and effective use of its imaging and monitoring equipment.

GE has a nuclear-engineering joint venture with Russian power company Atomenergomash. The venture, which GE inherited as part of [its Alstom acquisition in 2015](#), helps develop civilian nuclear-power plants outside of Russia.

Last year GE signed an agreement with EDF to [sell](#) part of GE Steam Power's nuclear-power activities to the energy company. The joint venture with Atomenergomash will fall under the portion of GE Steam Power's nuclear activities sold to EDF.

GE also has a [joint venture](#) with Russian company INTER RAO UES to manufacture, assemble, sell and service gas-fired power turbines. That venture, which was set up in 2011, is focused on providing power to people in the region, according to a person familiar with the matter. Based in Moscow, INTER RAO UES is described as one of Russia's largest electric companies.

See: [Moral Rating Agency slams Western companies, including Microsoft and Nestlé, over alleged supply of products to Russia](#)

"We have suspended operations in Russia, with the exception of supporting existing power services to the people in the region," a GE spokesperson told MarketWatch in January, reiterating the company's message from last year. "At the same time, we are working closely with our Ukrainian customers to keep the power running there, providing equipment and software for their utilities and servicing existing wind farms, whenever it is safe to do so."

This week the U.S. Agency for International Development [delivered](#) a mobile gas-turbine power plant to Ukraine that was purchased from GE. The mobile power plant was manufactured in the U.S. by GE's Gas Power business and has a total output capacity of approximately 28 megawatts, which is enough to provide the equivalent electricity to at least 100,000 homes, according to USAID.

It is not just parts of the energy sector that are exempt from the West's sanctions on Russia. The U.S. Treasury Department says that American sanctions imposed on Russia following the Ukraine invasion ["do not stand in the way of"](#) medical exports and humanitarian assistance. Since suspending its Russian operations last year, GE has spun off its healthcare business, [which is now GE HealthCare](#).

The company's healthcare-related operations in Russia have also come under the scrutiny of the Moral Rating Agency, which points to a 2011 joint venture with Nycomed for the sales, marketing and distribution of medical diagnostic contrast agents in Russia, as well as [agreements](#) with other Russian partners to manufacture high-tech medical equipment.

See: [Ford exits Russia with joint-venture sale, but Moral Rating Agency slams 'escape clause'](#)

"GE HealthCare's medical imaging and diagnostic products are critical for supporting healthcare professionals and their patients worldwide," a GE HealthCare representative told MarketWatch. "We continue to provide and service essential medical equipment, while working closely with the proper authorities to ensure compliance with restrictions as well as all laws and regulations."

GE bought out Nycomed's stake in its joint venture in 2016, and the activity is now part of GE HealthCare's portfolio.

GE HealthCare has suspended all new investments in Russia and describes its operations in the country as relatively small, representing roughly 2% of total company revenue. The company told MarketWatch this month that it reviews its activities in Russia on a case-by-case basis to ensure compliance with both its own internal policy and all applicable laws and regulations. GE HealthCare says that, in addition to lawful product sales for civilian use, support and services, it continues to offer essential training to medical professionals on the safe and effective use of its imaging and monitoring equipment.

GE HealthCare and the GE Foundation have also donated \$5.5 million in medical equipment and humanitarian aid to support the people of Ukraine. This includes \$5 million in medical equipment such as handheld ultrasound devices, mobile X-ray units, ventilators and patient monitors. The remaining \$500,000 was donated to the International Rescue Committee and [Airlink](#) to support the Ukraine emergency response.

But Moral Rating Agency's Dixon criticized GE's position. "They are a confused humanitarian," he said Thursday. "They are harming the humanitarian situation in Ukraine by doing anything to support Russia."



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