

Less than 9% of foreign companies pull out of Russia

Story by IntelliNews • Tuesday

Only one in ten of the major Western companies that promised to pull out of Russia after the start of the war in Ukraine have actually left, according to study by professor Simon Evenett, from the University of St. Gallen, and professor Niccolò Pisani, from the International Institute for Management Development. The vast majority of those choosing to stay are German.



Less than 9% of foreign companies pull out of Russia © IntelliNews

Germany always had more companies registered in Russia than its European peers: according to one study German had some 10,000 registered entities – ten times more than its next nearest EU peers, France and Italy.

As previously reported by *bne IntelliNews*, [less than 5% of German companies have decided to leave Russia](#), a fact confirmed by the new study that reports the “vast majority” of European firms still in Russia are German.

Of two-thirds of the companies the Russian-German Chamber of Commerce surveyed last summer over their intentions, only 4% announced they were leaving the Russian market completely. The rest plan to continue, RBC was told by the Russian-German Foreign Trade Chamber (VTP) at the time.

The new study found less than 9% of about 1,400 EU and G7 companies that had subsidiaries in Russia before Moscow invaded Ukraine had divested at least one subsidiary in the country by November 2022.

The study contradicts a widely cited study by [Yale](#) last year that claimed over 1,000 Western firms that were responsible for generating the equivalent of 40% of Russia’s GDP had pulled out.

Related video: French company boosts uranium production to end Russia reliance (Dailymotion)



As *bne IntelliNews* reported, [the Yale report was over optimistic about the effects that Western sanctions would have on Russia’s economy](#), but it seems that after almost a year of war, the threat of sanctions has had an even smaller impact on Western companies’ willingness to do business in Russia than previously reported.

By the end of August another study from the Moral Rating Agency found that 28% of Western firms had pulled out. But many international corporations, particularly Chinese companies, have continued to operate in Russia as normal, or have even increased their exposure. And the majority have failed to denounce Russia’s war with Ukraine, the Moral Ratings Agency found; Of the 200 largest companies globally, 122 operate in Russia. Only 28% of those companies have denounced the war unequivocally, while 35% have remained silent and 28% have issued “mealy-mouthed” statements.

There has been much confusion over exactly what counts as “pulling out”, as many companies said they would suspend operations, but few have completed the paperwork to actually close these down.

Three quarters (77.6%) of the 1,382 foreign companies registered in Russia are still operating, said Vyacheslav Volodin, chairman of the parliament’s lower chamber, the State Duma, in a post on Telegram on August 9. Volodin’s estimate is based on counting only those companies that have actually full exited but not those that have simply suspended operations.

Because of the confusion Yale was forced to amend its methodology and introduced a graded system from A to F, where F is fully exited.

According to Yale’s F-grade a total of 293 from the 1,000 are still conducting business as usual as of the middle of last year. The largest group is the B-grade, where 501 companies have suspended all operations but have kept the option of restarting their businesses again if things return to normal. And finally, there are 310 A-grade foreign companies that have actually closed their business and withdrawn or are in the process of selling.

Another [study](#), by the Kyiv School of Economics (KSE), paints an even bleaker picture. The institute found that out of a total of 2,407 companies it is tracking 782 were continuing business as usual, 172 had just paused investments, 298 were scaling operations back, 716 had suspended operations, 393 say they are withdrawing from Russia, but only 46 had completed their exit – an even smaller share than that of the recent study by the two professors.

‘These findings call into question the willingness of Western firms to decouple from economies their governments now deem to be geopolitical rivals,’ the study’s authors say in a statement.

Even amongst US-based companies in Russia less than a fifth (under 18%) have left, whereas 8.3% of EU companies and 15% of Japanese companies have shut up shop.

Amongst those that have ignored pressures to exit Russia include: consumer goods giant Unilever, US fast food franchise Subway and Italian pasta-maker Barilla, which have continued to operate in the country. Other companies have curtailed but not completely halted their operations: BMW is not making cars in Russia anymore but it is still importing parts and honouring its service contracts for existing customers.