

UK industry still selling to Russia

Key equipment being exported despite Putin's invasion



UK companies have still been permitted to export equipment important for Russia's fossil fuel and mining industries

Tom Saunders | George Greenwood, Investigations Reporter | Monday July 31 2023, 3:30pm, The Times

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British manufacturers have continued to supply Russia with key industrial equipment despite the invasion of Ukraine, analysis of trade data shows.

After the full-scale invasion was launched in February last year, many of Britain's industrial manufacturers quickly wound down their business relationships with Russia. The government introduced what it described as "sweeping" restrictions on what material UK suppliers could export to Russia, focusing on areas that are big tax-earners for the Kremlin.

Despite government claims that these restrictions are the "most severe economic sanctions ever imposed on a major economy", trade data acquired by The Times and the investigative group Data Desk shows UK companies have still been permitted to export equipment important for Russia's fossil fuel and mining industries.

Hill & Smith, the FTSE 250 [construction business](#), has consistently assured its investors that it has minimal exposure to Russia. In its accounts for the full year ending December 2022, the group stated that it had "no current direct Russian customers or suppliers".

Export data shows, however, that one of the company's Indian subsidiaries, Bergen Pipe Supports (India) Private Limited, has been continuing to supply pipe supports

— equipment used to hold up gas pipelines — to the Russian company Arctic LNG 2 LLC. This made up a significant part of the subsidiary's export trade since the full-scale invasion, import and export data shows.

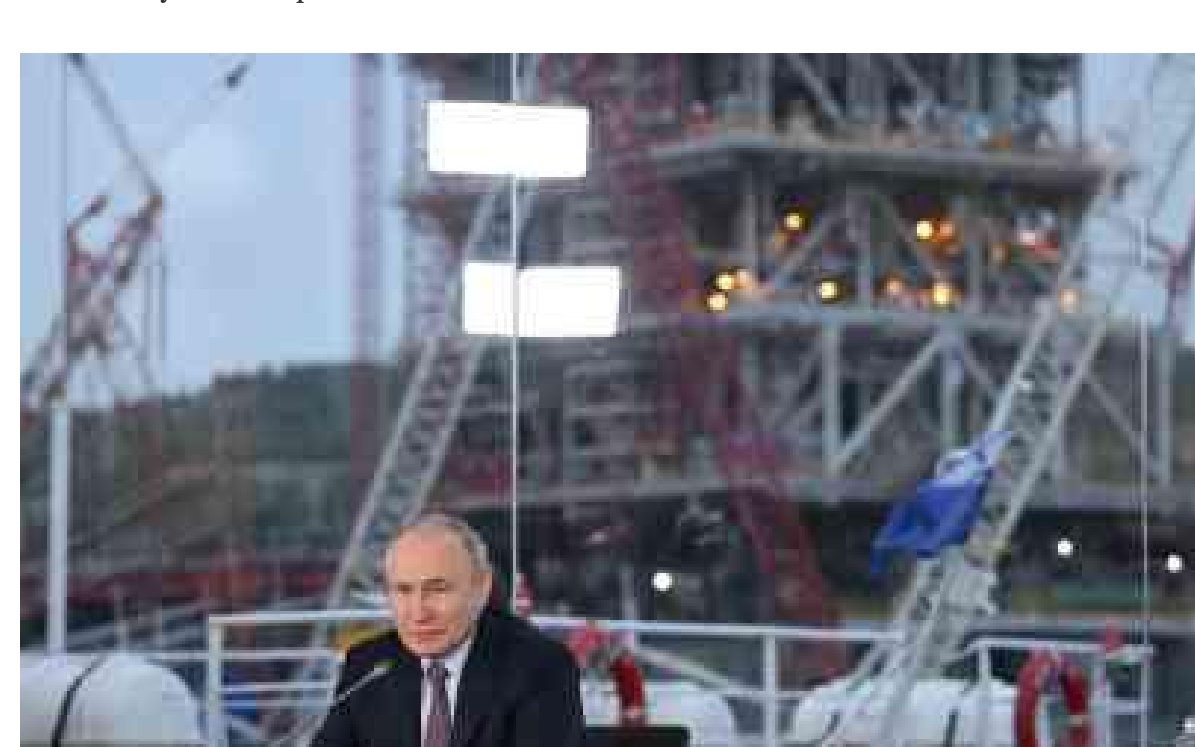
Arctic LNG 2 owns extraction and export rights to a \$21.3 billion liquefied natural gas programme being developed in the Arctic. The overall project is majority-owned by Novatek, [Russia's second largest natural gas provider](#).

Novatek was placed on the sectoral sanctions identification list by the US Treasury following Russia's original invasion of Ukraine in 2014. The company is not currently subject to UK or EU sanctions.

Other companies based in the UK also appear to be providing equipment to Russia that could support its key extractives industries.

Dunlop Oil & Marine, based in Grimsby, bills itself as a "world leader in the design, manufacture and supply of hoses for the oil, gas, petrochemical and dredging industries". It is owned by Continental, a German multinational automotive parts manufacturer. According to export data, Dunlop has been supplying rubber oil hoses to the Caspian Pipeline Consortium.

Major shareholders in the consortium include the Russian energy firms Lukoil and Transneft, alongside the US oil majors Chevron and ExxonMobil. The pipeline carries a mix of Kazakh and Russian oil to the Russian Black Sea port of Novorossiysk for export.



President Putin visits a site in Murmansk where offshore structures are built
RAMIL SITIKOV/EPK

The [Caspian pipeline](#) project is not subject to export sanctions as it is not majority Russian-owned.

Another supplier highlighted by the data is Ion Science, a small company based in Fowlmere, Cambridgeshire that describes itself as a leading manufacturer of gas detection equipment and gas sensors, widely used in the mining industry. According to export data, the company has been shipping "electronic devices for use in the metallurgical industry" to Russia, via Malta.

A spokesman for Continental said that as of May this year it has divested the majority of its activities in Russia, but in one case the manufacturer had to fulfil an existing customer contract that at the time of its fulfilment complied with all applicable sanctions and legal provisions. It added that the company is not currently

exporting any of its products to customers in Russia nor importing products from Russia.

A spokesman for Hill & Smith confirmed that "the group has never had any operations in Russia, has no direct customer relationships in the country, and has never provided materials to a sanctioned entity. Through its Indian operations the group provided pipe supports to a French subsidiary of TechnipFMC, a US-listed company, under a contract entered into in 2019, which in turn supplied the pipe supports to the Arctic LNG 2 project."

Ion Science was approached for comment.

The Department for Business and Trade said it had significantly reduced UK goods being exported to Russia.

Behind the story

Hill & Smith is just the latest major UK-listed company to face questions about its links with Russia after Moscow launched its full-scale invasion of Ukraine in February 2022 (George Greenwood and Tom Saunders write).

While the UK government has claimed its sanctions are "the most severe ever imposed on a major economy", trade data shows British companies have been able to continue exporting key industrial equipment to Russia, while others are still trading there.

Listed companies have taken dramatically different stances on doing business with Russia. After the war began, many of them rushed to dump their Russian operations as their investments became ethically toxic.



BP, one of the UK-listed companies with the biggest investments in Russia, rapidly announced it would be disposing of its [Russian assets](#), though this process has not yet been fully completed.

Others have been less eager to escape. A study published last week by Yale School of Management in the US found five major UK-based companies continued to do business in Russia after the war began. Of these, four were in the industrial, energy or telecoms sectors. Petrofac, JKC and FS Mackenzie have all declined to join the corporate boycott, and Antal International, the global headhunting firm, is still recruiting for all manner of positions on behalf of clients in Russia.

Petrofac said it recently pulled out of Russia, and it has asked Yale to be removed from the list.

BT Group, with 14 employees in Russia, has decided to maintain its relationship with the state-backed operator Rostelecom over fears that pulling back would mean people in the UK would no longer be able to make calls to Russia.



Marmite-maker Unilever has been criticised
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The FTSE-listed consumer goods giant Unilever, whose brands include Dove, Ben & Jerry's and Marmite, has a lower rating on the Yale list but has been widely criticised for staying put, accused by the campaign group Moral Rating Agency of plunging into a "vortex of immorality".

Last week the company confirmed that it would comply with Moscow's conscription laws, meaning its Russian employees could be sent to fight in Ukraine if called up.

Unilever's chief executive said continuing to operate in Russia was the "least bad" option for the company. [Hein Schumacher](#) said abandoning the business "could result in it being nationalised, given all of the developments that have recently taken place".

However, working in a country whose military has bombed civilian targets indiscriminately may be a hard sell to any serious ESG committee.

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