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INTEL, MICROSOFT, SAMSUNG RISK RUSSIA 'BLACKMAIL': WATCHDOG GROUP

BY [SHANE SNIDER](#) ▶

JULY 12, 2022, 01:58 PM EDT

Russian Federation President Vladimir Putin's July 1 decree targets at least 47 of the world's top corporations for "expropriation," according to a new watchdog report.



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Many global corporations — including tech behemoths Intel, Microsoft and Samsung — still have billions of dollars at stake as Russia digs in against global backlash for its war in Ukraine, according to a new report from corporate watchdog firm Moral Rating Agency (MRA).

The United Kingdom-based group ranked corporations based on their exposure level to Putin's move to expropriate assets, giving a score of 1-10 depending on risk. On July 1, Putin made his first move to expropriate foreign assets with a decree that seizes control of the Sakhalin-2 gas and oil project in Russia – possibly forcing out foreign investors including Shell, Mitsui and Mitsubishi.

MRA believes this move could prove to be the start of Putin's strategy to expropriate foreign assets (without explicitly calling it expropriation) and force companies to choose between compliance or loss of Russian assets.

Samsung's Kaluga, Russia plant produced about 1.5 percent of the company's annual revenue (which was \$232.8 billion in 2021), giving them an exposure risk of 3.8 in the report. Samsung in March announced suspension of product shipments to Russia but did not comment on whether it would cease services altogether there.

Intel announced last month that it was pulling all business from Russia, leaving an unknown amount of assets behind along with 1.1 percent of its global workforce and getting a risk exposure score of 2.8, the report said. Intel suspended all business operations in Russia in April.

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Microsoft Corp., with its software research and development center in Skolkovo, Russia, stands to lose about .06 percent of its total annual revenue (which, in 2021, totaled \$192.5 billion). **Microsoft in late June** announced its plan to completely withdraw operations from Russia, leaving behind about 400 Russian employees.

"The risk of being expropriated has now put companies that were talking about getting out of Russia in the same position as those refusing to get out," said Mark Dixon, MRA's founder. "Both groups may now be subjected to the same pressures and risks. We expect a tsunami of expropriations or blackmailed concessions over the next couple of months."

CRN has reached out to Intel, Samsung and Microsoft for comment.

The report says companies that pulled out of Russia early in the conflict stand to lose the least, including tech giants Alphabet (Google's owner), Dell, HP Inc., Apple, and many more. But even those companies are facing some losses – **Google's Russian subsidiary had its bank accounts seized by Russia because of the company's Russia/Ukraine stance.**

MRA's Dixon told CRN that Putin has a game plan and will begin quietly executing more retaliatory moves on western companies – not using an official "expropriation" but achieving the same goal. "Putin is trying to obtain more by avoiding engaging in simple, irrevocable expropriation," he said. "This will involve manipulating the companies to give up rights, perhaps make additional investments, and/or commit not to boycott Russia, and therefore be more likely to lobby their governments against sanctions, as part of Putin's wedge-driving technique."

He continued, "In the end, we think all unfriendly nation-owned assets will be lost, but in the meantime, Putin may create infighting in the West. We think this is worse than simple expropriation."

Chinese firms who may have pulled business to placate western sentiments against the Russia/Ukraine conflict will likely not face the same threats of expropriation. **Lenovo** has remained tight-lipped about their business dealings with Russia, but even if they have suspended operations there, it's unlikely Russia will retaliate because of the country's close ties with the Chinese government.

BY [SHANE SNIDER](#) ▶

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