

Serve Crimea or Leave – Russia Mulls Ultimatum for Western IT Companies

By [The Moscow Times](#)

March 24, 2015



Members of the People's Militia of Crimea stand guard outside the State Council building, during preparations for the first anniversary of the Crimean referendum in Simferopol, Mar. 13.

The Russian government may soon bar any software company that has halted services to Crimea from participating in state contracts, putting U.S. software giants in the middle of a political tug-of-war over Russia's annexation of the region from Ukraine last year.

Communications and Press Minister Nikolai Nikiforov said at a meeting earlier this week that the provision could be added to a government act currently under discussion, which is supposed to come into force on July 1, daily newspaper Kommersant reported.

The ban would also apply to Russian distributors of foreign software, Nikiforov told news agency RBC.

If carried into law, the proposal would put major U.S. producers between a rock and a hard

place. U.S. President Barack Obama in December signed an order banning all U.S.-registered companies from delivering goods, services or technology to Crimea, including software.

Together, the largest software providers to Russian state entities — the U.S. technology corporations Oracle and Microsoft — could stand to lose more than 14.5 billion rubles (about \$250 million) a year if barred from state contracts, according to Kommersant.

The committee on information systems in Russia's lower house of parliament has prepared a bill containing an analogous proposal, which will be submitted to the State Duma by the end of March, the committee's executive secretary Andrei Chernogorov told RBC.

Chernogorov told the agency that major foreign producers such as Oracle, Microsoft and SAP occupy about 80 percent of the Russian software market and earn more than 70 percent of their income in the country from the state sector.

Some Russian companies are developing comparable products. But IT analysts told Kommersant that the government would be hard put to quickly replace all U.S. software, particularly such basic necessities as databases and operating systems.

"Today there are only statements, but not finished products," Olga Rubtsova of Technoserv Consulting told the paper.

Original url:

<https://www.themoscowtimes.com/2015/03/24/serve-crimea-or-leave-russia-mulls-ultimatum-for-western-it-companies-a45087>