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German Publisher of Forbes Exits Russia Over Media Ownership Law

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German publishing house Axel Springer has left the Russian market due to the legislation limiting foreign ownership of the country's media outlets, the company said in a statement Thursday.

Axel Springer, publisher of the magazines Forbes, OK! and GEO in Russia, said it had sold 100 percent of its assets in the country to Alexander Fedotov, owner of the Artcom Media publishing house, which prints the style glossies L'Officiel and SNC.

The value of the deal was not revealed.

"We regret that we are forced to leave the Russian market due to the entry into force of amendments to the federal law on mass media, restricting the rights of foreign citizens," Ralph Buchi, president of Axel Springer International, said in a statement.

The amendments, signed by Russian President Vladimir Putin in October last year, limit

foreign owners of Russian media to a 20 percent stake.

The law also bans foreign citizens and people with dual citizenship from being the founders of media outlets in Russia. The law comes into force on Jan. 1, 2016. After that media companies will have an extra year until Feb. 1, 2017 to comply with the new legislation.

The ban affects several television companies and most of the publishing houses in Russia. The approaching deadline is forcing foreign media companies to change their ownership structure in order to continue doing business in the country or quit the Russian market.

Buchi said that the restrictions were unacceptable for the publisher of Forbes, the influential business magazine, according to the statement.

The statement also said that in the coming weeks the chief executive of Axel Springer Russia, Regina von Flemming, would buy a 20 percent stake in Artcom Media.

The negotiations are at a final stage, according to the statement. From January 2016, she will become adviser to the new general director of Axel Springer Russia.

Fedotov said in the statement the purchase of Axel Springer would strengthen the position of Artcom Media in the business publications sector.

Earlier this month, Swiss publisher Edipresse, which in Russia issued the magazines Mother and Baby, Landscape Design, and Atelier, announced that it would cease its activity in Russia. The decision was also triggered by the media ownership legislation, the company said.

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