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Nokia Announces Russia Departure Amid Mounting Problems for Country's Telecommunications

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Finnish telecommunications company Nokia announced Tuesday it is pulling out of the Russian market amid the country's ongoing invasion of Ukraine.

News of Nokia's departure comes a day after Swedish rival Ericsson announced they were also indefinitely suspending Russian operations.

Although Russia's telecommunications market is exempt from Western sanctions on humanitarian grounds, both companies say that cutting ties with Moscow was their only option.

"We just simply do not see any possibilities to continue in the country under the current circumstances," Nokia CEO Pekka Lundmark said in an interview with Reuters. The company had employed approximately 2000 people in Russia.

Russia's worsening relations with Finland and Sweden, where Nokia and Ericsson are headquartered respectively, are also believed to have played a role in the companies' decision. Tensions have risen between Moscow, Helsinki and Stockholm as the two Nordic countries have expressed interest in joining NATO.

Related article: Huawei Suspends New Orders, Furloughs Russia Staff Amid Sanctions Threat – Reports

The move deals another blow to the Russian telecommunications industry, just days after Chinese telecoms firm Huawei announced that it was furloughing its staff in Russia.

China's biggest smartphone provider, Huawei has become increasingly influential in the Russian market in recent years, becoming the country's biggest supplier of telecoms network equipment and recently establishing a 5G network for Russia's largest operator, MTS.

Huawei's decision to suspend Russian operations and halt its supply of network components has been linked to the fear of "secondary sanctions" from the United States. The White House has already warned it will penalize third parties who help Moscow evade sanctions.

Russian newspaper Izvestia said that the telecommunications exodus would likely cause disruptions and accidents to "increase significantly."

But experts believe that Huawei will find a way to continue supplying Russia over the course of this month, either by using intermediaries in third countries or by transferring the intellectual rights for its products to Russian companies.

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