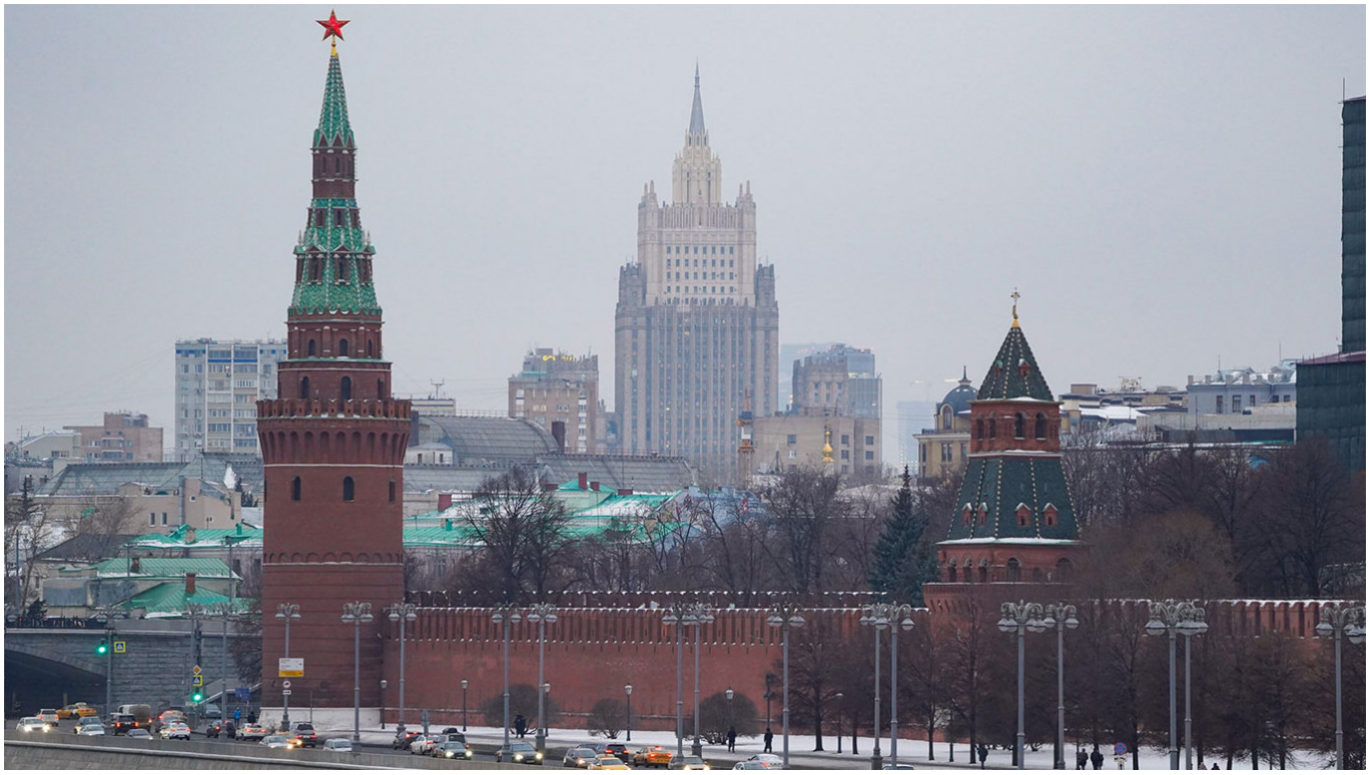
The Moscow Times
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Only 8.5% of Western Firms Have Left Russia – Study

By AFP

January 19, 2023



Pelagia Tikhonova / Moskva News Agency

Despite widespread outrage over Moscow's war in Ukraine, only a small number of Western companies have deserted Russia, according to a Swiss study.

Researchers at the University of St. Gallen and at the IMD institute in Lausanne have delved into how many companies based in the European Union and in G7 countries have actually divested from Russia since its full-scale invasion of Ukraine began last February.

Their findings reveal "a very limited retreat of EU and G7 firms from Russia, (and) challenge the narrative that there is a vast exodus of Western firms leaving the market," St. Gallen University said in a statement Thursday.

"In effect, many firms headquartered in these nations have resisted pressures from governments, the media, and NGOs to leave Russia since the invasion of Ukraine."

The study, which was published last month by the online Social Science Research Network (SSRN) — a publisher of "pre-print" studies not subjected to scientific peer review — showed that only less than 10% of EU and G7 companies with Russian subsidiaries had divested them.

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When Moscow launched its invasion, 1,404 companies based in the EU and the G7 counted a total of 2,405 subsidiaries that were active in Russia, the study showed.

By late November, only 120, or about 8.5% of those companies, had divested at least one subsidiary in Russia, study authors Niccolo Pisani and Simon Evenett found.

There were more confirmed exits by companies headquartered in the United States than those based in Europe and Japan.

But even with the United States, fewer than 18% of U.S. subsidiaries operating in Russia had been completely divested since the invasion began, the study showed.

By contrast, 15% of Japanese firms and only 8.3% of EU firms had divested from Russia, it said.

Of those who have left their Russian subsidiaries in place, 19.5% are German and 12.4% are U.S.-owned, according to the study.

The research also showed that the exiting Western firms only accounted for 6.5% of the total profit before tax of EU and G7 firms with active commercial operations in Russia.

They meanwhile accounted for 15.3% of the total number of employees working for such firms in Russia.

This indicates that, on average, the exiting firms tended to have lower profitability and larger workforces than the firms that remain in Russia, the study said.

These findings, the university statement said, "call into question the willingness of Western firms to decouple from economies their governments now deem to be geopolitical rivals."

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