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South Korean Companies Move to Restart Operations in Russia – Korea Times

March 28, 2025



The Hyundai car factory in St Petersburg. **Alexander Demyanchuk / TASS**

Major South Korean companies are taking steps to resume business in Russia as Ukraine ceasefire negotiations raise the possibility of sanctions relief, The Korea Times reported Friday, citing anonymous industry officials.

LG Electronics recently restarted operations at its plant near Moscow, which had been suspended since August 2022. The company, a major producer of televisions, washing machines and refrigerators, halted shipments to Russia in March 2022 following the invasion of Ukraine.

"The move is aimed at preventing deterioration of production facilities that have been idle since the outbreak of the war," an LG official was quoted as saying.

Samsung Electronics, LG's main rival, has increased its marketing spending in Russia, with

expenses between January and February up 30% from the same period last year.

Samsung halted production at its TV, monitor and washing machine factory in the Kaluga region in 2022 and reportedly leased some of its manufacturing lines to local companies. Despite the suspension, Samsung products have remained available in Russia through a sanctions-evasion mechanism known as "parallel imports."

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Hyundai Motor Group faces a 2025 deadline to exercise a buyback option for its St. Petersburg plant, which it sold for 10,000 rubles ($120) in December 2023.

All three South Korean companies have emphasized that their actions remain preliminary and depend on future developments with the war in Ukraine and sanctions.

Meanwhile, Russian officials, including President Vladimir Putin, have warned of protectionist measures against foreign businesses seeking to return.

Hyundai and Samsung said they were assessing the feasibility of operating in a post-war Russian market, while LG Electronics CEO Cho Jot-wan and an unnamed Hyundai official said they were "closely monitoring" U.S.-Russian negotiations before making any final decisions.

Since South Korean firms exited the Russian market, Chinese competitors have significantly expanded their presence, with Chinese automakers controlling 62% of Russia's car market in 2024.

"Any efforts to resume business are likely to follow once the war ends," an official from an unspecified South Korean conglomerate was quoted as saying.

"It remains uncertain which sanctions will be lifted during peace negotiations and how Korean firms can regain the market share that Chinese companies have expanded," they added.

Russia was South Korea's 12th-largest export market in 2021, with bilateral trade totaling $29.9 billion.

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