



08.09.2022 № 01/301-22

MONITORING SUMMARY ON THE IMPLEMENTATION OF SANCTIONS AGAINST RUSSIA, AND TRENDS IN EFFECTIVE RESISTANCE TO MOSCOW'S AGGRESSIVE POLICY

August 2022

- 1. Sanctions against Russia are adequate, as proven by Moscow's reaction and attempts to stop them.**
- 2. Their effectiveness depends on governments and established coalitions between the governmental, civil and business sectors.**
- 3. The ESCU focuses on working with companies from the defence sector, light packaging and IT. Its targets are the companies continuing to supply funds and technologies to Russia, despite their statements about "exiting the market".**

When the war is entering a protracted phase, it is critical to developing new sanctions and carefully and unconditionally abide by the imposed ones. Russia is already learning from Iran to circumvent the sanctions through the involvement of so-called neutral states.

Moscow's harsh reaction proves the effectiveness of the sanctions policy. The few independent Russian economists [admit](#) that the sanctions will lead to a prolonged economic recession in the aggressor's state, which will have a more significant impact than the early 1990s crisis.

On the ESCU activities in August

As the public condemns the blatant Russian war in Ukraine, some companies work in the market implicitly. The ESCU mission here is to identify the inconsistencies and build advocacy campaigns to push the entities in sight to comply with the sanctions regime and block the supply of financial resources and technologies to Russia.

The ESCU [published](#) the results of an investigation into the work of the Swiss companies—**GF Machining Solutions, Fritz Studer AG, Codere SA, Sylvac SA and Galika AG**. Due to their cooperation with the Russian clients, numerous technologies of European manufacturers got into the Russian enterprises of the military-industrial complex.

The ESCU experts [have investigated](#) the dependence of the Russian defence complex on the latest Western technologies on the example of German businesses:

- **Walter AG** (Germany) supplied its products to the Russian Mayak plant, which produces nuclear weapons and isotopes, and to Russian enterprises that have missile launchers, tanks and command posts for strategic missile forces;
- **Schunk GmbH & Co. KG** (Germany) cooperates with Russian factories that produce combat and civilian aircraft, as well as missile systems;

– **Kemmler GmbH** also helps the Russian military industry by providing equipment for the "Uralmashzavod", "Mayak" plants and Votkin Machine-Building Plant. The latter manufactures Topol-M missiles, the basis of Russia's nuclear shield. In addition, the German company subsidises the Kalashnikov concern, which manufactures 90% of the Russian small arms market, the Novator Design and Construction Design Bureau, which produces anti-aircraft systems, and the Stupinsky Machine-Building Plant, which makes helicopter engines.

DMG Mori (Germany) is also investigated by ESCU analysts and researchers. Despite its formal withdrawal from the Russian market, the company did not stop servicing most of its equipment in the Russian plants. Another disturbing fact is that the enterprises belonging to the Russian industrial complex, mainly the Obukhov factory, are openly looking for specialists who can work on DMG MORI machines.

The world leader in packaging and paper production, **Mondi** (the UK), also continues its work in Russia. There, the company owns a complex plant for the production of pulp, packaging paper and high-quality paper, JSC "Mondi SLPK", and three processing enterprises, LLC "Mondi Aramil", LLC "Mondi Pereyaslavl", LLC "Mondi Lebedyan". In addition to its facilities, the company has more than 5,300 employees in Russia. Despite the company's announcement to exit the market, the plants continue to operate. The sale of one of them – Mondy SLPK – to an oligarch close to the Russian government is likely to be partially subsidised by the Russian authorities to preserve vital manufacturing facilities.

OpenWay Group, a multinational company that develops and provides the Way4 system, a platform for digital banking and management of all payment services and tools, continues its work in the Russian market. The Way4 technology serves as the basis of the Russian payment system "MIR", introduced after the withdrawal of Visa and Mastercard from the Russian market. Among their clients are sanctioned Sberbank, Alfa-Bank, VEB.RF, Russian Regional Development Bank, VTB Bank, Bank of Moscow, Rosneft, Lukoil (Licard).

Finally, success stories of August – Dell and Trafigura.

Dell Technologies stated it had ended all operations in Russia after shutting its offices earlier this month, thus becoming the latest Western company to leave Russia in the face of Moscow's full-scale invasion of Ukraine.

Trafigura, a global commodities trader, stated it had sold its 10% stake in Russia's major Vostok Oil project in Siberia to a Hong Kong-registered trading firm, Nord Axis. Trafigura bought a non-operational stake in the vast undertaking in December 2020 through a deal that included a long-term oil offtake agreement. The company said in its 2021 annual report that it had written entirely down its stake in Vostok after putting an initial 1.5 billion euros (\$1.51 billion) of equity cash into the deal, which was later backed up by debt funding to a total of 7 billion euro (\$7.05 billion).

The Economic Security Council of Ukraine will continue analysing the sanctions' effects on Russia's aggressive behaviour.

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