

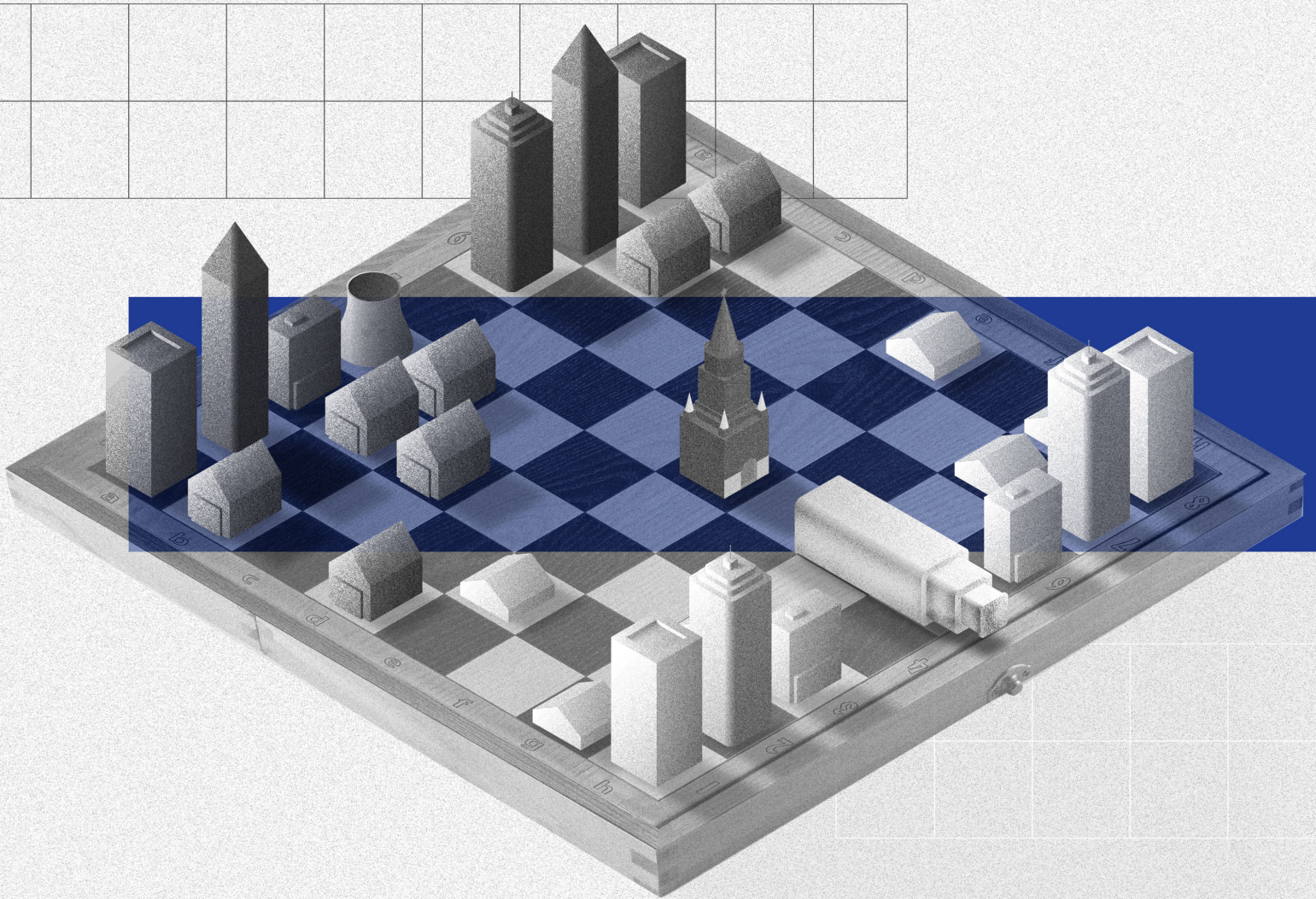
THREAT
ANALYSIS

RUSSIA

Recorded Future®

By Insikt Group®

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Russia Creates No-Win Situation for Western Companies

Executive Summary

Western companies operating in Russia are at increased risk of asset seizure or nationalization as Moscow and the West exchange punitive economic measures related to Russia's war against Ukraine. Since early 2022, Russia has engaged in legislative efforts to establish a legal framework to target Western corporations that are designated as "unfriendly" to Russia or as "naughty" — a framing for which Russia has yet to provide specific criteria. These designations are very likely used to justify targeted actions against corporations that have taken an overt pro-Ukraine, pro-West, or anti-Russia geopolitical stance.

Moscow claims that Russian actions against Western corporations are a direct response to Western sanctions that have resulted in the freezing of Russian assets in Western financial institutions. With its retaliatory economic actions that target corporate, government, and private assets, Russia very likely endeavors to create the means to establish parity with the West and inflict financial damage on Western corporate entities — especially since Moscow lacks the economic capabilities to freeze or seize Western government funds. Moreover, Russia's legislative endeavors very likely suggest Moscow believes additional legal tools are required to account for more Western corporations leaving and damaging Russia's economic market.

Russia almost certainly understands and is intentionally exploiting the corporate conundrum in which Western companies find themselves: 1) Remain in Russia, never knowing if Moscow will target them next, and potentially attract the ire of Western nations for not leaving, or 2) Depart Russia and risk losing corporate assets but garner Western praise for eliminating their financial contributions to the Russian economy. In former Soviet parlance, this strategy is framed as "Reflexive Control", where Russia exploits a target's disadvantageous position and accounts for each potential decision the target will likely make. In this scenario, Russia believes the target, Western companies, will make the decision most beneficial to their own interests — corporate profits.

Western corporations operating in Russia have to make difficult decisions that will very likely result in the loss of assets and economic potential in Russia, brand damage as a result of continued association with Moscow despite its war against Ukraine, or both. Litigation to defend against asset seizure is also an option for Western corporations operating in Russia; however, legal processes will likely be costly and protracted, and there is a lack of precedent concerning this course of action to determine how successful litigation would be. Companies that suffer financial losses as a result of withdrawing from Russia could pursue negotiations with Western governments to obtain compensation via Russian funds frozen in Western financial institutions, or other seized Russian assets.

In the long term, Russia's targeting of Western corporations operating in Russia will very likely have far-reaching implications for Western businesses seeking access to Russian economic markets, Russia's economy, and the international marketplace as a whole. Moscow risks scaring Western corporations away from investment in the Russian economic market, even in a post-conflict geopolitical environment. As geopolitical issues increasingly drive corporate international business decisions, the global market

unified in the post-World War II (WWII) era risks economic balkanization. Moreover, countries that believe they are at risk of Western economic sanctions or corporations leaving their economies at the behest of Western public pressure could limit or strictly regulate Western corporate access to national economies as a means to defend against potential economic destabilization.

Key Findings

- Geopolitical escalation between Russia and the West increases the risk of Moscow targeting Western corporations operating in Russia.
- The Kremlin's legislative actions suggest Moscow believes Western corporations will continue to depart the Russian economic market and legal remedies are needed to prevent damage to Russia's economy.
- Moscow's legislative actions indicate Russia almost certainly required enhanced legislative measures to target Western companies in response to Western sanctions and establish punitive economic parity since the Kremlin lacks the economic tools possessed by the West.
- Western companies that overtly support Ukraine or condemn Russia are likely framed as "unfriendly" or "naughty" by the Russian government, a characterization very likely used to justify Russia's seizure of corporate assets.
- Western companies are facing a conundrum: Moscow has set the conditions for, and is exploiting, the position Western corporations are in, likely believing entities will elect to retain access to Russian economic markets and accept Western geopolitical ire versus departing and losing corporate assets.
- Western corporations that continue to operate in Russia have limited options to protect themselves or seek guaranteed compensation for the Russian seizure of corporate assets, undermining efforts to depart Russia.
- Western corporations will very likely need support from Western nation governments to address fiscal concerns related to departing Russia, such as compensation to account for lost corporate assets.
- Continued escalation between Russia and the West via economic measures risks fracturing the global economic market, forcing corporations to choose between Western and Russian markets based on perceived support to either Ukraine or Russia.

Background

In response to Russia's full-scale invasion of Ukraine in February 2022, Western nations imposed economic sanctions against Moscow designed to deter further aggression against Kyiv. Specifically, United States (US) President Joseph Biden stated the goal of Western sanctions was [designed](#) to "impose a severe cost on the Russian economy". Additionally, Western financial institutions [froze](#) Russian government assets valued at nearly \$300 billion. As part of Western nation sanctions that targeted Russia's economy and individuals within the oligarch class, many Western corporations decided to [leave](#) the Russian economic market en masse in a show of solidarity with Ukraine.

Russia's Response to Western Sanctions

Since at least early 2022, in direct response to Western economic sanctions imposed after Russia's invasion of Ukraine, the Russian government has proposed government efforts and [passed](#) legislation to seize the assets of Western corporations operating in Russia. As the West initiated sanctions against Moscow and Western corporations began suspending operations in Russia, the Kremlin [threatened](#) to [seize](#) the assets of companies that decided to leave Russia. Throughout 2022, the Russian State Duma passed a series of laws that provided Moscow the legal authority to target Western corporations in Russia. In June 2023, Russian President Vladimir Putin reportedly [signed](#) a secret decree enabling the Russian government to target the assets of "naughty companies", according to Russian state media reporting, although no further details have been provided to explain the rationale behind this designation.^{1 2}

The Russian government has also indicated it could seek to utilize Russia's judicial system to target Western corporations. Specifically, Russian investigative bodies could pursue charges against a Western corporation for [violating](#) any number of Russian corporate or tax laws. For example, the Russian government has launched an audit of the Mars corporation, a major food company, for allegedly providing financial funding to the Armed Forces of Ukraine and violating Russian tax law, according to Russian state-owned media.³ Additionally, Moscow's judicial bodies could target Western companies through the arrest of executives or employees, subjecting Western corporations to lawfare.⁴ Litigators in Moscow, reportedly acting independently of the Russian government, [levied](#) lawsuits against Western companies that decided to leave, claiming violations of Russian law. Although these lawsuits appear disconnected from the Kremlin's legislative efforts against Western companies, the lawyers stated their goal was to "[punish](#)" Western companies, a goal attributed to Putin's secret decree.

Establishing a Legislative Basis for Targeting Western Corporations

Russia's efforts to establish legislative means to target Western companies very likely suggests Moscow believes a further exodus of Western companies was probable without additional legal tools to prevent domestic economic damage to Russia. Since mid-2022, the Russian State Duma has proposed and [passed](#) several pieces of legislation, and President Putin signed a number of decrees designed to grant the Russian government legal authority to target Western corporations.⁵

In totality, these measures support the Russian government's efforts to selectively [target](#) and seize the assets of Western corporations. Russian government officials addressing the matter, including President Putin and Kremlin spokesman Dmitry Peskov, claim that what Russia does with [seized](#) Western

¹ <https://www.themoscowtimes.com/2023/06/15/putin-signs-secret-decree-to-buy-discounted-western-companies-ft-a81510>

² To date, Russia has not provided a detailed list of criteria for what constitutes a "naughty" Western company. In a mid-June press statement, Kremlin spokesman Dmitry Peskov said, "If a company does not fulfill its obligations", a company will be designated "naughty". However, he did not stipulate what those specific obligations are.

³ <https://tass.com/economy/1643751>

⁴ Lawfare is considered the punitive use of the legal and judicial system to damage or delegitimize a target. This process includes the use of legal bills, court appearances, and associated media coverage to undermine the target's financial, legal, and reputational standing.

⁵ <http://publication.pravo.gov.ru/Document/View/0001202304250033>

corporate assets is “Russia’s business”. As of August 2023, Russia has passed or issued the following noteworthy legislation or Presidential decrees (this list is not comprehensive of all relevant Russian legislation):

- Bill Number 103072-8, dated April 8, 2022: the property of “unfriendly” entities can be [seized](#) without compensation to the owner⁶
- Bill Number 102053-8, dated April 8, 2022: established criminal liability for the management of Western companies that [engage](#) in “abuse of office” in Russia for compliance with Western sanctions⁷
- Bill Number 104796-8, dated April 12, 2022: enables the appointment of an “external administration” to oversee companies that are closing their Russia-based businesses^{8 9}
- Presidential Decree Number 416, dated June 30, 2022, and Decree Number 723, dated October 7, 2022: enable the Russian government to shift the assets of companies from “unfriendly” nations into a Russian entity^{10 11}
- Presidential Decree Number [139](#), dated March 3, 2023: provides sweeping authority to seize the assets of any corporation that is linked to Russian defense contracts regardless of the country of origin
- Presidential Decree Number 302, dated April 25, 2023: provides additional authority for the Russian government to establish “external administration” over Western corporations (linked with Duma Bill Number 104796-8)¹²
- Russian Federal Law Number 470-FZ, dated August 4, 2023: prevents “unfriendly” Western entities from owning any sizable stake in major Russian companies¹³

According to a mid-July 2022 statement by Peskov, the Russian government is closely [monitoring](#) the corporate activities of Western companies operating in Russia, giving further credence to Moscow’s concern that Western companies will depart the Russian economic market. In each instance where Russia seized or nationalized Western corporate assets, it occurred after the entities announced their intent to depart the Russian economic market and publicly supported Ukraine or condemned Russia. However, as of this writing, Insikt Group lacks insight into the specific criteria Russia is using to justify Western company asset seizure or nationalization. As of September 2023, Russia has seized assets from the following companies in line with the aforementioned Duma legislation:

- In April 2023, Russia [seized](#) corporate assets associated with Uniper, a German utility firm, and Fortum, a Finish utility company. These firms’ combined assets were [valued](#) at nearly \$2 billion in 2022.

⁶ <https://sozd.duma.gov.ru/bill/103072-8>

⁷ <https://sozd.duma.gov.ru/bill/102053-8>

⁸ <https://sozd.duma.gov.ru/bill/104796-8>

⁹ <https://epam.ru/en/legal-updates/view/zakonoproekt-o-vneshnej-administracii-v-inostrannyh-kompaniyah>

¹⁰ <http://publication.pravo.gov.ru/document/0001202206300033>

¹¹ <http://publication.pravo.gov.ru/document/0001202210070089>

¹² <http://publication.pravo.gov.ru/Document/View/0001202304250033>

¹³ <http://publication.pravo.gov.ru/document/0001202308040071>

- In July 2023, Russia [seized](#) the assets of Danone, a French food company, and Carlsberg's Baltika Breweries, a Danish company. Combined, the value of assets seized is assessed at more than \$1 billion (USD).¹⁴

Russian Domestic Sentiment

Russian domestic sentiment is very likely not a driving factor in the Russian government's decisions to target Western corporations. Western corporations that overtly decided to support Ukraine, to depart the Russian economic market in response to Russia's war against Ukraine, or to condemn Russia are very likely easy targets for Moscow to brand as "unfriendly" or "naughty" — supporting Russian information efforts to manufacture domestic negative opinions towards those Western corporations. Conversely, the Russian citizenry likely has a benign or even favorable view of Western corporations operating in Russia that have retained a geopolitically agnostic position on Russia's war against Ukraine.

Making accurate assessments concerning the Russian citizenry's sentiment toward Western corporations is extremely difficult. According to the Chicago Council on Global Affairs's survey data from 2023, the Russian citizenry has largely been [unaffected](#) by Western [sanctions](#), and there is virtually no reliable data concerning how the Russian populace perceives Western corporations in Russia as of this writing. However, the Russian government would almost certainly posit that the Russian citizenry supports its targeting of Western corporations. Given the bifurcated and biased media landscape, Russian citizens are almost entirely presented with information that aligns with the Kremlin's worldview, shaping the Russian domestic populace's opinion on world events. Moreover, efforts to determine the legitimacy of Russian public sentiment prove challenging given Russia's history of inauthentically [using](#) forums such as [comment sections](#) as part of information operations. In instances where the Russian government targeted Western corporations in Russia, the Russian government apparatus (which includes state-owned and state-funded media) highlighted how those companies operated in a manner framed as adversarial towards Russia, specifically concerning Russia's military operations in Ukraine.

For decades, Moscow has engaged in information operations designed to [influence](#) and shape the sentiment of Russia's domestic populace, framing Russia as a "besieged castle" defending against unjust, Western aggression. In Western parlance, Russia's domestic propagandistic efforts can be framed as "manufactured consent": information operations designed to influence, shape, and [create](#) inauthentic support for Moscow's policy decisions. To accomplish this, Russian state media reports on and frames the target entity in a negative light, repeatedly publishing media reports about supposed offenses. Within the comments sections of these articles, users post reactions to the reports that provide insights into the public's perception of the issue. However, determining if the users, the posts, or the post engagement (likes or dislikes) within the comment sections are legitimate is difficult. As stated above, a well-known tactic, technique, and procedure (TTP) of Russian information operations is

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[https://www.themoscowtimes\[.\]com/2023/07/19/foreign-companies-are-being-taken-hostage-kremlin-escalates-campaign-on-western-corporates-a81891](https://www.themoscowtimes[.]com/2023/07/19/foreign-companies-are-being-taken-hostage-kremlin-escalates-campaign-on-western-corporates-a81891)

to [target](#) the comments sections of articles, using inauthentic personas to attempt to shift the tone and tenor of the sentiment in the direction Russia desires.

Western Corporations in a No-Win Situation

Western corporations operating in Russia are facing risk and pressure on two fronts: the potential for the Russian government's seizure of their assets if they decide to withdraw from the Russian market and Western public relations pressure that can cause brand damage if they decide to continue operating in Russia. A precise count of the corporations exiting the Russian marketplace, curtailing their operations, or choosing to stay, is difficult to pin down. According to Yale University's [tracking](#) of Western companies that have departed or are still operating in Russia, more than 1,000 international companies have publicly left Russia after its invasion of Ukraine in February 2022. The Ukraine-linked organization Leave-Russia [claims](#) nearly 1,400 Western companies are still doing business in Russia, with varying degrees of operations. According to Leave-Russia business tracking data, as of August 2023, the nations with the most companies operating in Russia are Germany (214), the US (191), and the United Kingdom (72). These Western companies operate across industries, from food to natural resources.

According to early July 2023 Russian media reporting, Moscow is in the process of probing Mars Incorporated — which [announced](#) plans in May 2023 to donate \$13.5 million to help the people and pets of Ukraine — under the suspicion of providing funds to the Ukrainian Armed Forces and supposed violations of Russian tax law.^{15 16}

Companies that maintain business operations in Russia have encountered domestic opposition in Western countries as a result. Mondelez International, a major Western food corporation, was [boycotted](#) in the Nordic region because it continued to operate in Russia. Specifically, Scandinavian airlines SAS and Norwegian Air, the SJ railway company, and a number of other major Scandinavian companies suspended the sale of Mondelez International food products, which include Oreos and Toblerone. According to Reuters reporting, the companies stated their decision to boycott Mondelez products was informed by Ukraine's National Agency for the Prevention of Corruption's (NACP) call for the international community to "[blacklist](#)" corporations that refuse to depart the Russian economic market as "International Sponsors of War" or "accomplices of Russian war". More recently, NACP has labeled select Western corporations that refuse to depart the Russian economic market "sponsors of war", a designation that will very likely result in corporate brand damage. According to early September 2023 Ukrainian media reporting, NACP [designated](#) Mars and PepsiCo "sponsors of war" for not departing the Russian economic market.

Western Corporations in Russia Have Few Viable Options

Geopolitical tensions will very likely continue to escalate in the absence of successful peace negotiations between Russia and Ukraine. As part of conflict escalation, Russia and Western nations will

¹⁵ [https://www.themoscowtimes\[.\]com/2023/07/07/russia-probes-us-chocolate-giant-mars-for-funding-ukraine-army-a81764](https://www.themoscowtimes[.]com/2023/07/07/russia-probes-us-chocolate-giant-mars-for-funding-ukraine-army-a81764)

¹⁶ [https://www.rt\[.\]com/business/577349-mars-russia-ukraine-financial-aid/](https://www.rt[.]com/business/577349-mars-russia-ukraine-financial-aid/)

likely continue to exchange punitive economic measures. Western corporations operating in Russia will very likely remain at increased risk, forcing corporate entities to choose to either remain in the Russian market and risk asset seizure and brand damage associated with Western public pressure or leave Russia and almost certainly have assets seized but align with the West’s political stances towards Russia. This corporate conundrum is very likely a feature of Russia’s strategy of “[reflexive control](#)” — a Soviet-era strategy that [places](#) the target in a disadvantageous situation where Russia has accounted for each potential decision the target will likely make.¹⁷ For Western companies operating in Russia, Insikt Group assessed the decisions and associated potential benefits and risks in the table below.

Western Corporation Benefits-Risks Conundrum	
Benefits	Risks
Remain in Russia	
Continued profit from operating in the Russian economic market	Persistent ambiguity concerning if or when the Russian government will seize or nationalize corporate assets
	Geopolitical disfavor or brand damage associated with continuing to operate in Russia
	Potential organized boycott of goods in Western nations that refuse to do business with companies that remain in Russia
Depart Russia	
Alignment with the Western geopolitical stance toward Russia	Potential for Russian seizure or nationalization of corporate assets
	Moscow enables a Russian oligarch to purchase Western-seized corporate assets at a significant market discount
	Russia establishes a replacement company to fill the vacated business and prevents efforts to return in the event of a negotiated peace
	Potential loss of corporate access to the Russian economic market, even in a post-war geopolitical environment

¹⁷ Reflexive control is a Russian strategy that also aligns with maskirovka, Russia’s version of denial and deception. Generally, Russia maneuvers a target into a cognitive dilemma where the subject is left to make one of several predetermined decisions that Russia has accounted for. Moscow, in this scenario, assesses the target will make the decision that is perceivably the least disadvantageous.

Western Corporations Likely Unable to Replace Potential Losses Associated with Leaving Russia's Market

Western corporations that seek to leave the Russian economic market face the loss of significant economic potential, including the value of assets in Russia at risk of seizure. According to Western financial analysis, the Russian economic market is [valued](#) at \$2.2 trillion, with the top 100 Western corporations operating in Russia [contributing](#) approximately \$3.5 billion in tax revenue for the Russian government. According to 2022 financial data, the US (\$712 million) and Germany (\$402 million) led Western companies in tax revenue generation for Russia, accounting for more than \$1 billion combined. Western companies that are weighing whether to leave the Russian economic market and mitigate the financial impact would have to identify a comparable market or several markets to account for the billions of dollars of lost economic potential or simply accept the financial loss. In a 2022 financial analysis from the Kyiv School of Economics, international corporations [made](#) \$214 billion in revenue from the Russian economic market, \$14 billion of which was profit.

The lack of government support for corporations likely exacerbates the situation. In a May 2023 interview with Euronews, Alexandra Prokopenko, a consultant for the German Council on Foreign Relations, acknowledged the complications facing Western companies in Russia, stating, "The problem is, neither Russia nor the West has a comprehensive strategy for stranded assets". Given this, the lack of a fiscally attractive avenue to depart the Russian economic market drives Western companies to either remain in the Russian economic market or depart and cut their losses completely or take a significant financial loss in order to align with the Western geopolitical stance on Russia.

Western government financial guarantees would likely alleviate Western corporations' fiscal concerns about leaving the Russian market. To account for the risk of seized corporate assets, negotiations with Western governments could present opportunities to compensate companies for lost assets with Russian assets seized in Western financial institutions or other seized Russian assets. This course of action does, however, risk escalating geopolitical tensions as Western nations and Russia engage in increasingly more aggressive punitive economic measures. Litigation is also an option for Western corporations operating in Russia, but legal processes against Russia will likely be costly and protracted. In one instance, a superyacht [seized](#) from a Russian oligarch was auctioned off in August 2022, in accordance with a Gibraltar court ruling, to fulfill loan guarantees to JPMorgan Chase. Although anecdotal, this process could serve as a template for Western corporations to partly recuperate assets seized by the Russian government.

Outlook: Implication for Western Companies, Russia's Economy, and Globalism

The following forward-leaning implications are based on the assessment that geopolitical tensions associated with Russia's war against Ukraine will very likely continue to escalate. Specifically, the West and Russia will very likely continue to exchange punitive economic measures that Insikt Group judges will result in increased targeting of their respective financial interests. These actions will increase risks

to Western corporations operating in Russia, isolate the Russian economic market from the West, and undermine global economic integration.

Implications for Western Companies Operating in Russia

As geopolitical tensions escalate, Western corporations will have to make a determination about whether leaving Russia is worth the risk of having their assets seized or corporate holdings in Russia nationalized. Conversely, Western corporations will also have to determine whether continuing to operate in Russia is worth attracting negative Western sentiment. Moscow is increasingly signaling that Russia intends to target Western corporations with asset seizure or nationalization, which will almost certainly become more common as the war in Ukraine persists.

To date, Western governments have not taken punitive measures against Western companies operating in Russia. However, there are efforts underway to [convince](#) Western corporations to leave Russia. Since Russia's full-scale invasion of Ukraine, Western entities have created lists of international corporations that have [departed](#) or continue to [operate](#) in Russia, in some instances framing Western corporations continuing operations in Russia as supporting its war against Ukraine. Moreover, several Western organizations have also created rating systems that make moral [judgments](#) of Western companies still operating in Russia. Since March 2022, Ukrainian President Volodomir Zelensky has officially [called](#) for international business to leave Russia, an exodus that would very likely undermine Russia's economy. Over the past year, Western media reporting has increasingly framed Western corporations that are still doing business in Russia as either [aligning](#) with Moscow or [supporting](#) Russia's war efforts, negative press that risks brand damage. In mid-June 2023, Western media also called for consumers to stop patronizing corporations that [refuse](#) to leave Russia.

Collective Western influence efforts to entice Western corporations to depart the Russian economic market will likely be successful but could have unintended consequences. Traditionally, corporations have shied away from taking overt political stances on issues to prevent potentially alienating certain consumer bases. Efforts to negatively frame Western corporations operating in Russia may induce the companies to leave. However, those corporations could also be viewed as a potential economic flight risk by other nations, susceptible to future Western public pressure campaigns. In extreme cases, efforts to compel corporations to align with a certain geopolitical view could undermine efforts to operate in other nations' economic markets, especially those that have adversarial relationships with the collective West.

Given this perceivable paradox, Western corporations should consider the following to support decision-making:

- Conduct a course of action analysis to determine specific risks and potential financial losses associated with a decision to depart the Russian market, assuming the Russian government will engage in the most aggressive punitive actions.
- Explore options for Western government support that would help offset the potential financial loss associated with a decision to depart Russia in response to Russia's war against Ukraine.

- Consider carefully the geopolitical implications of public statements related to Russia’s war against Ukraine.

Implications for the Russian Economy

Russia’s decision to target Western companies will almost certainly have a chilling effect on its ability to attract and retain global corporations. The companies that departed shortly after Russia invaded Ukraine in February 2022 could decide never to return to the Russian market in a post-conflict settlement geopolitical environment; the companies that remain could decide to curtail their operations or cut their losses and depart the Russian economy entirely. However, Russia is already promoting the creation of Russia-based businesses to fill the void left by Western companies that decide to leave or have been seized or nationalized.

Despite these efforts, Russia likely lacks the capacity to replace Western corporations, especially established international brands listed in the Fortune 500. As of this writing, Russia has successfully established Russian replacements for some large Western companies but has shown a lack of capacity to do so with others. In late 2022, Russia [replaced](#) McDonald’s restaurants with the alternative “Vkusno i tochka” (translated as “Tasty & That’s it”), serving nearly identical menu items under different names. Russia also [launched](#) a designer coffee company that is almost certainly intended to emulate and replace the Western coffee company Starbucks. The Swedish corporation IKEA closed operations in Russia, and to date, Moscow has been unable to replace or rebrand the company, despite IKEA successfully [selling](#) factories to Russian businesses.¹⁸

In a June 2023 statement, President Putin said he does not want companies from Western countries that have left to [return](#), claiming that Russia has adapted and is able to meet its own needs. In the same statement, Putin claimed that there had been nearly 90,000 new business registrations, some of which were intended to serve as a Russian version of the Western corporation that left. However, Putin also suggested that Russia might be open to Western nations returning to the Russian market, stating that Moscow is reportedly entertaining overtures from unnamed Western corporations about coming back to Russia, though it is unclear whether this is true or part of an effort to influence Western corporations. Also, in June 2023, Kremlin spokesman Dmitry Peskov stated that Russia will “never trust the West again” during a statement about the condition of Russia-West geopolitical relations — specifically concerning Western sanctions and efforts designed to harm Russia’s economy.¹⁹

In the long term, this trend points to a potential decoupling of the Russian market from the West, in which Moscow will likely seek to replace Western-affiliated corporations with international partners that are aligned with Russia’s interests, such as BRICS²⁰ members, CSTO²¹ partners, and burgeoning partnerships in South America, Africa, and Southeast Asia. According to international foreign policy publications, Russia and China have increased economic [cooperation](#) as the West increasingly [levies](#)

¹⁸ <https://www.themoscowtimes.com/2023/04/27/in-photos-departed-western-companies-get-russian-rebranding-a80936>

¹⁹ <https://www.rt.com/russia/557570-russia-never-trust-west/>

²⁰ An economy-related group made up of Brazil, Russia, India, China, and South Africa.

²¹ The Collective Security Treaty Organization, a military alliance of 6 post-Soviet states: Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan.

sanctions against Moscow; their cooperation is almost certainly designed to offset financial losses associated with these punitive actions. In July 2022 congressional testimony, an expert from the US's Center for Strategic & International Studies outlined Russia's [enhanced](#) efforts to make economic and influence inroads in Latin and South America, signaling Moscow's intent to upend the US 1820s-era Monroe Doctrine (which called for US dominance in the Western Hemisphere). As Western sanctions began to affect Russia's economy, Moscow also increased economic [cooperation](#) with African nations.

Implications for Globalism

Continued [fracturing](#) of the integrated global marketplace risks upending the global world order that was established post-WWII, in which globalism was embraced to increase international cooperation and reduce the potential for globally destabilizing armed conflicts. As corporations — now [compelled](#) to make business decisions based on geopolitical lines — select either Western or Russian markets, the potential for a bifurcated global economy increases. In March 2022, Larry Fink, CEO of the world's largest asset management company, BlackRock, warned that the Russia-Ukraine war is resulting in international [polarization](#) and economic silos that threaten to “put an end to the globalization we have experienced over the last three decades”.

For more than a decade, even before the West collectively initiated sanctions against Russia, Moscow repeatedly [warned](#) the non-Western-aligned international community about the risk of depending on Western financial instruments and institutions, highlighting the potential for the West to impose punitive economic measures against nations that don't operate in accordance with Western foreign policy interests. Nations concerned about the potential of Western economic sanctions will likely decide to [minimize](#) economic involvement with the West and [engage](#) in economic activities that are less susceptible to coercive economic measures to mitigate risk to their domestic economic markets. To this end, Western corporations that are perceived as likely to make business decisions along geopolitical lines versus being apolitical capitalistic actors could find it harder to operate in certain economic markets, especially those nations that are at geopolitical odds with the West.

Even in the event of a negotiated peace concerning Russia's war against Ukraine, the damage to international business is likely done. Although international business will certainly persist, Russia and the West will likely be perpetually [guarded](#) against the potential for weaponized economic measures that undermine economic security. In a June 16, 2023, statement concerning Russia-West relations, Russian Foreign Minister Sergey Lavrov asserted that “the West lost Russia”. Russia's recognition of this, Lavrov posited, will serve Moscow better moving forward.²²

²² [https://tass\[.\]com/politics/1634191](https://tass[.]com/politics/1634191)

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