Effects of Russia's counter-sanctions on small companies in the logistics and fish sectors in the Kymenlaakso region

Tuomas Asanti

Degree Thesis
International business
2015

DEGREE THESIS	
Arcada	
Degree Programme:	International business 2010
Identification number:	5144
Author:	Tuomas Asanti
Title:	Effects of Russia's counter-sanctions on small companies in the logistics and fish sectors in the Kymenlaakso region
Supervisor (Arcada):	Sveinn Eldon
Commissioned by:	

Abstract:
The aim of this thesis was to study how small logistics sector and fish sector companies in Kymenlaakso region have experienced the effects of Russia's counter-sanctions. The main research questions in the study were "*Have the Russia's counter-sanctions affected companies' businesses in Kymenlaakso region*?", "*What kind of effect(s) have the companies identified and encountered?*", "*What measures have companies taken regarding the situation*?" and "*Have the companies tried to find new markets for their products or services?*". The primary research method in this study was a semi-structured interview. The author of this thesis interviewed professionals and experts from different companies from the chosen sectors during spring 2015. The findings show that small companies in the logistics sector and fish sector have experienced either direct or indirect effects that have been caused by the counter-sanctions. Main challenges for the fish sector are decreases in producer prices and tightened competition in the European Union area. The logistics sector has experienced difficulties due to tightened liquidity conditions. There have also been bankruptcies in the logistics sector directly caused by the counter-sanctions. Companies in both sectors have been forced to look for alternative markets, postpone investments and lay-off or terminate personnel. Scepticism and uncertainty regarding trade with Russian customers and companies have emerged. On a national level, Finland's container balance has been negatively affected partly due to the counter-sanctions. The scope of this study is limited to small fish sector and logistics sector companies in Kymenlaakso region. Also, due to the qualitative nature of the primary research method the findings of this study are not generalizable to the public.

Keywords:	Counter-sanctions, Russia, Kymenlaakso, small companies, logistics, fish
Number of pages:	53
Language:	English
Date of acceptance:	

OPINNÄYTE	
Arcada	
Koulutusohjelma:	International business 2010
Tunnistenumero:	5144
Tekijä:	Tuomas Asanti
Työn nimi:	Effects of Russia's counter-sanctions on small companies in the logistics and fish sectors in the Kymenlaakso region
Työn ohjaaja (Arcada):	Sveinn Eldon
Toimeksiantaja:	

Tiivistelmä:
Tämän opinnäytetyön tarkoituksena oli tarkastella sitä miten pienet logistiikka –ja kalasektorin yritykset Kymenlaakson alueella ovat kokeneet Venäjän asettamien vastapakotteiden vaikutukset. Opinnäytetyön tutkimuskysymykset olivat "Ovatko Venäjän vastapakotteet vaikuttaneet yritysten toimintaan Kymenlaakson alueella?", "Millaisia vaikutuksia yritykset ovat kohdanneet ja identifioineet?", "Mitä toimenpiteitä yritykset ovat tehneet tilanteeseen liittyen?" ja "Ovatko yritykset pyrkineet löytämään tuotteilleen tai palveluilleen uusia markkinoita?". Tämän opinnäytetyön ensisijainen tutkimusmenetelmä oli semistrukturoitu haastattelu. Opinnäytetyön tekijä haastatteli asiantuntijoita sekä ammattilaisia valituilta sektoreilta kevään 2015 aikana. Tulokset näyttävät, että pienet logistiikka –ja kalasektorin yritykset ovat kohdanneet joko suoria tai epäsuoria vastapakotteiden aiheuttamia vaikutuksia. Keskeisimmät haasteet kalasektorilla johtuvat tuottajahintojen laskusta sekä kiristyneestä kilpailuista Euroopan Union alueella. Logistiikkasektorilla on kohdannut vaikeuksia, jotka ovat johtuneet yritysten hankaloituneesta likviditeettitilanteesta. Myös vastapakotteiden suoraan aiheuttamia konkursseja on havaittu. Molempien sektorien yritykset ovat joutuneet etsimään tuotteilleen tai palveluilleen uusia markkinoita, viivästyttämään investointeja sekä lomauttamaan tai irtisanomaan henkilöstöä. Skeptisyys sekä epävarmuus kaupankäynnissä venäläisten asiakkaiden sekä yritysten kanssa on noussut esiin. Kansallisella tasolla vastapakotteilla on osaltaan ollut negatiivinen vaikutus Suomen konttitasapainoon. Tämän opinnäytetyö on rajoitettu tarkastelemaan pieniä logistiikka –ja kalasektorin yrityksiä Kymenlaakson alueella. Lisäksi, johtuen kvalitatiivisesta tutkimusmenetelmästä tämän opinnäytetyön tuloksia ei voida pitää yleistettävinä muihin yrityksiin.

Avainsanat:	Counter-sanctions, Russia, Kymenlaakso, small companies, logistics, fish
Sivumäärä:	53
Kieli:	englanti
Hyväksymispäivämäärä:	

Figures

Figure 1. “Countries sanctioning Russia” 12
Figure 2. “Biggest challenges of exports and business to Russia..27

Charts

Chart 1. “Gross domestic product annual change in volume, %” 22
Chart 2. “Monthly average producer prices of milk in Finland”..23
Chart 3. “Russia's economic downfall's and sanctions' effects on business activity”...................25
Chart 4. “Producer prices for Baltic herring” 31
Chart 5. “Fish used for human consumption”..32

1 INTRODUCTION 7

1.1 Background 7

1.1.1 Ukrainian revolution 2014 8

1.1.2 Annexation of Crimea and Russian involvement 9

1.1.3 The war in Donbass 10

1.1.4 International reaction 11

1.1.5 Criticism of the EU's sanctions 13

1.1.6 Russia's counter sanctions 13

2 RESEARCH TOPIC 14

2.1 Research questions and objective 14

2.2 Research methodology 14

2.2.1 Research methods 15

2.3 Limitations of the research design 15

2.4 The scope and limitations 16

2.4.1 Geographical area 16

2.5 Areas of industry 17

2.5.1 Fisheries 17

2.5.2 Transportation and logistics industry 18

2.6 Small companies 19

3 THEORETICAL FRAMEWORK 20

3.1 Definition of sanctions 20

3.2 Finnish government's view on sanctions' effects 21

3.2.1 Effects on food production and agriculture 22

3.2.2 Transport & logistics 24

3.3 Finland Chamber of Commerce's survey 24

3.4 Finnish-Russian Chamber of Commerce's study 26

4 FINDINGS 29

4.1 Fish sector 29

4.1.1 View of the fish retail sector 29

4.1.2 Views of a fisher entrepreneur 33

4.2 Logistics Sector 34

4.2.1 Effects on companies and on employment 34

4.2.2 Container balance 35

4.2.3 What has been done and what should be done? 36

4.3 Views of a regional development company 36

4.3.1 Effects of counter-sanctions on companies in Kymenlaakso region 37

4.3.2 E-business and online sales to Russian customers 37

5 DISCUSSION OF FINDINGS 39

6 CONLUSIONS 42

6.1 Suggestion for further research 43

7 REFERENCES 44

APPENDICES 52

1 INTRODUCTION

The aim of this study is to give a view of how actors in logistics sector and fish sector in Kymenlaakso region have experienced the effects of Russia's counter-sanctions. The scope of the study is limited to two business sectors, fish sector and logistics sector. Geographically the scope is limited to Kymenlaakso region in southeast Finland.

Actors in the chosen sectors have been interviewed in order to answer the main research questions in this study. The research questions are:

- Have the Russian counter-sanctions affected companies' businesses in Kymenlaakso region?
- What kind of effect(s) have the companies identified and encountered?
- What measures have companies taken regarding the situation?
- Have the companies tried to find new markets for their products or services?

The topic has been researched recently both on a macroeconomic level (Ministry of Finance, 2014) and on an individual company level (Finland Chamber of Commerce, 2014). The aim of this study is not to provide a comprehensive review of logistics sector's and fish sector's difficulties but rather to reveal views and experiences from the chosen sectors regarding the effects of Russia's counter-sanctions.

1.1 Background

The reasons behind European Union's sanctions and Russia's counter-sanctions lie in the on-going crisis in Ukraine. This part discusses in brief the events that led to execution of restrictive measures and sanctions against Russia by the European Union and several countries. The sanctions imposed on Russia in turn led to Russia's own counter-sanctions. The aim of this part is to give a general view of how the events in Ukraine evolved and what has been Russia's involvement in the conflict. (Dreyer & Popescu, 2014; ABC News 2014; Associated Press, 2014)

1.1.1 Ukrainian revolution 2014

The Ukrainian revolution took place in February 18th-23rd in 2014 (Kramer, 2013). Events leading to revolution began as protests against the Ukraine's president Viktor Yanukovych. President Yanukovych had in November 2013 rejected a long-planned association agreement with the European Union (EU) due to political pressure from Russia (Kramer, 2013). The EU put halt on trade agreement negotiations and in the meantime President Yanukovych was claimed to be negotiating on new trade deals with Russia (Kramer, 2013). According to Isachenkov and Danilova (Associated Press, 2014), Mr Yanukovych, a Russian-speaking native, was supported in the eastern and southern parts of Ukraine and was opposed in the west by pro-EU and pro-Western elements of the people. His actions were seen as betrayal of national interests and he was believed to be guided and dictated by Russia (Associated Press, 2014). This lead to anti-government protests and unrest in the Ukrainian capital of Kiev. The protests turned extremely violent and deadly on February 18th 2014 when the police and protesters clashed (ABC News, 2014). Opposition leaders met President Yanukovych later in the evening but negotiations provided no solution (Rachkevych & Trach. 2014).

On February 21st opposition leaders and President Yanukovych signed an agreement that would restore the Constitution as it was between 2004 and 2010, thus restricting the President's power (The Guardian, 2014). The deal also included the arrangement of early presidential elections, starting of an investigation into the violence over the past events as well additional agreements concerning legislation and other matters (The Guardian, 2014). Between February 21st and 23rd most of the ministers together with President Yanukovych disappeared from the public. On February 22nd President Yanukovych was removed from power by the Parliament of Ukraine (Al-Jazeera, 2014). On the same day border guards in Donetsk stopped President Yanukovych when he was trying to depart the country on a plane. On February 25th former President Yanukovych was declared internationally wanted by Prosecutor General of Ukraine for his actions during the revolution and before (Interfax Ukraine, 2014).

1.1.2 Annexation of Crimea and Russian involvement

Annexation of Crimea by the Federation of Russia was an outcome of the Ukrainian Revolution that took place on 18-23rd February 2014 (BBC News, 2014). Following the ousting of Ukraine's ex-President Yanukovych unrest spread through eastern and southern parts of Ukraine that were generally pro-Yanukovych areas. The unrest spread to Crimea as well, initially as demonstrations against the new government in Ukraine (BBC News, 2014).

Essentially, Mr Yanukovych had been a loyal pro-Moscow figure in Ukraine (BBC News, March 9th 2015). On February 22-23 Russia's President Vladimir Putin planned with his security chiefs to get President Yanukovych out of Russia (BBC News, March 9th 2015). In this same meeting President Putin stated that Russia should start making preparations to "returning Crimea to Russia" (BBC News, March 9th 2015). According to Dr Frank Umbach (Nato Review) the annexation of Crimea was largely driven by President Putin's will to undermine Ukraine's energy and gas diversification strategy. Ukraine had been slowly shifting from its Russia-dependent energy strategy into self-sufficiency (Nato Review). After the annexation of Crimea the management of the area's energy resources were given to Russian energy giant Gazprom (Nato Review).

On February 27th 2014 unknown troops seized official buildings in Crimea, including the Supreme Council of Crimea and the Council of Ministers building in Simferopol and Crimean Parliament building (Higgins & Erlanger, 2014). These troops were widely believed to be Russian troops acting on orders from Russia’s President Vladimir Putin. This was later admitted to be true by President Putin (Reuters, 2014). At the same time when the Russian troops occupied the Parliament building, the parliament voted on termination of Crimean government and replacing the Crimean Prime Minister with new, pro-Russia Prime Minister from Russian Unity Party (Ayres, 2014).

After a series of political moves and decisions made by the new pro-Russian Crimean Government, and President Putin's actions during the first weeks of March, the Russian Federation officially annexed the Ukrainian territory of Crimea on 18th of March (Itar-Tass, 2014).

1.1.3 The war in Donbass

Protests in Donbass region in eastern Ukraine against the new interim government evolved into an armed conflict between the government's forces and pro-Russian separatist forces from towns of Donetsk and Luhansk (The Canadian Press, 2014). On April 7th separatists in Donetsk declared that the area was created as a sovereign state of People's Republic of Donetsk (Al-Jazeera, 2014). On April 27th Luhansk that neighbours Donetsk announced a declaration of People's Republic of Luhansk (Itar-Tass, 2014). Both of these areas are considered to be heavily influenced and backed by Russia. Russian involvement in the war is widely recognised in the western countries although Russia has systematically denied having any part in the conflict (Itar-Tass, April 16th 2014).

On July 17th a Malaysian Airlines flight MH17 was shot down in eastern Ukraine airspace and crashed in pro-Russian controlled separatist Donetsk region killing 298 people (CNN News, September 9th 2014). The plane was on route to Kuala Lumpur from Amsterdam with majority of the passengers being Dutch nationals (Gander, 2014). According to western intelligence reports it is believed that the plane was shot down using Soviet-made surface to air missiles (Bennett, 2014). Both the Ukrainian government and the pro-Russian separatists denied having any part in shooting down the plane. The incident was widely condemned by the international community. Also Russia's President Vladimir Putin condemned the crash but blamed Ukraine for the incident saying that it would never have happened if the conflict in Ukraine had not taken place (Stout, 2014). The incident of flight MH17 deepened the crisis in Ukraine and intensified reciprocal blaming between Ukraine and pro-Russian separatists as well as Russia. This in part led to strengthened restrictive measures against Russia by the western countries.

The conflict in southeast Ukraine is still going on today. On February 12^{th} 2015 leaders of Ukraine, Russia, Germany and France came into agreement of ceasefire (BBC News, February 12^{th} 2015). The ceasefire lasted until April when battles intensified once again near towns of Donetsk and Mariupol (Yle News, April 14^{th} 2015). Therefore it can be said that the crisis in Ukraine seems to be far from over.

1.1.4 International reaction

The events and violence in Ukraine were widely condemned by several nations and international organisations. Among the first to take action against Russia were the United States (U.S.) and the European Union (EU) that strongly condemned Russia's involvement in the Ukrainian crisis. The U.S. imposed first sanctions against Russia on March 6^{th} 2014 when it introduced travel bans and asset freezes against mainly Russian individuals involved in the crisis (Holland & Mason, 2014). The EU followed on March 17^{th} when the Council of the European Union decided to impose restrictive measures against persons identified as responsible for threats against the sovereignty of Ukraine (EU Council Decision 2014/145/CFSP, 2014). Also Canada (Prime Minister of Canada, March 17^{th} 2014), Australia (ABC News, March 19^{th} 2014) and Japan announced sanctions against Russia (Associated Press, March 18^{th} 2014).
In April 2014 the U.S. and the EU further expanded their travel ban lists and bans on business against Russian individuals, officials and companies (Haaretz, April 28^{th} 2014; International Trade Compliance, 2014). After the war in eastern Ukraine had escalated and Malaysian Airlines flight MH17 had been shot down several countries toughened their sanctions against Russia during the summer. The U.S. and the EU imposed sanctions on the financial sector and on the trade of energy and defence industry (Reuters, July 17^{th} 2014) (EU Council Regulation No 833/2014, July 31^{st} 2014).

Countries that are sanctioning Russia have been continuing to introduce new sanctions and restrictive measures. However, Russia is a major trading partner with the EU and the sanctions are hitting the EU member states' economies and criticism against the sanctions is rising.

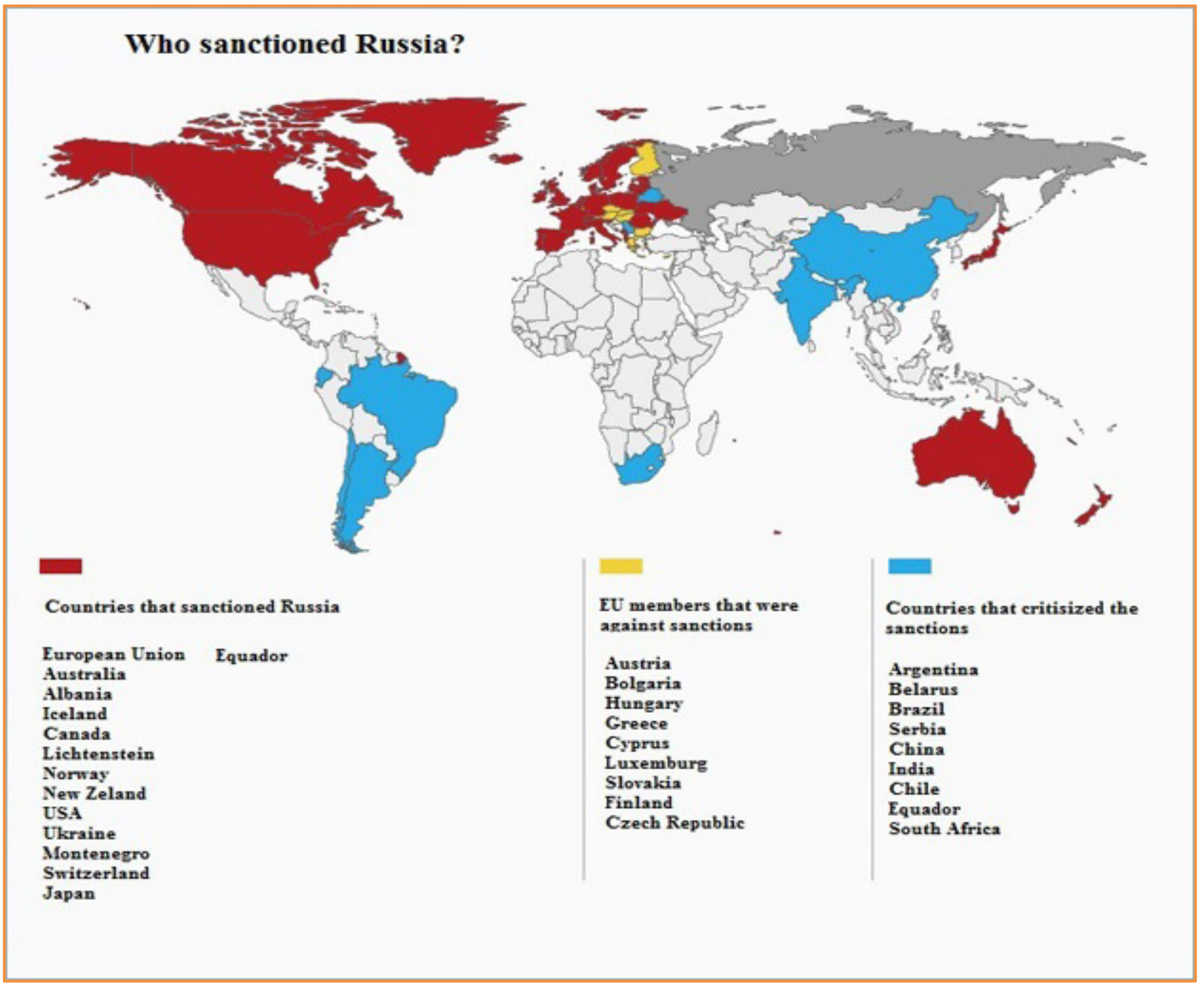

Figure 1 Countries sanctioning Russia. Source: Novaya Gazeta

Notable from the Figure 1 is that several EU member states (including Finland) were against sanctions but have taken part in them, as they are members of the EU.

1.1.5 Criticism of the EU's sanctions

Many European politicians have claimed that the sanctions against Russia are actually more harmful to the European economy than to Russia. The validity of this view can be questioned, as Europe is currently the largest trading partner for Russia (Observatory of Economic Complexity). However, as can be seen in the Figure 1 Asian countries are not sanctioning Russia, excluding Japan. It can be argued that Russia could shift its trade more towards China, away from Europe. This concern has been expressed also by former Italian Foreign Minister Franco Frattini who said that Russia could decide "that Europe is irrelevant" (RT News, November 27th 2014).

Scepticism and discord has surfaced also in Germany. According to Financial Times (November 26th 2014) German business sector has pressured the Chancellor of Germany, Angela Merkel, to remove sanctions against Russia. While Merkel has been strongly in favour of sanctions, her deputy, Vice Chancellor and Germany's Economy Minister Sigmar Gabriel has stated that tougher sanctions would worsen the situation for European economy and has claimed that the U.S. and some parties in the EU actually use the sanctions to bring Russia to its knees, which has never been the aim of the sanctions according to Gabriel (International Business Times, January 5th 2015). However, while disagreements between Merkel and Gabriel could be seen more as Germany's internal issues it is evident that Europe is slowly becoming more and more divided in the matter.

1.1.6 Russia's counter sanctions

After the U.S. introduced its first travel bans and asset freezes against certain Russian individuals Russia replied with its own travel ban list that included top U.S. politicians (RT News March 20th 2014). On March 24th Russia included thirteen Canadian officials on the list (Chase, 2014).
On August 6th 2014 Russia put counter sanctions in place by banning the import of agricultural products from those countries that had taken part in sanctions against Russia (Rankin, 2014). The import ban was set to last for 1 year. On August 20th Russia removed non-lactose dairy products and seed potatoes from the list but other products still remained (Yle News, August 20th 2014).

Russia’s ban on agricultural products was a significant strike to EU’s agricultural exports. In 2013 Russia was the second largest export market for the EU after the U.S. with exports worth over 11.8 billion euros (European Commission, Agricultural trade in 2013).

2 RESEARCH TOPIC

2.1 Research questions and objective

There are four main research questions in this study:

- Have the Russian counter-sanctions affected companies’ businesses in Kymenlaakso region?
- What kind of effect(s) have the companies identified and encountered?
- What measures have companies taken regarding the situation?
- Have the companies tried to find new markets for their products or services?

The objective of this study is to gain insight of how Russia's import bans have affected small Finnish companies in Kymenlaakso region within chosen business sectors. The study aims to examine the effects through interviews with small business owners, small company executives and/or other experts. The aim is not to provide concrete quantitative data of the financial implications but rather to reveal companies' insights, feelings and views on the matter.

2.2 Research methodology

This study follows an exploratory research design. Described by Shukla (2008, p.30), exploratory research is used to gain insights of the defined research problem. The aim of this study is not to examine any causal relationship between Russia's sanctions and small companies' financial performance but to investigate how the sanctions might have affected the companies.

Appropriate research design is based on how the research questions are formulated and what is the research objective. Research method chosen is based on the research design.

2.2.1 Research methods

This study is conducted by using both secondary and primary research. Secondary research is conducted in order to establish the theoretical framework for the study. It is carried out by reviewing relevant earlier literature that include newspaper articles, research reports, journals, reports and publications from government organisations or organisations serving different industries. Also relevant statistics from publicly available sources are reviewed. Secondary research sources in this study act only as providing means to establish the theoretical framework and have not been analysed further by the author of this study.

Primary research method used in this study is semistructured interview. As Kothari (2004. p.98) states in his book, a non-structured interview does not follow some pre-determined set of questions or system. Non-structured interview is also a central information collection technique in exploratory research (Kothari, 2004. p98). A non-structured interview gives the interviewer more flexibility in the way questions are asked and information is gathered. If some answers are vague or ambiguous the interviewer can ask extra questions to clarify the answer. A semistructured interview in this study refers to a non-structured interview that is conducted by the interviewer. By applying a semistructured interview method the interviewer is capable of maintaining the focus of the interview on the topic while ensuring the possibility for revealing personal attitudes and valuable hidden insights of the interviewee.

2.3 Limitations of the research design

Due to qualitative method used to conduct the primary research the findings are not generalizable to the public. Furthermore, as the research results are based on a qualitative method and the author of this study interprets the findings, there are limitations to the reliability and validity of the results. Although the author of this study has aimed to be as unbiased as possible and has aimed to avoid any expression of personal opinions in this study (excluding the conclusions section) it is clear that this may not have been reached in 100 per cent. Also, due to the fact that the interviews were conducted by using a telephone the interviewer was not able to confirm the identity of the interviewee and was not able to control the interviewee's environment in any matter.

2.4 The scope and limitations

2.4.1 Geographical area

The scope of this research is geographically limited to the region of Kymenlaakso in southeast Finland. The preliminary population forecast in June 2015 (Statistic Finland) for the region was 179 442. Kymenlaakso region was selected for target geographical area due to its proximity to Russian border and its relevance in Finland's international trade with Russia.

Kymenlaakso region can be considered as a significant area in logistics and transportation in the Baltic region. Kotka-Hamina harbour, high-speed railway connection from Helsinki to St. Petersburg as well as E18-highway that connects Turku, Helsinki and Kotka harbours with St. Petersburg through Vaalimaa border crossing station are pivotal elements in what makes trade with Russia an important factor for Kymenlaakso region's economy. Strong logistics infrastructure benefits Kymenlaakso region's companies especially in logistics as well as in exporting and importing activities. Finnish-Russian interaction affects the economy, know-how, population and culture in the region (Kymenlaakson Liitto, 2014, p. 7).

2.5 Areas of industry

2.5.1 Fisheries

It is safe to assume that exporting companies in agriculture and fisheries or companies that export processed goods of raw material from these industries are directly affected by the Russian counter-sanctions. In its act No. 830 (2014) the Russian government bans the import of numerous goods such as meat of horned cattle, pork meat, live fish, fish and shellfish, milk and dairy products excluding non-lactose products, vegetables, fruits and nuts and majority of prepared foods or food products.

In a report released by the Finnish Ministry of Finance, the Government Institute for Economic Research considers that the effects on employment and value added on fisheries are almost as significant as on food industry in terms of percentage (Ministry of Finance, 2014, p.12). In the same report the Ministry estimated that food exports from Finland to Russia are likely to drop down to less than quarter of the normal level (Ministry of Finance, 2014, p.8). The author of this study assumes this drop is estimated to occur during the 1-year length of Russian export bans, although it is not directly mentioned in the report.

According to Finnish Customs' statistics the share of Russian exports of Finland's balance of trade in August 2014 was 8.5 per cent. By December 2014 Russia's share was decreased to 8.3 per cent. By January 2015 the share of Russia was 5.1 per cent of the total. According to Finnish Customs exports to Russia in January 2015 were decreased by 43 per cent when compared to January 2014. In its report the Economics department of Ministry of Finance states (2015, p.17) that Finland's food industry's exports to Russia in terms of value were decreased by 25 per cent in 2014. Dairy products' export decreased by 35 per cent.

2.5.2 Transportation and logistics industry

Due to Finland's geographical location and good transport connections to Russia, Finnish transportation and forwarding companies have competitive positions in transportation of EU-area goods to Russia.

In her thesis Lohi identifies three key business areas in relation to Russian trade that Finnish transport and logistic companies operate in (2014, p. 19):

- Road transportation of exports to/imports from Russia
- Forwarding as value-adding service in transit transport
- Warehousing

In 2014 total volume of road, sea, railway and air transportation to Russia from Finland was ca. 2,225 million tonnes (Statistics Finland). Road transportation constituted 74.48 per cent of the total export transports. As vast majority of Finnish export to Russia is transported by road it is relevant to study the effects of Russia's counter-sanctions on Finnish road transportation companies.

Transit transport as defined by Statistics Finland is "transport of a load through one country while the places of departure and destination are in another country or countries and the load is transported through the transit country without loading or unloading". In their article Posti, Ruutikainen and Tapaninen state that value-adding services in logistics are commonly related to warehousing, transporting, and distribution (Logistiikka 3-4, 2009, p.25). Forwarding companies often provides value-adding services in these areas. Forwarder, as defined by Wikipedia, is as a company or an individual that does not move goods but acts as an expert in logistics network (Wikipedia). Posti, Ruutikainen and Tapaninen claim that value-adding services of eastern transit transports have a significant impact on regional economies (p.25).
In addition to income generated by these services there are positive effects on employment. Transport companies also provide value-adding services to transit transports in terms of freight planning, rental services and special transport services (Posti et al. 2009, p.25). Finnish Customs' statistics on transit transport show that volume in transit transports to Russia decreased by 21 per

cent in 2014 (Finnish Customs, 2015). Food's share of 2014 total transit transports was 12 per cent and was reduced by more than a third when compared to year before. The total value of transit transports in 2014 was reduced by 22 per cent from the year before. It is reasonable to assume that decreases in volume and value in transit transports have had direct or indirect effects on small companies operating transport industry.

2.6 Small companies

This research focuses on small companies and entrepreneurs. As defined by Statistics Finland small companies are businesses that employ fewer than 50 employees. A majority of Finnish companies are small companies. According to Statistics Finland, in 2013 there were 387 214 registered companies in Finland (Statistics Finland) including all industries. From these companies 98.99 per cent were employing 0-49 employees. It can be said that small companies and entrepreneurs pose a central role both for regional economy as well as for the national economy.

Confederation of Finnish Industries (CFI) conducted a business environment survey for its members in November 2014 (EK, 2014). The CFI has 16,000 member companies of which 96 per cent are small or medium-size companies (employing 0-250 people) (EK). The survey shows that 68 per cent of companies employing less than 50 people are export companies. According to the same survey 17 per cent of companies in Eastern Finland are export companies. The CFI considers the survey results to be representative of the population.

It can be said that small companies are often more vulnerable to changes in their business environment than bigger companies. In its report on sanctions, Finnish Ministry of Finance argues that small and medium-sized companies are less equipped to tackle risks and seek new business opportunities than large companies (2014 p. 11). It can be said that the financial ability of small companies to withstand uncertainty and their ability to respond to possible negative impacts of sanctions are weaker than what large companies possess. Huzey et al. claim that many small businesses lack formal crisis management processes (Huzey et al. 2014, p.3). Without pre-planned processes reacting to unforeseen events and circumstances may severely affect the viability of a company. Small companies may be strongly dependent on only narrow line of products, suppliers, and buyers or only on one or few areas of business. Due to small size and tight resources small companies are exposed and less capable of handling negative impacts of strong fluctuations in demand in times of crisis or uncertainty.

3 THEORETICAL FRAMEWORK

3.1 Definition of sanctions

The world today is a global network of interconnected and interdepended entities and sovereigns. Political and economic ties bound countries together across the globe. In order to handle these ties it is crucial to constantly study, monitor and maintain international relations. According to Kim (2013, p. 85) economic sanctions is one of the most extensively studied fields in international relations. International sanctions are a way to influence a foreign government while avoiding the need to resort to use of military power. Galtung (1967, p. 379) defines sanctions as actions between senders and receivers. Sender, or senders are a party or parties that impose sanctions on the receiver. There are two main objectives when imposing sanctions according to Galtung (p. 379): the sender is punishing the receiver either by depriving the receiver of some certain value or by trying to make sure that the receiver complies with rules the sender has set. The sender can either enforce one of these objectives or both of them.

Galtung identifies (1967, p.383) three main types of sanctions: diplomatic sanctions, communication sanctions and economic sanctions. The European Union has applied different measures from all of the main types of sanctions against Russia (EU Council Regulation, 2014). Russia’s counter-sanctions are economic sanctions (Russian Federation’s act No. 830, 2014). Economic sanctions comprise of restrictive measures targeted at different sectors of the receivers’ economy. Kaempfer and Lowenberg (2007, p.869) state that these measures include trade sanctions such as restrictions on exports to the receiver or imports from the receiver, investment sanctions that restrict the flow of capital as well as freeze of strategic assets of receiver country's officials and other individuals with major political or economic power.

In addition to direct consequences caused by restrictions in export or import or in the financial sector there is also indirect implications. Without the possibility to get new funding from the European banks, Russian companies have been forced to cancel orders to European companies. It is not only the economic sanctions imposed on Russia that has weakened the trade between the Russia and EU-countries. Dreyer and Popescu state in their article (2014, p. 2) that the restrictive measures are what have hurt Russia in the short-term and along with those the Russian economy has suffered from a steep drop in oil prices as well as from deep decline of the Russian currency, the rouble. So the overall consequences of the sanctions, the counter-sanctions imposed by Russia and the impaired state of Russian economy all have played their part in the impact Finnish businesses have faced during from August 2014 until today.

3.2 Finnish government’s view on sanctions’ effects

On August 27th 2014 the Government Communications Department released a report on the economic effects of the EU’s Russia sanctions and Russia’s counter sanctions (Ministry of Finance, 2014). This report presents the official view of Finnish authorities about how the sanctions will affect the Finnish economy. The report gives a broad picture of what overall effects the sanctions will have on the Finnish economy but does not go into detail about what implications small companies will face because of the sanctions. Furthermore, it should be noted that the report was released only 20 days after the first counter-sanctions were imposed by Russia.

The Ministry of Finance's report recognizes a strong impact of Russia's import ban on certain companies but states that its overall economic effects will remain limited (Ministry of Finance. 2014, p. 10). Ministry of Finance analysed that Russia's counter sanctions would reduce Finland's GDP in 2014 by 0.1 per cent at most. This seems to be proven right since according to Statistics Finland preliminary information Finland's GDP was reduced by 0.1 per cent in volume in 2014 (chart 1).

Chart 1. Gross domestic product annual change in volume, %. Source: Statistics Finland

3.2.1 Effects on food production and agriculture

As food and dairy exports from all EU-states to Russia was banned pressure on EU's internal markets has intensified when producers have had to find alternative markets for their products. The report states that profitability and producer prices in dairy sector in particular are weakened

(Ministry of Finance. 2014, p.8). The average producer price of milk in Finland in August 2014 was 46.71 cents per litre (chart 2). In February 2015 the average producer price had dropped by ca. 20 per cent to 37.35 cents per litre (chart 2). In January 2015 Finland's biggest dairy producer Valio announced that it would decrease its milk's producer prices by 5 cents per litre (Yle News, 2015). In Aamulehti newspaper a milk producer Timo Mäkkylä said that for him 5 cents decrease in producer price means 10 per cent decrease (Aamulehti, 2015). It is evident that if there is a 10 per cent direct decrease in revenue it will have an impact on business's profitability, investments and liquidity.

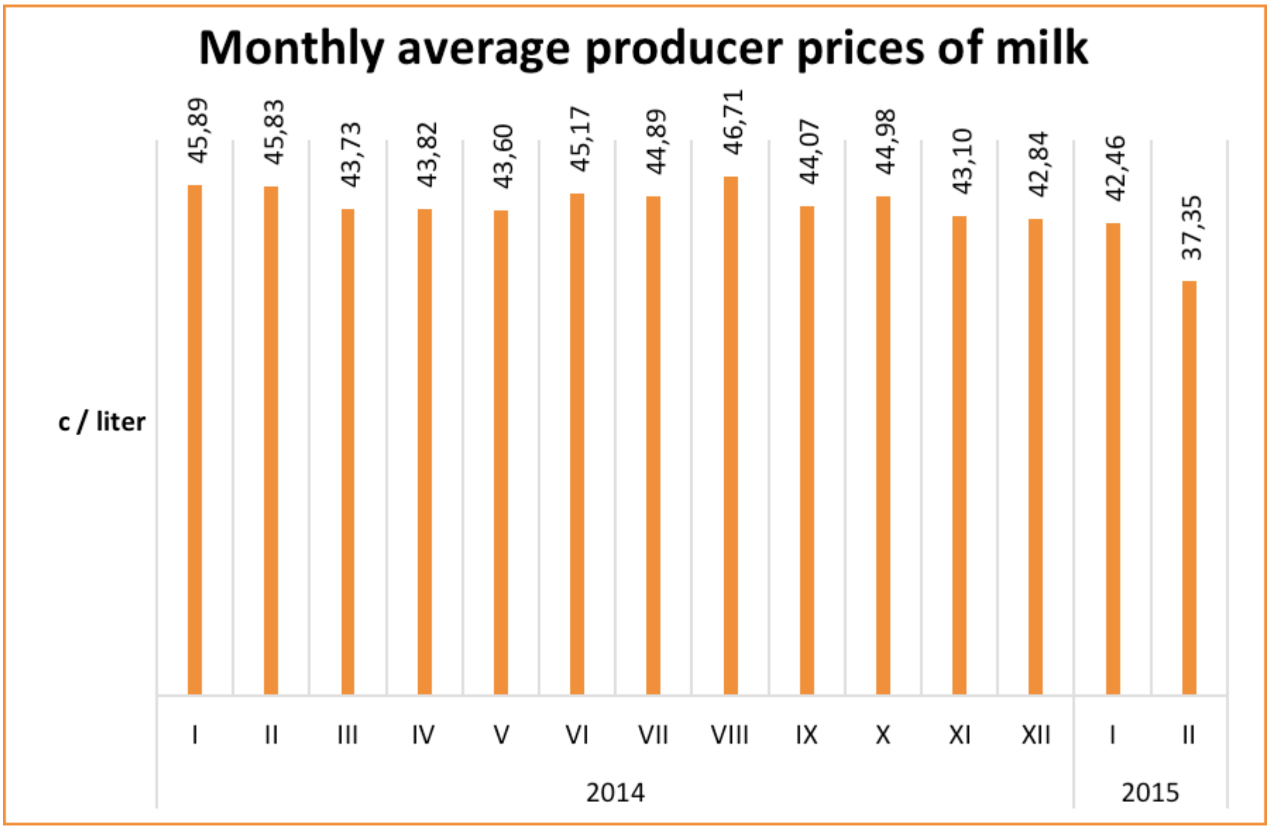

Chart 2. Monthly average producer prices of milk in Finland. Source: OSF Natural Resources Institute Finland

While over 80 per cent of food exports to Russia in 2013 were dairy products (Ministry of Finance. 2014, p.8) the report states that counter sanctions will have an effect also on other areas of businesses in the food industry. Any producer of goods and products that are subject to

Russia's import ban will face similar difficulties than those in dairy sector. Producers need to find alternative markets for their products and will thus face competition from the EU's internal markets. New competition in terms of price and customers will stretch any company's resources and will affect small businesses more strongly. Although Finland's non-dairy food exports to Russia account for significantly smaller portion of the total, the effects on individual small producers and companies can be prominent.

3.2.2 Transport & logistics

Ministry of Finance's report (Ministry of Finance, 2014) does not provide any view on how the sanctions would affect transportation and logistics sector in Finland. Although the scope of the report is limited to be a general overview it can be argued that transportation and logistics sector should have been taken into account in the report. It is safe to assume that the sector is affected by the counter-sanctions, mostly due to general decrease in exports and imports to/from Russia. Transportation companies transporting goods that are subject to Russian import bans are affected indirectly. For companies that have relied heavily on transporting dairy goods to Russia the import ban may create a significant impact on business. Transit transports from foreign countries to Russia via Finland are likely to be affected also.

3.3 Finland Chamber of Commerce's survey

On February 17th 2015 Finland Chamber of Commerce published a survey about the effects on Finnish companies caused by the downfall in Russian economy and by the sanctions (Finland Chamber of Commerce, 2015). All the data in this section is from the survey unless otherwise mentioned.

The sample consisted of around 1700 companies from around Finland. The companies ranged from small (1 to 49 employees) to medium-sized (50-249 employees) to large (250+ employees). 74 per cent out of 1648 respondents were small companies. According to the survey 4.9 per cent of the respondents were from Kymenlaakso region. A vast majority (25.6 per cent) of the respondents were from Helsinki region. Most of the respondent companies do business either in the industry sector (29 per cent) or in service and finance sector (25 per cent). Foodstuff industry and transportation sectors represented together only 8 per cent of the total respondents.

Of all respondents over a half stated that Russia's economic downfall and sanctions affect their business negatively, either directly or indirectly (Chart 1). Furthermore, 46 per cent of the respondents said that the negative effects are minor, while 30 per cent saw them as significant. At the same time 71 per cent stated that they are monitoring the situation but are not taking any measures regarding the situation. 13 per cent of the respondents were looking for alternative markets, 3 per cent were dropping plans of expanding their business into Russia. 1 per cent was exiting the Russian market. When asked about how the companies see the sanctions against Russia, 48 per cent said that the sanctions are in right proportions. Only 11 per cent were totally against sanctions and 34 per cent said that tighter measures should be implemented.

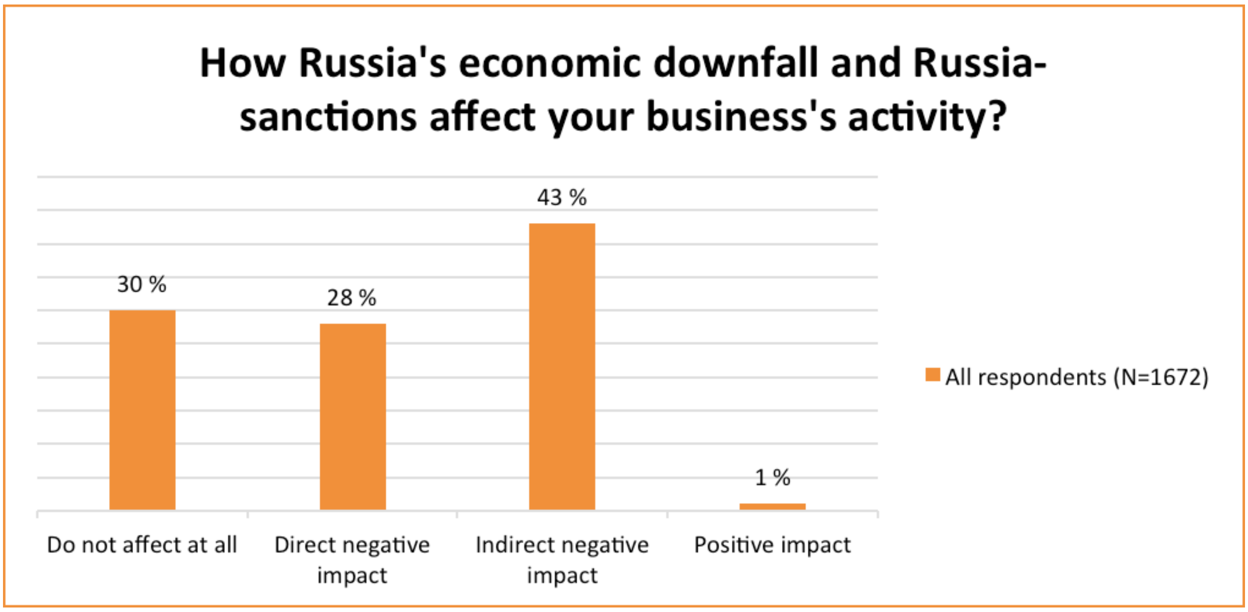

Chart 3. Russia's economic downfall's and sanctions' effects on business activity. Source: Finland Chamber of Commerce

It must be noted that if all percentages in the Chart 1 are summed together the result will be 102 per cent. This error is present in the original source. Although the reason for the error is unknown to the author of this study, it can be assumed that it is likely to stem from a round-off error.

However, the chart here can be considered to serve the purpose of displaying the relative shares of different answers and therefore the error in total percentage, while noted, is not taken into account in this study.

In addition, as only 2 per cent of the respondents represented foodstuff industry and only 6 per cent represented transportation sector it can be questioned how well their views are visible in the selected quotes from the open questions.

3.4 Finnish-Russian Chamber of Commerce's study

Finnish-Russian Chamber of Commerce (FRCC) is a non-profit organisation that promotes competitiveness and business of Finnish companies' and economic relations in Finland and in Russia (FRCC website 2015). FRCC released a spring barometer for Russian trade on April 22nd 2015. The purpose of the barometer is to study how executives and decision-makers in companies that do Russia-related trade view the development of the business in Russia in the past 6 months, in the next 6 months and how investments are viewed within a 12-months timeframe (Venäjän kaupan barometri Kevät 2015, p. 33).

The study was conducted as a pre-informed telephone interview to 300 FRCC member companies out of circa 700 companies (Venäjän kaupan barometri Kevät 2015, p. 34). Micro-companies with less than 10 employees made up 24 per cent of the respondents, small companies 29 per cent, medium-sized companies 26 per cent and large companies 21 per cent (Venäjän kaupan barometri Kevät 2015, p. 36). For more than 60 per cent of the respondents reported that Russia-related trade constituted to no more than 20 per cent of the total business. For fewer than 10 per cent of the respondents Russia-related trade made up a majority (45 per cent) of their business (Venäjän kaupan barometri Kevät 2015, p. 36).

The study shows that four biggest challenges of conducting business in Russia and exporting to Russia as identified by the respondents are rouble's exchange rate, unstable Russian economy, political atmosphere and funding (figure 2). It can be said that these factors correlate clearly with the fact that 78 per cent of the respondents will not invest in Russia during the next 12 months (Venäjän kaupan barometri Kevät 2015, p. 27). 13 per cent of those who will invest in Russia will invest in subsidiary or in a representation in Russia and only 6 per cent in a production facility (Venäjän kaupan barometri Kevät 2015, p. 27).

46 per cent of the respondents believe that their business in Russia will remain at the same level within the next 6 months (Venäjän kaupan barometri Kevät 2015, p. 21). 20% of them view that there will be some growth and 20 per cent see that it will decrease by some. Most of the respondents (74 per cent) view that Russian economy as whole will shrink either by some or a lot (Venäjän kaupan barometri Kevät 2015, p. 17).

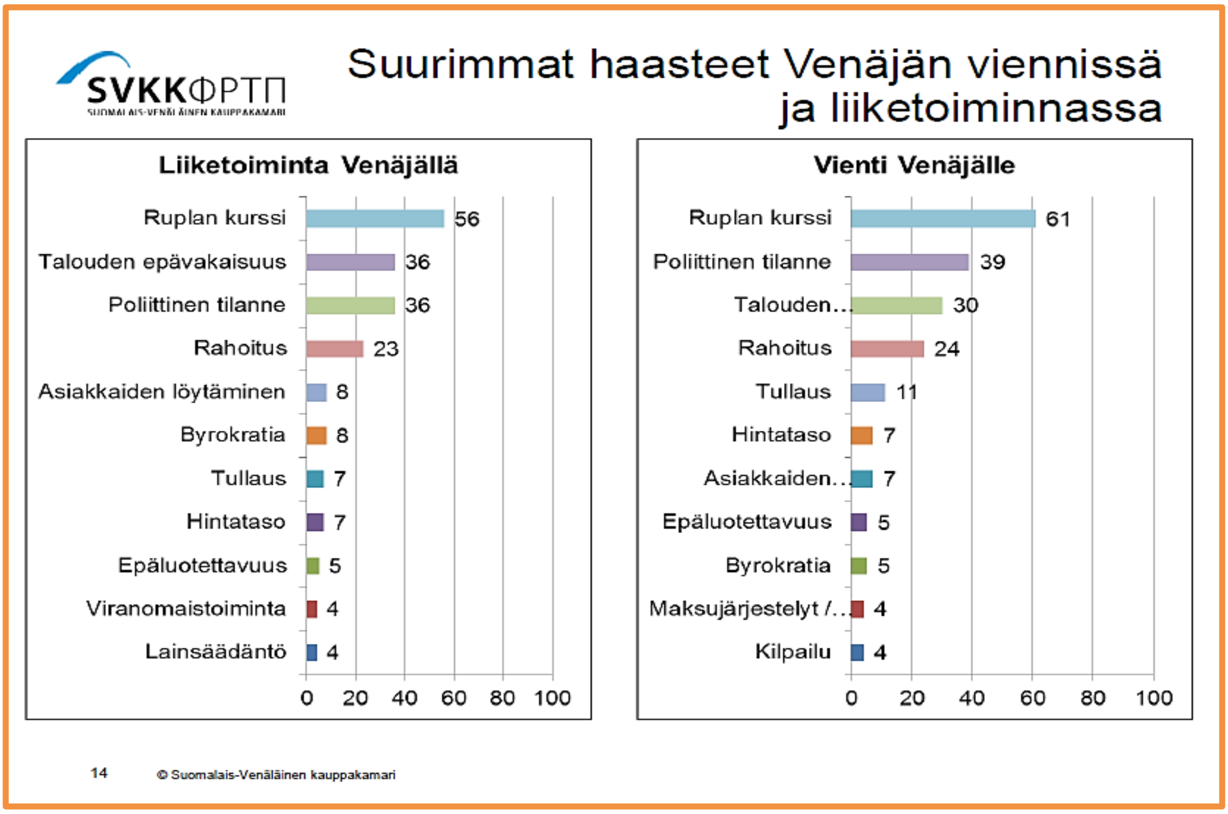

Figure 2. Biggest challenges of business and exports to Russia. Source: Finnish-Russian Chamber of Commerce

Respondents state that their exports to Russia in the spring 2015 have decreased by 56 per cent when compared to situation 6 months ago (Venäjän kaupan barometri Kevät 2015, p. 9). In the autumn 2014 the decrease was 34 per cent and in the spring 2014 it was 6 per cent (Venäjän kaupan barometri Kevät 2015, p. 9). Small companies report that their exports have decreased by 54 per cent in the spring 2015. In the autumn of 2014 exports decreased by 30 per cent and in the spring of 2014 by 15 per cent (Venäjän kaupan barometri Kevät 2015, p. 10). When asked about how much companies suffer from the Russia-sanctions directly majority of 51 per cent of all respondents state that they do not suffer from them at all (Venäjän kaupan barometri Kevät 2015, p. 29).

However, the study shows that especially consumer goods sector is affected by direct negative effects as 15 per cent of those companies report that they suffer directly very much from the Russia-sanctions. All in all 68 per cent of the consumer goods sector companies report that Russia-sanctions have direct negative effects. Direct negative effects hit 53 per cent of service, transport and design sector companies. Construction sector is experiencing least direct negative effects because of the sanctions with 63 per cent of the respondents stating that there is no direct negative effects to the business. 6 per cent of small companies with less than 50 employees say that they suffer very much directly from the sanctions (Venäjän kaupan barometri Kevät 2015, p. 36).

Responses for how much the companies suffer indirectly from the sanctions differ significantly from the responses for direct negative effects. 84 per cent of the total respondents say that they are suffering indirectly from the sanctions (Venäjän kaupan barometri Kevät 2015, p. 30). Of the total, 10 per cent state that they suffer very much indirectly from the sanctions and 21 per cent say that they suffer quite much (Venäjän kaupan barometri Kevät 2015, p. 30). Every company in the construction sector say that they suffer indirectly either very much, quite much or a little (Venäjän kaupan barometri Kevät 2015, p. 30). In consumer goods only 15 per cent say that there are no indirect negative effects so 85 per cent of the sector is experiencing negative effects to some extent (Venäjän kaupan barometri Kevät 2015, p. 30). Of small companies 87 per cent say that there are indirect negative effects (Venäjän kaupan barometri Kevät 2015, p. 30).

4 FINDINGS

This section presents the results from the interviews. Findings from the interviews with fish sector entrepreneurs and one expert are presented first. After that the findings from an interview with logistic sector expert are presented. Lastly, findings from an interview with an expert from Kymenlaakso region’s development company are presented.

4.1 Fish sector

The interview with an expert from the fish retail sector revealed that there is a growing concern within the sector about the weakened market conditions for Finnish fish products. Interviews with two fishers reveal that the impacts of the crisis in Ukraine and the Russian counter-sanctions vary depending on what is the primary catch of fish that a fisher is actually fishing. Impacts on business of those fishermen who trawl for Baltic herring seem to be greater than on those who fish for salmon. However, due to the qualitative research method and the small amount of business-owners interviewed in this study it is not reasonable to generalise these findings to the population.

4.1.1 View of the fish retail sector

An expert from Finland’s fish retailers’ association (SKKL) was interviewed for this study in order to gain insight from the fish sector from the retail perspective. SKKL is a central front organisation for wholesalers and retailers in the Finnish fish sector. As an executive level professional, the expert interviewed in this study has considerable knowledge of the Finnish fish sector and of the whole chain from primary production to retailing. The interview was conducted as a telephone interview in April 2015.

Fish sector can be divided into two parts: primary production and retail. The view of an expert representing the retail sector is that especially the primary production side of the fish sector has been affected by the weakened prospects in trade with Russia. The respondent states that there are actually two main species of fish being fished in Finland in volumes that are enough to be exported: the Baltic herring and sprat. The species are similar to each other and are used much in the same way. Both can be used fresh as food or they can be processed to different types of food products. They are also used to large extent as processed into feed for animals or fish farming.

The respondent pointed out one special characteristic that the Baltic herring has in terms of its usability: the levels of dioxin in the Baltic herring are above the level allowed by the standards inside the EU. According to the respondent Finland has a special permit from the EU to sell and use fresh Baltic herring within its domestic market but it is not allowed to export it to other EU countries. The respondent states that China would be an option as an export destination but the Chinese authorities and markets also know about the high dioxin levels and are hesitant to import it there.

The Baltic herring as a food product can be therefore seen having only domestic market opportunities in Finland. The respondent states that the only other viable option, and the only option to export, to use and sell Baltic herring is to process it to feed or fishmeal. When processed to industrial use the producer price for the Baltic herring is considerably lower (chart 4).

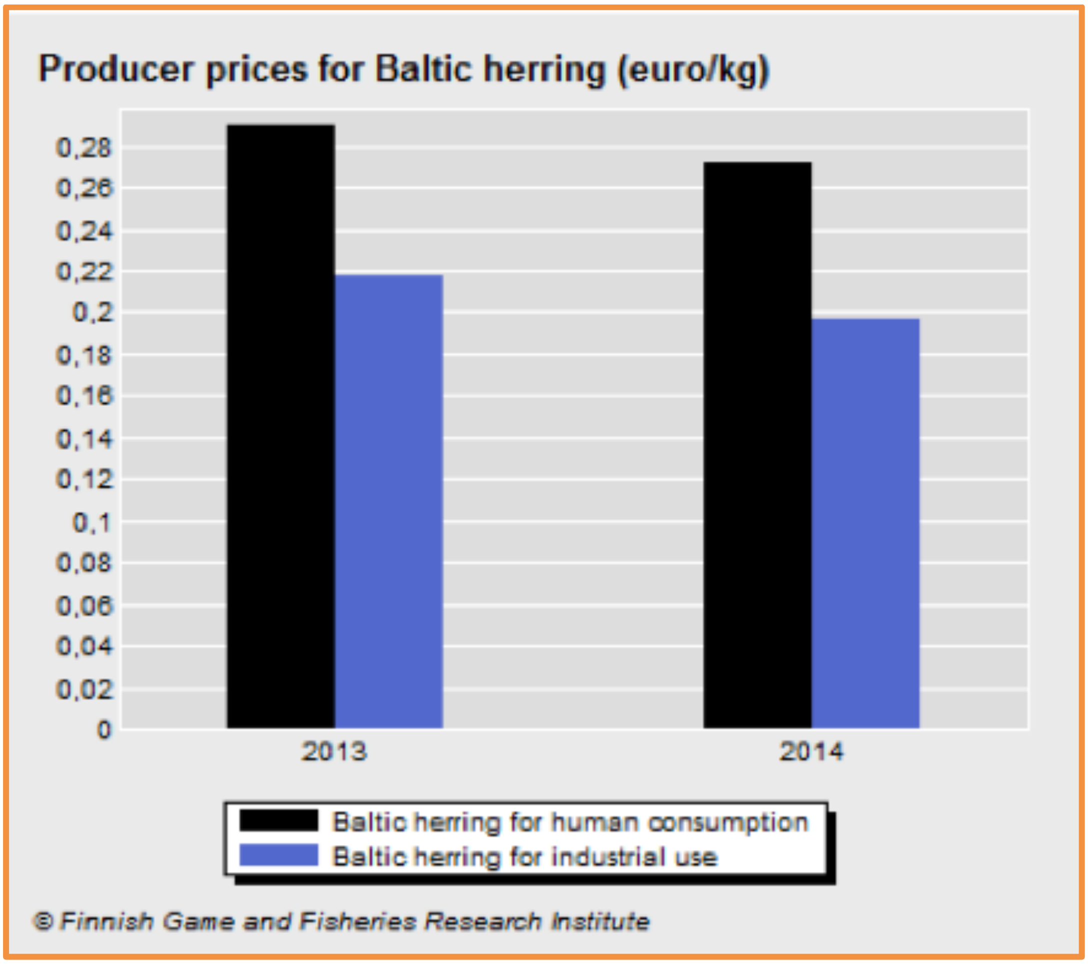

Chart 4. Producer prices for Baltic herring. Source: Finnish Game and Fisheries Research Institute

According to the respondent processed Baltic herring can be exported from Finland to other EU countries but this can be only done after the dioxin has been cleared from the feed or the fishmeal. Currently there are no facilities in Finland that are able to remove dioxin from the feed or from the fishmeal so Finnish companies that are exporting Baltic herring for industrial use have transported their product to Denmark where it has been cleaned from dioxin. This has raised the costs for Finnish companies and has weakened their competitiveness. At the same time, according to the respondent, the trend for consumption of Baltic herring in Finnish domestic markets is declining. While this is not evident from the statistics by Finnish Game and Fisheries Research Institute (chart 5) it can be seen that the consumption of imported farmed salmon has been rising over the past few years.

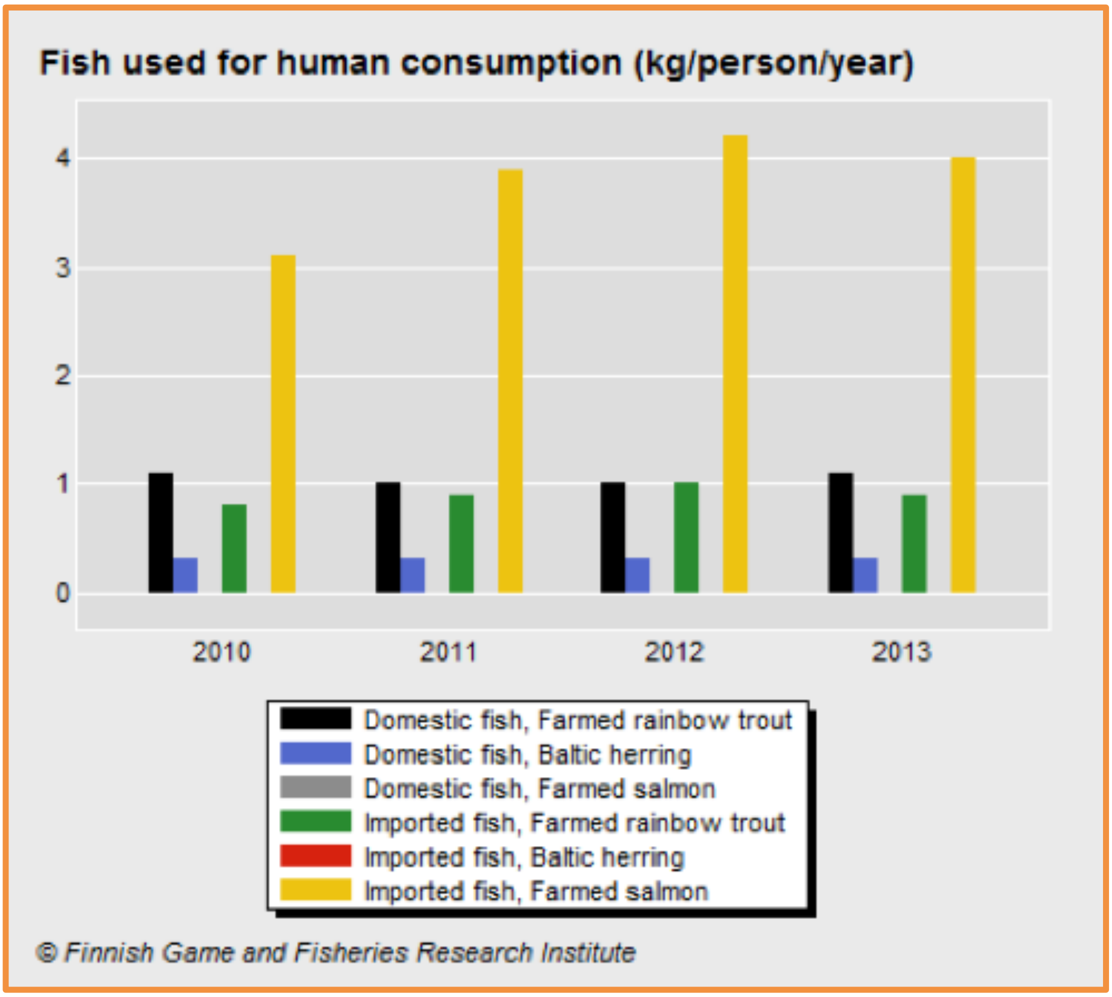

Chart 5. Fish used for human consumption. Source: Finnish Game and Fisheries Research Institute

The respondent estimates that there are currently around 4 to 6 companies in Finland that are exporting Baltic herring and are facing serious problems with their business. The respondent pointed out also rather strongly how much the dairy sector has gotten coverage in the national media regarding the counter-sanctions and their impact on the dairy industry. The respondent felt that the media has almost ignored fish sector and the problems they are facing. It was clear during the interview that it is important for the fish sector to be heard and not to be side-lined by the dairy sector.

4.1.2 Views of a fisher entrepreneur

Views of an entrepreneur from the fish sector are represented in this study by a fisherman that trawls Baltic herring along the coast of Kymenlaakso region. The interview was conducted by telephone in April 2015.The respondent has been a sole-entrepreneur within the fishing industry for 20+ years. Current trawl-fishing business has been active for 6 years. The entrepreneur has been fishing for Finnish companies that have been exporting frozen fish to Russia.

According to the respondent during the years 2012 and 2013 nearly 80 per cent of the total turnover for the entrepreneur was dependent of the Russian trade. The respondent states that negative effects for the business started to show already during early stages of the conflict Ukraine. When Russia imposed its counter-sanctions the whole trade with Russia and therefore also with the Finnish frozen fish companies and the entrepreneur were shut down. At that time the respondent was at a point where the business that generated nearly 80 per cent of his annual turnover was practically gone.

The respondent stated that he has been forced to look for alternative markets for his business. Currently he is selling fish for companies that freeze the fish and then process it further into feed or fishmeal. The respondent claims that the producer price for the fish that will be processed into feed or fishmeal is 45 per cent lower than the fish that would go into human consumption. He estimates also that while he has been able to make up for the lost business by selling fish industrial use the turnover for the year 2014-2015 will be around 65 per cent of that of the previous year.

The respondent was asked whether he was prepared for something like this and how was he prepared. According to the respondent companies in the fish sector need to be constantly prepared to face strong changes in demand. He states that in the fishing sector there are large variations in annual haul volumes and thus in annual turnovers. According to the respondent this is mainly due to seasonal characteristic of the business as a whole. However, he also points out that the politics regulating fishing and fish sector are “bouncing back and forth” and this creates instability and uncertainty for business-owners in the sector.

The respondent was also asked how he has reacted to the changed business environment. In addition to finding alternative markets for his products the respondent states that he has been able to increase hauling volume in order to make up for the lower producer price. According to the respondent this has been financed by the company's strong balance sheet and also from the entrepreneur's own pocket.

The respondent feels confident about the future despite the current challenging situation. He has had to postpone investments into new machinery but is planning to invest as soon as it is financially possible. The respondent states that as a sole-entrepreneur he has all of his personal finances tied up in the business so there is no choice but to look ahead and aim to stay positive.

4.2 Logistics Sector

In order to provide a view for this study from the logistics sector the author of this study interviewed a professional from Finnhub. Finnhub is a Finnish organisation of networked logistics companies that covers entire Finland and represents interests of companies from the whole logistics sector. The professional interviewed for this study has an executive position in Finnhub and possesses deep knowledge of the Finnish logistics sector. The interview was focused on exploring the views of small companies that belong to the geographical scope of this study. Findings from the interview are presented in this section with sub-sections. The interview was conducted by telephone in May 2015.

4.2.1 Effects on companies and on employment

The respondent claims that Russian counter-sanctions and the weakened Russian economy have had tangible effects on the logistics sector. According to the respondent one main aspect of the counter-sanctions that affect the business of logistics companies has been the restrictions imposed on the banking sector. Companies have faced difficulties as they have been forced to wait for transactions to be carried out as Russian customers have been deprived from, for example, foreign funding. In other words Finnish logistics companies have faced difficulties in terms of liquidity. The respondent states that this affects greatly everyday business, as there are big barriers in the way of receiving and sending payments. This makes carrying out business transactions nearly impossible. The companies have also reported that they have been forced to postpone investments, partly due to aforementioned challenges in liquidity and partly due to their own forecasts of future business prospects in Russia.

The respondent estimates that in the logistics sector companies' turnovers have decreased by 20 to 30 per cent since the Russian counter-sanctions were put in effect. The respondent also notes that there are many logistic companies that have been forced to take drastic actions in order to answer to loss in revenue. Companies have fired and laid-off their personnel as well as downsized their business activities. Even controlled shutdowns and bankruptcies have increased among logistics companies, according to the respondent. The respondent emphasises the fact that it is clear that this has severely affected many small business owners in their sector. However, the respondent states that it must be noted that this is the case with companies that rely heavily or solely on the Russian trade. Situation with companies that have broader international or national customer base and have also business activities that are not tied to Russian customers are doing better in comparison.

4.2.2 Container balance

The respondent notes that container balance is currently one of the main challenges for Finnish exports. For a long time Finnish exporting companies have been able to benefit from getting containers at their disposal at reasonable. This has been possible because Finland is a competitive transit route to Russia. Empty containers have returned from Russia and Finnish companies have had more or less steady and balanced flow of outgoing and incoming containers. However, according to the respondent this has changed. The respondent states that this is to large extent due to the downturn in Russian economy. Russia is currently not importing as much as before and it is evident that this affects transit transports in Finland as well. On the other hand also the weakened exchange rate of the rouble has increased Russia’s own exports, which means that Russia is using more and more of the empty containers that they get from imports. These are the two main reasons, according to the respondent, that cause the situation where Finnish companies do not get as many affordable containers at their disposal as before. This has led to increased export costs and has weakened the competitiveness of Finnish exporting companies. According to the respondent these changes in the container balance pose a real threat for Finnish exports and therefore also for Finnish economy as a whole.

4.2.3 What has been done and what should be done?

The respondent was asked how the organisation has taken into account the changes in the markets since the crisis in Ukraine and the Russian counter-sanctions. The respondent states that as Russian economy has been doing worse already for a couple of years now the organisation has also aimed at finding alternative markets for its services. They have expanded marketing their services also for other companies that are about to go international, not only for the logistics sector. The respondent finds that Finnish knowledge about Russia and Russian markets is a big advantage and it should be emphasised especially during special circumstances like these.

The respondent claims that despite the difficult times companies should not cut back but rather build ground for future growth. The respondent also emphasises the fact that Russia is still a huge market and a huge opportunity for Finnish companies. According to the respondent existing ties with Russian customer or other business partners should be kept alive. However, the respondent also states that companies should be realistic about their situation and evaluate carefully their forecasts of future scenarios.

4.3 Views of a regional development company

An expert from a regional development company (Cursor Oy) was interviewed for this study in order to gain insights from a wider perspective. Cursor Oy promotes Kymenlaakso region in

Finland and abroad and aids companies in the region in internationalisation, development and in other aspects of business. The person interviewed from Cursor is an expert specialised in Russia-related activities. It can be assumed that an expert from this type of a company possesses important knowledge of the region's companies and their views. This section briefly presents the findings from an interview with the respondent from the regional development company. The interview was conducted by telephone in April 2015.

4.3.1 Effects of counter-sanctions on companies in Kymenlaakso region

The respondent states that sanctions have clearly had an effect on companies in Kymenlaakso region area. Counter-sanctions have affected directly some companies, especially those that operate in the foodstuff sector. In addition the respondent claims that caution and a mental Russia-fear are key indirect effects that have risen among the companies because of the sanctions. The respondent argues that companies in the region are currently hesitant to actively conduct Russia-related business. According to the respondent it is not only small business owners that feel this way but also bigger companies that possess stronger resources and are more equipped to withstand risks have either paused or stopped Russia-related business processes. The respondent adds that fear of big failure and bankruptcy is present with smaller companies in the region.

The respondent says that small companies in the region are actively looking for alternative markets for their business. According to the respondent small businesses are mainly looking at Finnish domestic markets or at German, Baltic or Swedish markets. The respondent claims that small business owners have started to express feelings of uncertainty and pressure because of tightened competition, especially in the domestic market.

4.3.2 E-business and online sales to Russian customers

The respondent brings up strongly opportunities of selling products online to Russian customers. The respondent claims that e-business and online sales are sales channels for Finnish companies that make it possible to sell products to Russian customers without the barriers created by the sanctions. According to the respondent, Russian customers are allowed to buy online goods from Finland and from the EU area. There are monthly limitations regulating monetary amounts how much each customer can buy.

The respondent sees online sales channels as having significant potential for Finnish companies to export their goods to Russia. In addition, the respondent states that the total volume of online sales in Russia has nearly doubled each year for the past years and is still growing.
The respondent says that in the past Finnish companies have struggled to find the right channels to market their products in Russia. Language barriers have been one significant problem for Finnish companies. However, the respondent claims that there are examples of small Finnish companies that have succeeded in selling their products to Russia through online channels with minimal marketing efforts, or even without any marketing at all. The respondent states that in the current situation Finnish companies should pool their resources in order to create a functioning concept of conducting e-business to Russia. If the case really is so that companies have been able to generate sales even without any marketing, the potential in the Russian e-business is prominent.

Nevertheless, the respondent argues that Finnish companies should not consider this as an easy path to excellent sales as companies still need to know how to market to Russian customers as well as to build competitive logistics networks.

5 DISCUSSION OF FINDINGS

Small businesses in Kymenlaakso region that have been affected by the counter-sanctions have been hit hard either directly or indirectly. Companies that operate in sectors that are directly affected by counter-sanctions have faced difficulties and have been forced to take actions to tackle them. In addition, indirect effects have hit companies that do not do business in sectors that are directly harmed by the counter-sanctions. These indirect effects are undoubtedly less apparent than direct consequences but may still pose significant threats to small businesses. While this study does not aim at proofing the existence of clear correlation between the counter-sanctions and amount of lay-offs, terminations, bankruptcies or shutdowns of small businesses in the Kymenlaakso region it can be said that counter-sanctions have likely deteriorated the business environment for small companies in fish sector or logistics sector.

While the dairy sector is probably the most evident sector to be directly harmed by the counter-sanctions, the Finnish fish sector has been hit by the sanctions just the same. Like the dairy sector also the fish sector is experiencing tightened competition and worsened future outlooks. The problems of the fish sector have been to large extent side-lined by the problems of the dairy sector in the media. Therefore it can be said that the current difficulties in the fish sector are much less familiar with the general public. It can be argued that while the dairy sector is significantly bigger than the fish sector, same type of small business owners in both sectors have been driven to tough economic situation. It can be argued that these tough conditions are ultimately caused by the counter-sanctions, at least to some extent.

The decrease in producer prices was noted in the Ministry of Finance's report as one of the main effects affecting dairy companies (Ministry of Finance, 2014). This seems to be true with the fish sector also. For small companies in the fish sector indirect effects stem from decreases in producer prices as more and more of their haul has to be processed into feed or fishmeal. It could be stated that this is more of a direct effect from the counter-sanctions. But as many small businesses in the fish sector are actually sub-contractors for bigger Finnish foodstuff companies they are more indirectly affected because of direct effects to their contractors. In addition to challenges caused by the counter-sanctions Finnish fish sector faces strong competition from abroad. Tightened competition in he EU's internal markets was noted also in the Ministry of Finance's report (Ministry of Finance, 2014) although the report only mentions the dairy sector. However, the fish sector is facing this problem as well. Consumption of foreign farmed salmon (chart 5) has been steadily going up. This has put pressure on fishermen and other entrepreneurs in the fish sector to look for alternative markets for their products or to increase their hauls' volumes in order to maintain sustainable business.

The logistics and transportation companies in Kymenlaakso region have been affected by the counter-sanctions as well. Small companies are challenged by tightened liquidity and by decreased turnover from lost Russia-related business. Companies in the region have had to postpone investments and have been forced to lay-offs or even to terminations of personnel. Funding was identified as one of the biggest challenges also in the Finnish-Russian Chamber of Commerce's study (FRCC, 2015) However, it can be said that in the logistics sector companies that are affected the most are companies that have relied heavily or even completely on Russia-related trade. In actual fact, it is safe to assume that this is the case despite the sector or business the company operates in. A company that concentrates its business on only one market is more vulnerable than a company that spreads its business in more, in effect is more diversified in terms of its market segmentation.

Both the survey by Finland's Chamber of Commerce and the study by Finnish-Russian Chamber of Commerce strongly suggest that small companies suffer mainly from indirect effects caused by the counter-sanctions. It is safe to say that based on the findings from interviews with local companies and experts this seems to be case with small fish sector and logistics companies in Kymenlaakso region as well. While there may be companies in these sectors in the region that have dramatically suffered from direct effects of counter-sanctions, findings seem to support that indirect effects are dominant cause of negative impacts on studied businesses.
One key indirect effect that can be interpreted from the findings is a growing uncertainty among small companies in the region. It seems that there is a lack of trust when it comes to doing business with Russian customers or companies.

It can be argued that based on the interviews smaller Finnish companies currently identify Russia-related business as unstable and perhaps too risky. It can be said that while a mental Russia-fear is not a new thing among Finnish companies, current economic and political circumstances have amplified these prejudices again. However, Finnish companies should not terminate or pause their business relationships with Russian customers or companies despite the counter-sanctions. It is clear that it takes time to build a functional relationship and to build trust and therefore existing relationships and partnerships companies have in Russian trade should be maintained properly.

Based on the findings from the interviews with experts in this study, Finnish companies should not be discouraged by the current difficult economic situation. It is clear that Russia is a huge market that bears significant possibilities not only for big Finnish companies but also for small businesses. One major aspect is the growing e-business sector in Russia. It is reasonable to assume that Russia follows the same global trend of deepening digitalisation than that of the rest of the world. This opens up opportunities not only for Finnish retailers, manufacturers or service providers but also for Finnish information technology companies. In this respect, e-business in Russia and the opportunities it provides for Finnish companies should be studied and utilised in more effective and organised manner.

To conclude, counter-sanctions imposed by Russia on the EU member countries have clearly had effects on small Finnish companies in Kymenlaakso region. It is safe to say that for small businesses a decrease of 20 to 30 per cent in turnover can be dramatic. Moreover, small businesses are often run by entrepreneurs who are personally liable for the company’s liabilities. Lay-offs, terminations and bankruptcies may have devastating effects on family income and therefore also on families’ wellbeing. Local economies are likely to be affected either directly or indirectly.

6 CONLUSIONS

The aim of this study was to investigate what type of views there are amongst small companies and professionals in Kymenlaakso region's fish sector and logistics sector regarding the counter-sanctions imposed by Russia.

In order to explore these views this study presented the following research questions:

- Have the Russian counter-sanctions affected companies' businesses in Kymenlaakso region?
- What kind of effect(s) have the companies identified and encountered?
- What measures have companies taken regarding the situation?
- Have the companies tried to find new markets for their products or services?

The research method of this study was a semiconstructed interview. The author interviewed experts and professionals representing different sectors by telephone during April and May 2015.

The main findings from the interviews are:

- Small fish sector and logistics sector companies in Kymenlaakso region have been affected by the counter-sanctions either directly or indirectly
- Small companies in the fish sector are experiencing tightened competition and worsened future prospects. The main aspect is decreasing producer prices: as Russia's counter-sanctions ban Finnish fish products and fish they have to be processed into fishmeal or feed
- Small fish sector companies have been forced to look for alternative markets, increase their production and postpone investments
- Companies in the logistics sector are experiencing tightened liquidity conditions. This has been partly due to the fact that Russian companies have not been able to get funding from European banks. Also, logistics companies have experienced difficulties in monetary transactions with Russian customers

- Logistics sector in the region has lost revenue due to the counter-sanctions and companies have been forced to postpone investments and lay-off or terminate personnel
- Finland’s container balance has been indirectly affected by the counter-sanctions and is currently one of the most challenging elements in the logistics sector on a national level
- Counter-sanctions have caused direct bankruptcies in the logistics sector
- In general, uncertainty and scepticism towards Russia has intensified amongst the small companies but these feelings are currently not dominant

6.1 Suggestion for further research

As this study is more general in nature there are multiple ways further research can be approached. Some suggestions for further research topics:

Fish sector:

- Market research for alternative markets for fish sector companies in the region
- Evaluate profitability of building a facility in Finland where dioxin can be removed from fish and fish products
- Study companies’ performance and viability during the counter-sanctions era using quantitative methods

Logistics sector:

- Analyse the potential risks of Finland’s current container balance
- Assessment of how postponing investments have affected companies’ profitability
- Study companies’ performance and viability during the counter-sanctions era using quantitative methods

On a general level:

- How has Kymenlaakso region’s economy been affected as a whole
- How do small businesses perceive Russian companies as customers?
- Analysing the Russian e-business market potential for Finnish small businesses

7 REFERENCES

Aamulehti news. 2015, *Ikaalislainen maidontuottaja: "Kovat ajat rupeaa olemaan".* http://m.aamulehti.fi/kotimaa/ikaalislainen-maidontuottaja-kovat-ajat-rupeaa-olemaan?v=1, accessed April 17th 2015

ABC News. 2014, *Australia imposes sanctions on Russia after annexation of Crimea from Ukraine*. Published March 19th 2014. http://www.abc.net.au/news/2014-03-19/australia-sanctions-russia-ukraine/5331826, accessed April 14th 2015

ABC News. 2014, *Ukraine Violence Leaves at Least 25 Dead*. Published March 18th 2014. http://abcnews.go.com/International/ukraine-violence-leaves-dead/story?id=22566049, accessed April 7th 2015

Agriculture and Rural Development. 2014, *Agricultural trade in 2013: EU gains in commodity exports*. in: Agriculture and Rural Development newsletter. European Communities. http://ec.europa.eu/agriculture/trade-analysis/map/2014-1_en.pdf, accessed April 4th 2015

Al-Jazeera News. 2014, *Ukraine activists declare Donetsk sovereignty*. Published April 7th 2014. http://www.aljazeera.com/news/europe/2014/04/protesters-seize-arms-ukrainian-city-20144772324155489.html, accessed April 14th 2015

Al-Jazeera News. 2014, *Ukraine President Yanukovich impeached*. Published February 22nd 2014. http://www.aljazeera.com/news/europe/2014/02/ukraine-parliament-ousts-president-yanukovich-2014222152035601620.html, accessed April 10th 2015

Associated Press. 2014, *Japan imposes sanctions against Russia over Crimea independence*. in: Fox News. Published March 18th 2014. http://www.foxnews.com/world/2014/03/18/japan-imposes-sanctions-against-russia-over-crimea-independence/, accessed April 14th 2015

Ayres, Sabra. 2014, *Crimea sets date for autonomy vote amid gunmen, anti-Kiev protests*. in: The Christian Science Monitor. Published February 27th 2014. http://www.csmonitor.com/World/Europe/2014/0227/Crimea-sets-date-for-autonomy-vote-amid-gunmen-anti-Kiev-protests-video, accessed April 3rd 2015

BBC News. 2014, *Ukraine: Speaker Oleksandr Turchynov named interim president*. Published February 23rd 2014. http://www.bbc.com/news/world-europe-26312008, accessed April 7th 2015

BBC News. 2015, *Ukraine crisis: Leaders agree peace roadmap*. http://www.bbc.com/news/world-europe-31435812, accessed April 16th 2015

BBC News. 2015, *Putin reveals secrets of Russia's Crimea takeover plot*. Published March 9th 2015. http://www.bbc.com/news/world-europe-31796226, accessed April 20th 2015

Bennett, Brian. 2014, *U.S. officials believe attack against Malaysian plane was mistake*. in: Los Angeles Times. Published July 22nd 2014. http://www.latimes.com/world/europe/la-fg-ukraine-intelligence-us-20140722-story.html, accessed April 16th 2015

Chase, Steven. 2014, *Russia imposes sanctions on 13 Canadians, including MPs*. in: The Globe and Mail. Published March 24th 2014. http://www.theglobeandmail.com/news/politics/russia-bans-entry-to-13-canadians-in-retaliation-for-ottawas-sanctions/article17635115/, accessed April 17, 2015

Customs Finland. Russia's cumulative share of Finland's exports, Uljas database. Accessed August 3rd 2015

Customs Finland. Statistic on transit transports to Russia from Finland, retrieved from Uljas database, accessed April 11th 2015

Dreyer, Iana & Popescu, Nicu. 2014, *Do sanctions against Russia work?.* in: Brief, volume 35. European Union Institute for Security Studies

Elinkeinoelämän keskusliitto. 2014, *Pk-yritysten toimintaympäristökysely, marraskuu 2014*. http://ek.fi/wp-content/uploads/PKtoimintaymparistokyselyraportti-marras2014.pdf, accessed April 5th 2015

Financial Times. 2014, *Merkel offers Russia trade talks olive branch*. Published November 26th 2014. http://www.ft.com/intl/cms/s/0/93e5e066-757a-11e4-b1bf-00144feabdc0.html#axzz3jGqeB8tV, accessed April 17th 2015

Finland Chamber of Commerce. 2015, *Kauppakamarin kysely: Miten Venäjän talousromahdus ja –pakotteet vaikuttavat suomalaisiin yrityksiin?* http://kauppakamari.fi/wp-content/uploads/2015/02/kysely-venajan-pakotteista-valtakunnalliset-tulokset-kauppakamari.pdf, accessed April 18th 2015

Finnish-Russian Chamber of Commerce. 2015, *Venäjän kaupan barometri, kevät 2015*. http://www.svkk.fi/files/14509/Venajan-kaupan_barometri_kevat_2015_FI.pdf, accessed April 19th 2015

Galtung, Johan. 1967, *On The Effects of International Economic Sanctions: With Examples from the Case of Rhodesia*. in: World Politics, Volume 19, Issue 3 (April), pp. 378-416

Gander, Kashmira. 2014, *Malaysia Airlines flight MH17 crash: 'Nine Britons, 23 Americans and 80 children' feared dead after Boeing passenger jet is 'shot down' near Ukraine-Russia border*. Published July 17th 2014. http://www.independent.co.uk/news/world/europe/malaysia-airlines-plane-crash-boeing-jet-carrying-295-people-crashes-in-ukraine-9612882.html, accessed April 16th 2015

Haaretz News. 2014, *U.S. Levels New Sanctions Against Russian Officials, Companies*. Published by Reuters and Associated Press, April 28th 2014. http://www.haaretz.com/news/world/1.587764, accessed April 14th 2015

Higgins, Andrew & Erlanger, Steven. 2014, *Gunmen Seize Government Buildings in Crimea*. in: The New York Times. Published February 27th 2014. http://www.nytimes.com/2014/02/28/world/europe/crimea-ukraine.html?_r=0, accessed April 13th 2015

Holland, Steve & Mason, Jeff. 2014, *Obama warns on Crimea, orders sanctions over Russian moves in Ukraine*. in: Reuters News. Published March 6th 2014. http://www.reuters.com/article/2014/03/06/ukraine-crisis-obama-idUSL1N0M30XQ20140306, accessed April 14th 2015

Huzey, D., Betts, S.C. & Vicari, V. 2014, *Learning the hard way vs. vicarious learning: Post crisis learning for small business*. Journal of Management and Marketing Research, vol. 15, pp. 1-12.

Interfax-Ukraine. 2014, *Yanukovych, Zakharchenko put on international wanted list, says prosecutor general*. Published February 26th 2014. http://en.interfax.com.ua/news/general/193012.html, accessed April 10th 2015

International Trade Compliance Update. 2014, *EU strengthens sanctions against actions undermining Ukraine's territorial integrity*. Published April 28th 2014. http://www.internationaltradecomplianceupdate.com/blog.aspx?entry=1947, accessed April 14th 2015

Isachenkov, Vladimir & Danilova, Maria. 2014, *Roots and consequences of Ukraine's violence*. in: Associated Press News. Published February 20th 2014. http://web.archive.org/web/20140221000303/http://hosted.ap.org/dynamic/stories/E/EU_UKRAINE_NEWS_GUIDE?SITE=AP&SECTION=HOME&TEMPLATE=DEFAULT, accessed April 9th 2015

Itar-Tass News. 2014, *Federalization supporters in Luhansk proclaim people's republic*. Published April 28th 2014. http://tass.ru/en/world/729768, accessed April 14th 2015

Itar-Tass News. 2014, *Putin signs laws on reunification of Republic of Crimea and Sevastopol with* Russia. Published March 21st 2014. http://tass.ru/en/russia/724785, accessed April 7th 2015

Itar-Tass News. 2014, *Russia blasts US assessment of events in Ukraine's southeast*. Published April 16th 2014. http://tass.ru/en/russia/728304, accessed April 14th 2015

Kaempfer, William H. & Lowenberg, Anton D. 2007, *The Political Economy of Economic Sanctions*. in: Handbook of Defense Economics, volume 2. Elsevier B.V.

Kim, H.M. 2013, *Determining the Success of Economic Sanctions*, Australian Journal Of Political Science, 48, 1, pp. 85-100

Kothari, C.R. 2004, *Research Methodology: Methods and Techniques*. New Age International, pp. 98

Kramer, Andrew E. 2014, *EU suspends trade deal talks with Ukraine*. in: New York Times. Published December 15th 2013. http://www.bostonglobe.com/news/world/2013/12/15/suspends-trade-deal-talks-with-ukraine/gzOIK9J1kFp2wMKw0IblVI/story.html, accessed April 7th 2015

Kymenlaakson Liitto. 2014, *Kymenlaakso Ohjelma 2014-2017, Elinvoimaa Pohjoiselta kasvuvyöhykkeeltä*. http://www.tem.fi/files/41420/Kymenlaakso.pdf, accessed April 5th 2015

Lohi, Aino. 2014, *EU:n Venäjä-pakotteiden ja Venäjän vastapakotteiden vaikutus huolintaan, kuljetuksiin ja varastointiin*. Kymenlaakson Ammattikorkeakoulu, Liiketoiminnan logistiikka / hankintojen johtaminen

Ministry of Finance. 2014, *The economic effects of the EU's Russia sanctions and Russia's counter sanctions*. Ministry of Finance

Ministry of Finance. 2015, *Venäjän talouden näkymät ja vaikutukset Suomeen*. Economics Department of Ministry of Finance

Ministry of Foreign Affairs, 2014. *Unofficial translation of Russian Federation's official statement of counter-sanctions*. http://www.evira.fi/files/attachments/fi/elintarvikkeet/tuonti_ja_vienti/vienti/vientimaat/venaja/140820_muutokset_venajan_federaation_hallituksen_asetukseen_nro_778_fi.pdf, accessed April 2nd 2015

Misa-Tanquintic, Esther. 2015, *More Anti-Russian Sanctions Will Ultimately Cripple Europe – German Vice-Chancellor*. in: IB Times. Published January 5th 2015. http://au.ibtimes.com/more-anti-russian-sanctions-will-ultimately-cripple-europe-german-vice-chancellor-1405901, accessed April 17th 2015

Mullen, Jethro. 2014, *Report: MH17 hit by burst of 'high-energy objects' from outside*. in: CNN News. Published September 9th 2014. http://edition.cnn.com/2014/09/09/world/europe/netherlands-ukraine-mh17-report/index.html?hpt=hp_t2, accessed April 14th 2015

Observatory of Economic Complexity. Country profile of Russia. https://atlas.media.mit.edu/en/profile/country/rus/, accessed April 12th 2014.

Posti, A. & Ruutikainen, P. & Tapaninen, U. 2009, *Transitoliikenteen lisäarvopalvelut*. Logistiikka, pp. 24-25

Prime Minister of Canada. 2014, *Statement by the Prime Minister of Canada announcing additional sanctions*. Published March 17th 2014.

http://pm.gc.ca/eng/news/2014/03/17/statement-prime-minister-canada-announcing-additional-sanctions, accessed April 14th 2015

Rachkevych, Mark & Trach, Nataliya. 2014, *International leaders express outrage, urge peace in Ukraine*. Published February 18th 2014. http://www.kyivpost.com/content/politics/emergency-meeting-set-for-11-pm-feb-18-between-yanukovych-opposition-leaders-337064.html, accessed April 10th 2015

Rankin, Jennifer. 2014, *Russia responds to sanctions by banning western food imports*. in: The Guardian. Published August 7th 2014. http://www.theguardian.com/world/2014/aug/07/russia-retaliates-western-sanctions-ban-food-imports, accessed April 17, 2015

Reuters News. 2014, *Putin admits Russian forces were deployed to Crimea*. Published April 17th 2014. http://uk.reuters.com/article/2014/04/17/russia-putin-crimea-idUKL6N0N921H20140417, accessed April 13th 2015

Reuters. 2014, *Third Wave of Sanctions Slams Russian Stocks*. in: The Moscow Times. Published July 17th 2014. http://www.themoscowtimes.com/business/article/new-sanctions-wave-hits-russian-stocks/503604.html, accessed April 14th 2015

RT News. 2014, *Italian ex-FM: Sanctions affecting EU much more than expected, not impacting US at all*. Published November 27th 2014. http://rt.com/news/209551-eu-sanctions-russia-frattini/, accessed April 16th 2015

RT News. 2014, *Sanctions tit-for-tat: Moscow strikes back against US officials*. Published March 20th 2014. http://rt.com/news/foreign-ministry-russia-sanctions-133/, accessed April 17th 2015

Shukla, Paurav. 2008, *Marketing Research*. Paurav Shukla & Ventus Publishing ApS, pp. 30

Statistics Finland. Definition of transit transport. http://www.stat.fi/meta/kas/transitoliikenn_en.html, accessed April 2nd 2015

Statistics Finland. Population forecast for Kymenlaakso region in June 2015. Accessed July 29th 2015. Published July 21st 2015. http://pxnet2.stat.fi/PXWeb/sq/f80dc222-1b30-4efc-83fd-9327938b4c31

Statistics Finland. Volumes for air, road and air transportation, retrieved from Uljas database. Accessed April 10th 2015

Stout, David. 2014, *Putin: If MH17 Crashed in Ukraine, It's Ukraine's Fault.* in: Time magazine. Published July 18th 2014. http://time.com/3003520/malaysia-airlines-ukraine-crash-putin/, accessed April 7th 2015

The Canadian Press. 2014, *Yet another government building, military airport seized in east Ukraine*. Published April 14th 2014. http://wayback.archive.org/web/20140414125950/https://ca.news.yahoo.com/ukraine-special-forces-sent-eastern-city-retake-buildings-082049113.html, accessed April 14th 2015

The Council of the European Union. 2014, *Council decision 2014/145/cfsp of 17 march 2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of* Ukraine. Official Journal of the European Union. http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2014:078:0016:0021:EN:PDF, accessed April 14th 2015

The Council of the European Union. 2014, *Council Regulation (Eu) No 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine*. Official Journal of the European Union. http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:JOL_2014_229_R_0001&from=EN, accessed April 14th 2015

The Guardian. 2014, *Agreement on the Settlement of Crisis in Ukraine – full text*. Published February 21st 2014. http://www.theguardian.com/world/2014/feb/21/agreement-on-the-settlement-of-crisis-in-ukraine-full-text, accessed April 10th 2015

Umbach, Frank. *Russian-Ukrainian-EU gas conflict: who stands to lose most?*. Published time unknown. Nato Review Magazine. http://www.nato.int/docu/review/2014/nato-energy-security-running-on-empty/Ukrainian-conflict-Russia-annexation-of-Crimea/EN/index.htm, accessed March 25th 2015

Wikipedia. Definition for freight forwarder. https://en.wikipedia.org/wiki/Freight_forwarder, accessed April 11th 2015

Yle News. 2014, *Finnish dairy to resume some exports to Russia*. Published August 20th 2014. http://yle.fi/uutiset/finnish_dairy_to_resume_some_exports_to_russia/7423348, accessed April 17, 2015

Yle News. 2015, *Ukrainan taistelut leimahtivat taas – 200 tykinlaukausta tunnissa*. Published April 14th 2015.
http://yle.fi/uutiset/ukrainan_taistelut_leimahtivat_taas__200_tykinlaukausta_tunnissa/7927602, accessed April 16th 2015

Yle News. 2015, *Maidon tuottajahinta laskee rajusti helmikuun alussa*.
http://yle.fi/uutiset/maidon_tuottajahinta_laskee_rajusti_helmikuun_alussa/7762691, news article accessed April 17th 2015-08-19

APPENDICES

Appendix 1.

List of questions used as starting points in the semistructured interviews.

For a single company:

- What stage is the company at? (Start-up, growth, established, expansion, mature)
- Has the company been doing Russia-related business from the beginning?
- What was the share of Russia-related business of the total?
- Effects on sales, pricing, competition, balance sheet?
- Was the company prepared for something like this?
- Has the company been able to replace lost business?
- Has company looked for or invested in new market areas?
- How were reactive measures funded (loan, with strong balance sheet, from owner's pocket)?
- What is the situation now compared to August 2014?
- Has the company implemented any strategic changes?
- What plans does the company have for future?
- Has the company put any risk management processes in place?
- What will be most likely permanent implications from this?

For professionals/experts representing a sector:

- Have the counter-sanctions affected companies in the sector in general?
- What have been the most apparent effects caused by the counter-sanctions?
- Have the companies been forced to implement changes on their strategic plans? Have they done it?

- What types of potential alternative markets are there for companies in the sector in Kymenlaakso region?
- Have the counter-sanctions and/or the current political situation in Russia had a mental effect on companies in the sector and if yes, how?
- How should companies in the sector react to the situation? What should be done?