Exiting Russia

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Abstract

As of 24 February 2022, some forty-eight thousand multinational corporations (MNCs) found themselves with foreign direct investment (FDI) in a host state that had initiated a conventional interstate war – an unprecedented shock in the modern era of economic globalization. We use company registration data to document the pre-invasion population of MNCs in Russia and how their ownership had changed 18 months later, if at all. While a coalition of states has engaged in extraordinary economic sanctions to isolate Russia, and social backlash against doing business in Russia has teemed, profit-motivated MNCs are non-state actors with agency over their investment decisions. Moreover, exit is a transaction, which requires the seller coming to terms with a buyer. According to our novel dataset, as of 31 August 2023, 38 percent of pre-invasion MNCs had undergone ownership changes, inclusion dissolution, sales to domestic Russian firms, sales to other foreign firms, or otherwise disappearing from the corporate registry. MNCs came from 52 jurisdictions on Russia's "Unfriendly Countries" List and 87 other jurisdictions. Consistent with our theory, MNCs from "unfriendly" countries in which the home leader *also* specifically encouraged exit are more likely to exit, as are MNCs named on any of 12 different "name and shame" lists, MNCs in consumer-facing industries, MNCs under Russian managerial control, and MNCs *not* in industries deemed strategic by Russia. The intensity of immobile assets, which theory suggests is likely to decrease the credibility of the *threat* of exit, is not a consistent predictor. Results are robust to a battery of firm-level and home state-level controls, such as incorporation in a tax haven. Our findings have implications for scholarly and other audiences interested in non-market determinants of firm behavior and the limits of economic statecraft.

Keywords: foreign direct investment, multinational corporation, exit, Ukraine, Russia, war, political risk, economic statecraft

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1 Introduction

Some 48,000 foreign firms had investments in Russia as of January 2022, the month prior to Russia's full-scale invasion of Ukraine. These firms were of all sizes, from very small with presence only in two states, to very large with a worldwide network of subsidiaries. They cover the full spectrum of industries, with varying asset types and customer bases. They came from 135 home states, including advanced industrialized countries, states that emerged from the former Soviet Union, non-sovereign territories, tax havens, China, and so on. They did, however, have two things in common. First, these firms had at least one non-Russian owner with a 10 percent or higher stake, a threshold that signals meaningful managerial control by the foreign owner and thus a multinational corporation (MNC) engaged in foreign direct investment (FDI). Second, these firms experienced a common shock: although violent Russian aggression against Ukraine began with its 2014 occupation of Crimea and parts of Donbas, as of 24 February 2022 these MNCs were invested in a state that was the aggressor in a full-scale, conventional interstate war. What, if anything, were they going to do about it?

Immediately, this question gripped observers around the world. In the first six months of the war, the English-language media published at least 7,000 articles on the topic of whether MNCs were exiting Russia.[1] In addition to intense news coverage, an unprecedented data collection movement spread on the Internet. We count thirteen "name and shame" lists of MNCs, including lists by grassroots activists with titles like "Boycott Russia" and "Squeezing Putin," lists by normatively-motivated scholars at the Kyiv School of Economics and the Yale School of Management, and lists aimed at a Russian pro-war audience as well.[2] All of this data collection has been necessitated by the fact that privately-owned firms are individual actors with decision-making autonomy. So, those looking to "name and shame" MNCs over their Russian investments need to do so one-by-one. The extent of public interest in the foreign investment decisions of MNCs is remarkable, suggesting that non-market pressures on MNC behavior in times of war can be deep and multifaceted. Still, by our reckoning "name and shame" lists mention less than 6 percent of the population of MNCs in Russia at the time of the invasion of Ukraine.[3]

In stark contrast, the coalition of states that have engaged in economic sanctions against Russia since the invasion is simple to enumerate; Russia does so in its "Unfriendly Countries List."[4] "Unfriendly" states have used their regulatory authority to engage in an unprecedented amount of so-called economic statecraft, variously stopping capital and trade flows with Russian individuals, firms, and state organs.

[1]Specifically, we compiled 7492 articles, across 104 sources, published in the first six months post-invasion, based on search functions on the topic provided by Factiva. The number published in other languages dwarfs this.

[2]See Appendix E for details on these and other lists including "Exit Russia," "Leave Russia," "Stop Bloody Energy," "Don't Fund War," RUBusiness, and "We Remember Everything" (in Russian, for a pro-war audience); as well as lists hosted by Wikipedia, the Ukrainian EPravda newspaper, and the Russian Kommersant newspaper.

[3]Moving up the corporate ownership ladder, at least one subsidiary of 32 percent of global ultimate owners (GUOs) is mentioned (Appendix E).

[4]"Список недружественных стран." See Appendix A.

Indeed, it was immediately notable just how coordinated the actions of this sanctioning coalition were.[5] However, this coordination has not extended to sanctions on preexisting FDI in Russia – for good reason. MNCs are tied to home states, not to a supra-national coalition, which means they have distinct nationalities that generate heterogeneous interests and obligations (Wellhausen, 2015*b*; Polanco, 2019). Moreover, privately-owned MNCs are not state organs, and, absent law establishing otherwise, their choices over preexisting foreign investments are outside the control of the home state.

From a research design point of view, one can consider every MNC in Russia as "treated" with the exogenous shock of economic disruption and turmoil caused by the full-scale invasion of Ukraine. However, only MNCs from "unfriendly" states were treated with a sharp increase of political risk, operating via a shock to the relationship between their home and the host state. This scenario allows us a clean identification strategy to test the effect of nationality-tied political risk on MNC behavior. Further, we theorize and test hypotheses born of the "name and shame" effort, that non-state backlash from activists, consumers, and/or shareholders can motivate exit. We explore the extent to which predictors of variation in exposure to Russian interference affect MNC's choice to exit. And, the setting provides us an unprecedented ability to probe a theoretical cornerstone of literature on political risk and MNC behavior: the consequences of the credibility of the threat of exit for the choice to do so (Vernon, 1971; Frieden, 1994). Finally, we are able to split the sample between MNCs from "unfriendly" and "friendly" states to explore potential heterogeneous effects.[6]

A core empirical contribution of this article is to introduce the list of the population of 48,167 MNCs invested in Russia as of the end of calendar year 2021, prior to the 24 February 2022 invasion of Ukraine.[7] By beginning from the population of MNCs in Russia, we avoid ecological fallacy issues that pollute inferences based on non-random sampling.[8] Our study period is the first 18 months of the conflict, through August 2023. As our data are derived from firm registrations and record-keeping, we can standardize our definition of exit. We document exit via fourth pathways: the MNC dissolved; the owners are now domestic Russian, so the investment is no longer FDI; the owners are still foreign but different, such that the investment is still FDI; or the corporate registry entry no longer exists, meaning that exit took place but the outcome is not observable by our process. Crucially, we approach exit not as a stay-or-go decision, but as a transaction. MNCs looking to sell are offering brownfield Russian assets for sale in a wartime market, in which not just sellers but also buyers and prices are endogenous to politics. In these unprecendented circumstances, our unique data allow us to test theories built around

[5]Berner, Cecchetti and Schoenholtz (2022). While outside our scope, the half-life of sanctions coordination, as well as the many non-trivial exceptions to coordination, is an important research agenda.

[6]We also consider within-"unfriendly" heterogeneity, in the form of varying (non-binding) guidance by home state leaders to their MNCs (Appendix G.

[7]For details, see text and Appendix B.

[8]In particular, the firms on the normatively-motivated research efforts we group together as "name and shame" lists are not representative of the population in terms of firm origin, industry, size, or other important factors (Appendix E).

pressures on the "sell" side of exit and the probability with which exits are concluded.

Our top-line findings are that variation in exit is explained by a series of factors beyond "unfriendly" status. MNCs from "unfriendly" in which the home leader *also* specifically encouraged exit are more likely to exit. Non-state backlash has effects, as MNCs named on any of 12 different "name and shame" lists as well as MNCs in consumer-facing industries are more likely to exit. MNCs more exposed to host state interference, whether under Russian managerial control pre-invasion or in industries deemed strategic by Russia, are less likely to exit. The intensity of immobile assets, which theory suggests is likely to decrease the credibility of the *threat* of exit, is not a consistent predictor. Results are robust to a battery of firm-level and home state-level controls, such as incorporation in a tax haven.

In what follows, we describe our data on the pre-invasion population of MNCs in Russia; situate the current situation in literatures on FDI and political risk; build out our theory of exit as a transaction; define our novel dependent and explanatory variables; and present results. We conclude with proposals for a continued research agenda that can illuminate firm behavior in the face of realized political risk. One point this article makes clear is that in the contemporary era of economic globalization, privately-owned MNCs are autonomous decision-makers making choices over whether to engage in voluntary transactions – and, at best, unstable tools of economic statecraft, even in the midst of interstate war.

2 Data: The pre-invasion population of MNCs in Russia

We draw the list of the universe of MNCs in Russia as of the end of the calendar year 2021, which we take as the pre-invasion population of MNCs in Russia. From a research design viewpoint, at that time MNCs in Russia were operating in a "pre-treatment" environment prior to the invasion which began on 24 February 2022.[9] Our sources are Bureau van Djik's Orbis interface and its historical data available from Moody's Datahub. These are industry-leading products that compile company information from official as well as proprietary sources.[10] The international statistical standard for defining foreign direct investment (FDI) is that foreign ownership in an enterprise meets or exceeds 10 percent, the agreed upon proxy to capture that the foreign owner has meaningful managerial control over the enterprise.[11] We therefore define MNCs with pre-invasion FDI in Russia as firms for which a foreign (non-Russian)

[9]Although classified CIA reports noted Russian military movements in December 2021 and January 2022, it was only in February when they became convinced; US President Biden publicized that intelligence on 18 February (Risen, 2022).

[10]See Appendix B for a summary of Orbis's sources relevant to the list. For other studies of Russia using Orbis data, see Gonchar and Greve (2022); Evenett and Pisani (2023).

[11]There has been some discussion around raising the threshold; e.g., in 2004, the IMF Committee on Balance of Payments Statistics recommended moving the threshold to 20 percent, although the IMF has not made this change (BOPCOM-04/31, from the Seventeenth Meeting, Pretoria, 26–29 October 2004). The OECD conforms to the 10 percent threshold for cross-border FDI transactions and positions (e.g., "Glossary of Foreign Direct Investment Terms and Definitions," 4th edition of the OECD Benchmark Definition of Foreign Direct Investment.)

shareholder has at least 10 percent ownership.[12] By our definition and best-available data, there were 48,164 MNCs engaging in FDI in Russia as of the beginning of 2022.[13]

While it is important to our research question to identify the nationality of each MNC, doing so is difficult for both exogenous record-keeping-related reasons but also for reasons endogenous to the politics of FDI. We focus on the nationality of the MNC's controlling foreign shareholder, presuming that, given a shock that increases political risk, the controlling foreign shareholder is the one most exposed to the mechanisms that would motivate exit. Among pre-invasion MNCs, 77 percent have an identified foreign shareholder with a greater than 50 percent direct or total ownership share. For remaining MNCs, we make a series of decisions to establish foreign nationality. Six percent of MNCs have foreign shareholders with a greater than 10 percent share that come from two or more home states; we define the nationality of the MNC based on the nationality of the foreign shareholder with the highest ownership.[14] For 22 percent of MNCs, no first-level foreign shareholder with at least 10 percent direct or total ownership is identified. In these instances, we define nationality based on the MNC's parent, or Global Ultimate Owner (GUO).[15] Instances of missing data for primary shareholders or at the GUO-level could be a benign data entry issue, or it could be evidence of strategic non-reporting; unfortunately, we have no way of adjudicating that.[16]

To provide insight into the distribution of foreign ownership in the pre-invasion MNC population, the following figures present summary information. In the current setting, the key axis of variation among foreign owners is between those on or off of the Russian regime's list of states and territories that have "commit[ted] unfriendly actions against Russia, its companies, and citizens."[17] For clarity, we adopt the Russian terminology throughout and distinguish between MNC homes that are "Unfriendly" or "Friendly." Of the pre-invasion population, 75 percent of MNCs are from home states that were put on the "Unfriendly" list. Figure 1 summarizes the distribution by MNC home. It is well-known that Russian capital is commonly "round-tripped" through Cyprus, meaning that Russian investors incorporate MNCs in Cyprus and invest as FDI into Russia (Ledyaeva et al., 2015; Wellhausen, 2015*a*). Additionally, round-tripping in the "Cyp-Rus corridor" is of concern for money laundering and financial

[12] Specifically, a single non-Russian shareholder must meet the ownership threshold via direct or total ownership. If direct shareholder information is not available, a firm is a foreign MNC if the global ultimate owner (GUO) is not Russian. The latter was the case for 21.52 percent of MNCs on the pre-invasion list. For more information on patterns in missing data, see Appendix B.

[13] What we call an MNC is a firm with a unique BVD identification number assigned by Bureau van Dijk. These MNCs had 22,374 Global Ultimate Owners (GUOs) with a definition of minimum 50 percent ownership. 6,087 MNCs in our sample do not have an identified GUO.

[14] In our analyses, we include a control tagging these MNCs.

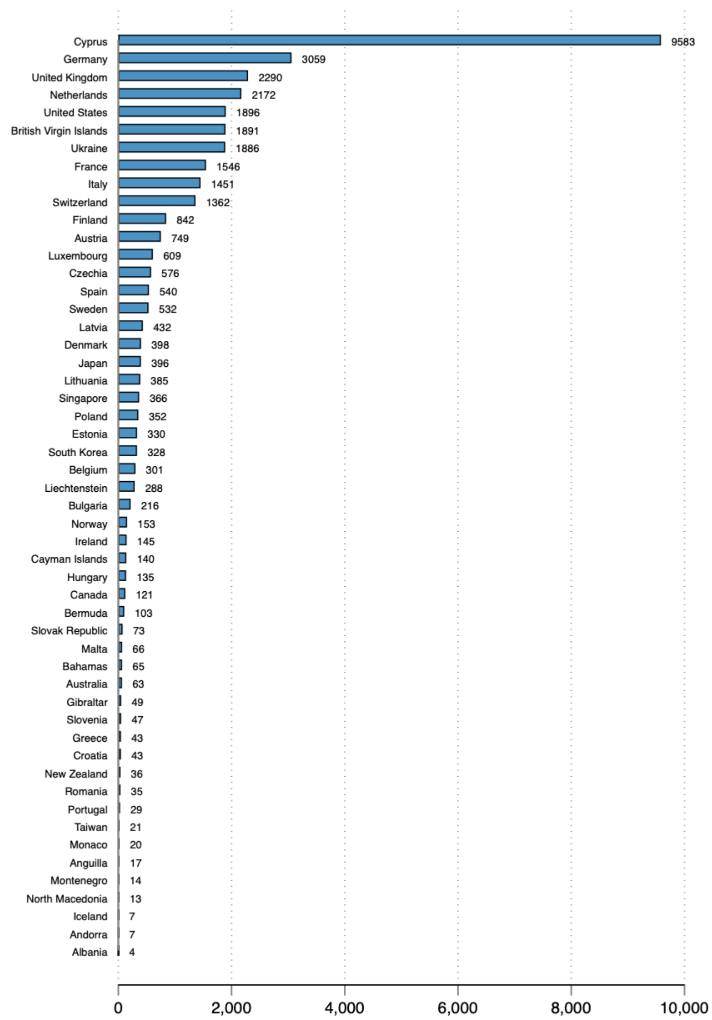
[15] We define GUO as the ultimate owner with a 50 percent or greater share. Note that in 14 percent of cases, shareholder information is available but GUO is not.

[16] It is possible that there also exist firms for which there is no foreign shareholder information and no GUO information; those are completely excluded from our dataset, as we cannot have confidence in whether they are foreign. We see an opportunity for future research on strategic non-reporting (Hollyer, Rosendorff and Vreeland, 2011).

[17] Russia began publishing this list days after the invasion, on 5 March 2022 (see Appendix A).

crime (Repousis, Lois and Kougioumtsidis, 2019). Our data only concern legally-incorporated firms and can offer no insight into the substance of capital flows. Regardless, the special importance of Cyprus – and the tension imbued in it being a member of the European Union on the "Unfriendly" list – motivates us to include a Cyprus dummy in empirical analyses.[18] Otherwise, core Western states that have been leaders in the post-invasion waves of sanctions on Russia are home to meaningful numbers of MNCs with Russian investments. Overall, MNCs originating from 52 different "Unfriendly" homes were present in the pre-invasion MNC population.

Figure 1: MNCs in pre-invasion Russia, by home: "Unfriendly" states in sanctioning coalition



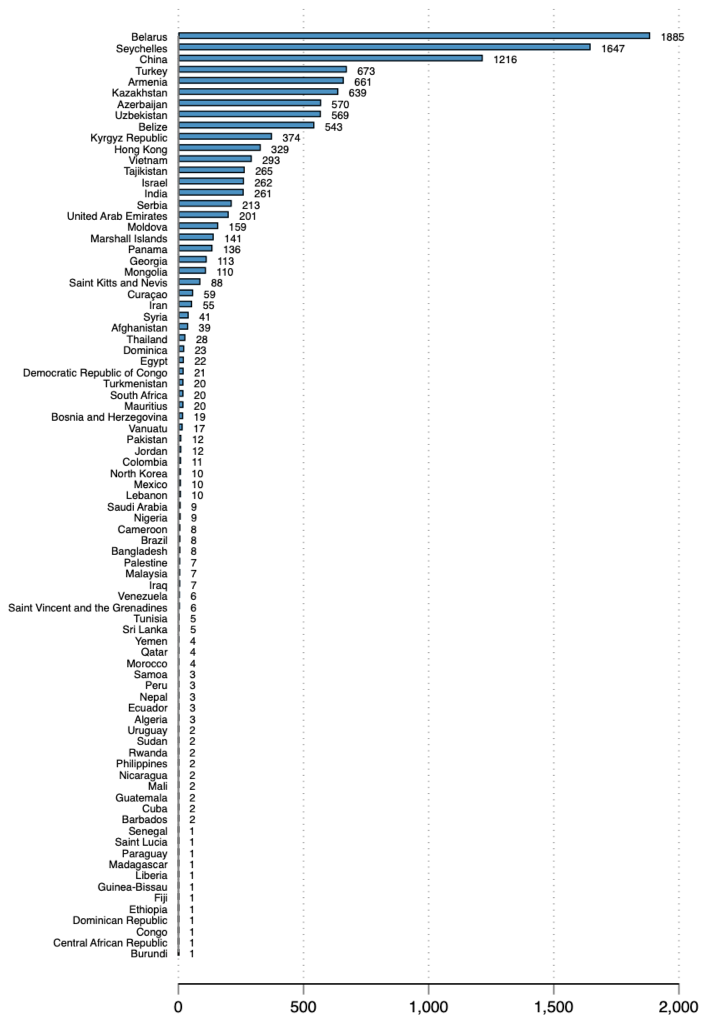
Notes: Bar labels are frequencies. Defined as states on Russian "Unfriendly" list in study period (Appendix A).

Figure 2 summarizes the home state of the 25 percent of pre-invasion MNCs that are not on the "Unfriendly" list (leading us to adopt the terminology "Friendly"). While the coalition of sanctioning

[18]When Cyprus is excluded, 69 percent of pre-invasion MNCs are from "Unfriendly" homes.

states has indeed been unprecedented in the modern era, still the majority of states in the world are not on Russia's list.[19] Meaningful numbers of MNCs invest in Russia from states in the post-Soviet space. MNCs from China and Turkey also had a notable presence. Overall, MNCs originating from 84 different "Friendly" homes were present in the pre-invasion MNC population.

Figure 2: MNCs in pre-invasion Russia, by home: "Friendly" states not in the sanctioning coalition



Notes: Bar labels are frequencies. Defined as states not on Russian "Unfriendly Country" list in study period (Appendix A).

Clearly, many MNC homes in Figures 1 and 2 raise the question of tax havens, or strategic incorporation more generally. In the current era of economic globalization, an MNC's legally registered home state can be a choice endogenous to the political economic dynamics that also shape political risk (Arel-Bundock, 2017; Thrall, 2021). We therefore account for jurisdictions indicative of strategic

[19] At the same time, the majority of the world's states have voted against Russia at the UN, but Russia has not put them on the "Unfriendly" list (Appendix H).

incorporation in our analyses below.

It is a strategic, political risk-relevant choice by MNCs to invest in a host state via joint ventures (JVs) with domestic firms (Henisz, 2000; Zhu and Shi, 2019). For scholarly treatments of minority ownership and foreign financing in Russia, see Logvinenko (2019, 2021).[20] It is not only likely but expected that Russian owners will be present in pre-invasion MNCs; in fact, 39 percent of pre-invasion MNCs have some documented Russian ownership. Domestic JV-MNCs are included in Figures 1 and 2; their foreign nationality is that of the largest foreign shareholder. In 30 percent of the pre-invasion MNC population, a domestic Russian owner – and not a foreign owner – holds a stake of greater than 50 percent.[21] Additionally, in seven percent of the population, a foreign shareholder owns the controlling stake in the MNC but the GUO is Russian. Although such firms constitute MNCs engaged in FDI and are thus part of the population under study, their exposure to political risk is surely different (Pandya, 2013; Tomashevskiy, 2017). Figure 3 breaks down the 97 unique foreign homes of the subset of MNCs under Russian managerial control. Notably, 49 of these homes – representing 13,141 individual MNCs – are on the "Unfriendly" list, setting up a non-trivial subsample of pre-invasion MNCs facing a complex mix of pressures in the post-invasion setting. The importance of Cyprus in Figure 3 again demonstrates the importance of Russian investment flowing via Cyprus to become inward FDI into Russia (Repousis, Lois and Kougioumtsidis, 2019).

Figure 4 breaks down the pre-invasion MNC population by size categories; see Appendix B for full definitions.[22] While much media and public attention in sanctioning states has been on very large MNCs, they account for less than 4 percent of the population. About 10 percent are large, and 19 percent are medium. The remaining two-thirds of MNCs are small; criteria for that definition includes having less than USD 1.3 million in operating revenue and less than 15 employees.

Figure 6 reports the pre-invasion MNC population by industry, classified by 2-digit NAICS codes.[23] MNCs have penetrated all sectors of the Russian economy. At the same time, there is clear heterogeneity across industries, and across MNCs from "friendly" and "unfriendly" homes. Given this heterogeneity, our research design is to identify off of variation in exit within 2-digit NAICS industries. A within-industry design is especially important given the theoretical importance of industry as a structural factor impacting political risk exposure.

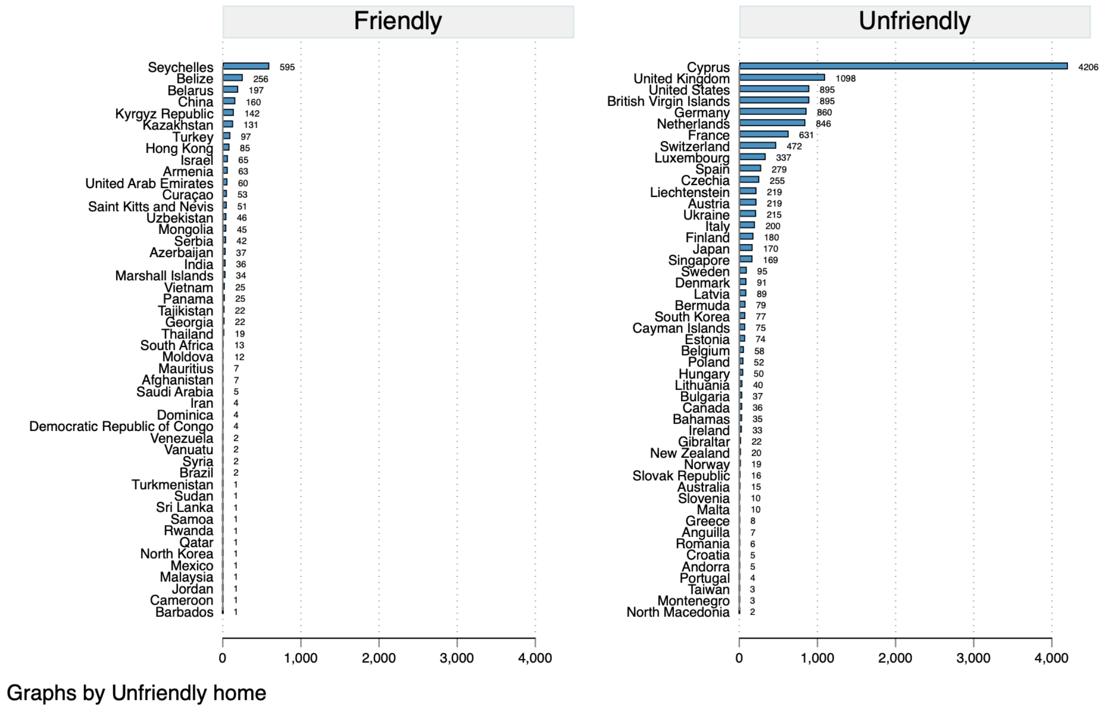
[20] For more on relationships between MNCs, domestic firms, and the state in Russia, see for example (Beazer, 2012; Markus, 2015; Gurkov and Saidov, 2017).

[21] In 33 percent, the sum of Russian shareholders exceeds 50 percent.

[22] In our judgement, data reliability (as well as availability) for pre-invasion (2020-2021) MNC financial indicators are too sparse for primary analyses; we reserve them for robustness tests. We therefore rely on the size category variable generated by Orbis as part of their service provision. 161 observations in our data have missing size information.

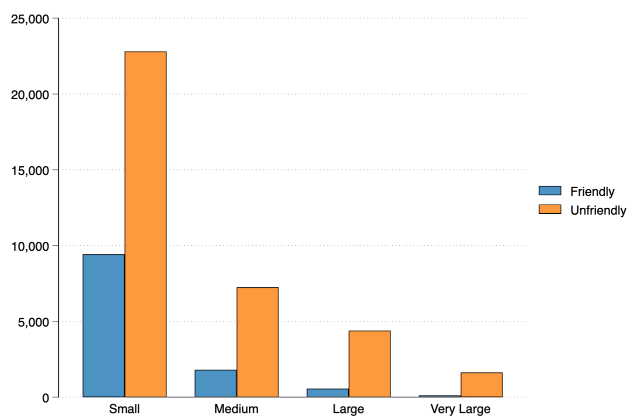
[23] Industry is missing for 6.65 percent of observations. Public administration (92) is not reported; 20 MNCs in the dataset with this designation appear to be commercial enterprises associated with different foreign representative offices.

Figure 3: MNCs in pre-invasion Russia: JV-MNCs under Russian managerial control, by foreign home



Notes: Bars represent frequencies. Russian managerial control defined as Russian shareholder with > 50 percent ownership of MNC and/or > 50 percent ownership of GUO. See also Appendix B.

Figure 4: MNCs in pre-invasion Russia: Variation by size

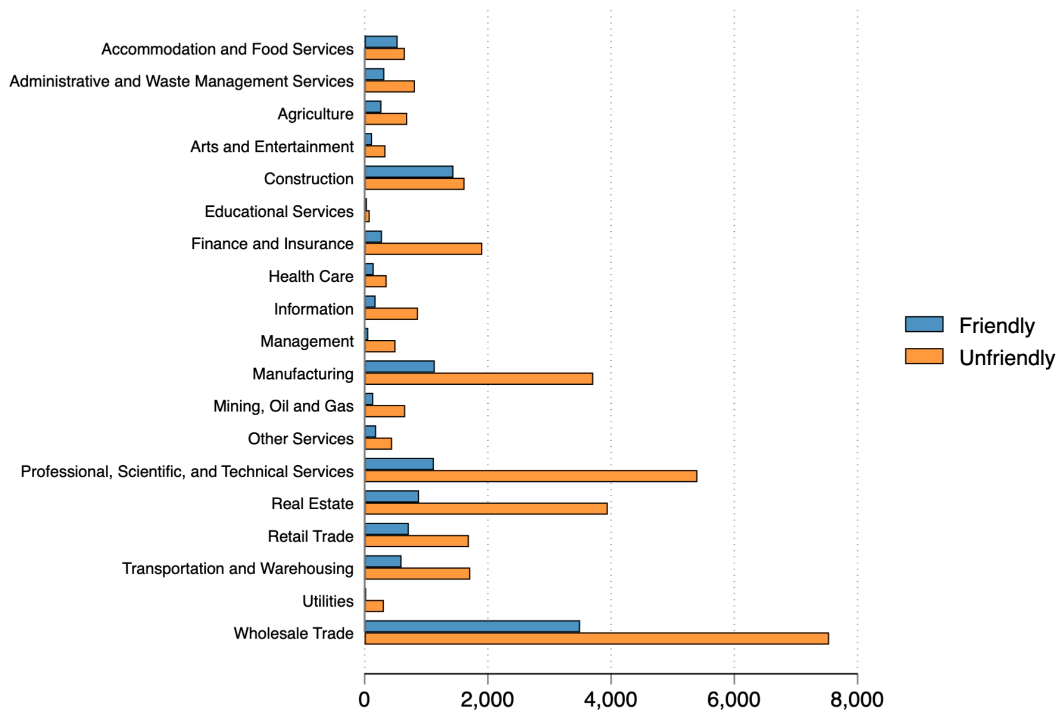


Notes: Bars represent frequencies. Size thresholds defined as XX (see also Appendix B).

3 Literature: Threat of Exit

Literatures on the political economy of economic integration and FDI have been cultivating theories that are all the more salient given these unprecedented circumstances, in a country deeply

Figure 5: MNCs in pre-invasion Russia: Variation by industry



Notes: Bars represent frequencies. Defined by NAICS 2-digit industry (2022 revision).

integrated into the contemporary global economy. Considerable effort has gone into understanding why MNCs invest where they do (Pandya, 2016), including nuanced findings on why MNCs enter in one form or anther (Henisz, 2000; Pandya and Leblang, 2017; Betz and Pond, 2019; Shim, Jung and Owen, 2021; Zhu and Shi, 2019); the role of host state institutions (Dreher, Nunnenkamp and Vadlamannati, 2013; Li, Owen and Mitchell, 2018; Beazer and Blake, 2018; Wright and Zhu, 2018); the role of barriers to entry and the costs of starting up new investments (García-Canal and Guillén, 2008; Johns and Wellhausen, 2021); the portfolio of political risk management strategies available to MNCs (Frieden, 1994; Jensen, 2008; Johns and Wellhausen, 2016; Graham, 2019); and so on. However, one should be circumspect over whether theories of MNC entry are informative over the lifecycle of an MNC's investment, particularly if and when the MNC chooses to exit (Barry, 2018; Farrell and Newman, 2015).[24]

The form of MNC exit that has received the most attention is expropriation, when the host state either takes over ownership or coerces an ownership transfer to its preferred buyer without due compensation (Jensen et al., 2012; Li, 2009; Jensen et al., 2020). In recent years, the literature has pivoted to examine in greater detail other ways in which host states can erode foreign-owned property rights, in particular through indirect expropriation or discriminatory treatment that extracts value but

[24] For a model endogenizing FDI entry and exit, see Johns and Wellhausen (2021).

does not transfer ownership (Graham, Johnston and Kingsley, 2018; Pond, 2018; Johns, Thrall and Wellhausen, 2019). We have insights into the conditions under which MNCs on the receiving end of poor treatment find it profitable to continue investing in the host state (Wellhausen, 2019; Moehlecke, Thrall and Wellhausen, 2023). On the other hand, the conditions under which an MNC undertakes the voluntary choice to exit have been the focus of more scholars of business and economics than those of international politics (Caves, 1998; Berry, 2013).[25]

Nonetheless, the concept of the *threat* of exit, and the determinants of its credibility, are core to our understanding of foreign firm-host state relations. While the conditions at entry can privilege MNCs in their bargains with host states, those bargains can obsolesce over time (Vernon, 1971). A key explanatory variable is the MNC's reliance on immobile – alternatively known as site-specific, or non-redeployable, or fixed – assets (Frieden, 1994; Kerner and Lawrence, 2014). This logic has proven especially relevant, both theoretically and empirically, in understanding the nature of the bargain ex ante, and the ways in which MNCs with immoible asset-intensive investments try to extract credible commitments so as to sidestep this dynamic (Wright and Zhu, 2018). But what has not happened, and thus never been directly theorized or examined, is a moment when a highly integrated economy like Russia's – with considerable FDI and other international capital flows – is suddenly faced with a mass of MNCs looking to exit, at the same time, and as quickly as possible.[26]

If however we change our perspective to a focus on violent conflict, war, and FDI, a wide literature has leveraged empirical opportunities to theorize and observe MNC decision-making and its correlates (Dixit, 2011), for example, concerning FDI in the context of territorial conflict (Lee and Mitchell, 2012; Carter, Wellhausen and Huth, 2019), regime-linked violence (Camacho and Rodriguez, 2013; Garriga and Phillips, 2014; Aaskoven, 2016), civil unrest and war (Braithwaite, Kucik and Maves, 2014; Mihalache-O'Keef, 2018; Pinto and Zhu, 2022), and organized crime (Garriga and Phillips, 2023).[27]

Connecting the two literatures, Osgood and Simonelli (2020) examine the interrelation of asset mobility and terrorism, theorizing that limited exit options can make a firm a more attractive target of violence. Similarly, a large set of scholars have taken seriously the issue of endogeneity between FDI entry decisions and direct exposure to violent conflict (Dai, Eden and Beamish, 2017; Witte et al., 2017; Dai, Eden and Beamish, 2023). Again, the relevance of asset immobility has been reflected in studies focused on mining (Berman et al., 2017; Christensen, 2019; Blair, Christensen and Wirtschafter, 2022) and other natural resources (Bell and Wolford, 2015; Silve, 2018; Denly et al., 2022). However, this

[25] For a comprehensive review, see Cefis et al. (2022).

[26] From the host state's point of view, the closest analogue would be a sudden stop in capital markets (Bauerle Danzman, Winecoff and Oatley, 2017). For an examination of MNC behavior in the context of sanctions on Myanmar, see (Meyer and Thein, 2014).

[27] There is a possibility that MNC preferences can be aligned in some way with those of violent actors (Maher, 2022; Dai, Eden and Beamish, 2013).

literature is somewhat orthogonal to the this setting: MNCs in Russia are exposed to political risk as a consequence of Russia's aggression, but their Russian locations are not threatened by violence. From a research design perspective, this means we are able to avoid the confounder of physical violence and isolate the effect of conflict on FDI via the channel of a shock to political risk.

A growing literature establishes that the nationality of an MNC shapes its exposure to both political risk in a given host state and resources to mitigate those risks (Wellhausen, 2015*b*; Polanco, 2019). Variation in the benefits of exit have been linked to dyadic politics and institutional compatibility or friction between home and host (Newenham-Kahindi and Stevens, 2018; Beazer and Blake, 2021). The institutional embeddedness literature suggests that emerging-market MNCs, most of which hail from poorly governed states, favor conducting business in weak institutional environments abroad (Morck, Yeung and Zhao, 2008; Cuervo-Cazurra and Genc, 2008; Holburn and Zelner, 2010). MNCs in emerging markets need to deal with unpredictable government policies, corrupt government officials, cumbersome administrative procedures, weak rule of law, and so on. Over time, they develop capabilities to manage political risks and learn how to thrive in such environments. Similarly, Beazer and Blake (2018) show that MNCs from states with independent judiciaries tend to favor destinations with similar legal environments. Empirical evidence suggests that dyadic political (dis)alignment drives MNC decision-making at entry (Stone, Wang and Yu, 2022; Li and Vashchilko, 2010). Overall, the literature establishes that extreme shocks to dyadic political risk affect business decisions, even if more muted ebbs-and-flows in the relationship may not have aggregate effects (Davis and Meunier, 2011).

Last, there are important literatures in the orbit of our study to which we cannot speak. Our focus is on the predictors of MNC exit, and not theory development about the effectiveness of sanctions, or any potential peace (or conflict) dividend of economic (dis)integration (Gartzke, Li and Boehmer, 2001; Lektzian and Biglaiser, 2013; Barry and Kleinberg, 2015; Amodio, Baccini and Di Maio, 2021; Choi, 2023). There are also active research efforts focused on related issues outside our scope, such as early firm announcements (Igor Gurkov and Saidov, 2023), or studies based on data compiled in "name and shame" list-building efforts rather than the population of pre-invasion MNCs (Sonnenfeld et al., 2022). With our study's strong research design and comprehensive data, we are able to build on the scholarly literature and push further to understand how an exogenous shock to political risk of this magnitude has, or has not, resulted in changed MNC behavior.

4 Theory: Exit as a Transaction

As months passed since the Russian invasion, and real-time reporting increasingly questioned why MNCs that talked about exiting Russia were still operating there, it became clear that reducing the phenomenon under study to the choice to stay-or-go is misleading. We propose that a generalizable way to think about exit is as a transaction, which occurs between a seller and buyer at a given price. Whatever their reason for doing so, MNCs choosing to exit a given home state prefer to recover value from their assets located there and make those assets available to be redeployed elsewhere (Kim and Kung, 2017). Exit-as-transaction is able to account for instances in which an MNC quite literally moves physical assets abroad. In that case, the MNC is engaging in intra-firm trade as both seller and buyer, transacting at a transfer price.[28] An MNC could also liquidate assets by selling them to an external buyer and, in turn, transfer the financial proceeds out of the host state. This is a practical way for assets (physical or otherwise) to be transferred from one jurisdiction to another. However, controls on outward capital flows could reduce the value the MNC is able to recover from such a sale and redeploy elsewhere. Exit-as-transaction morphs into expropriation if and when the sale is coerced by the host state. Full expropriation, or nationalization, occurs when the state coerces a transaction that results in a complete ownership transfer away from the MNC. There is, however, a wide gray area in which the host state could interfere in exit, whether in the sale itself or the repatriation of assets. The MNC may still be engaging in a voluntary sale, but host state interference has limited the MNC's ability to bargain over the terms of the sale.[29]

Exit in the wake of a shock to political risk is a transaction in which sellers, buyers, and prices are deeply politicized. Politically-linked non-market factors shape the market for a given MNC's brownfield (i.e. preexisting) assets in the host state. A focus on the dynamics in markets for brownfield assets is flexible enough to allow theory-building that links variation in the motivations of MNCs-cum-sellers to variation in exit outcomes. Most importantly, even though we are approaching exit as a transaction and focusing on the market for brownfield assets, we need not attempt to conjure some objective, standardized measure of price.[30] Rather, we can theorize around the pressures on price and how they would constrain or open the bargaining space available to an MNC looking to sell. In the process, we can generate testable observable implications for the probability with which ownership transfers of brownfield assets happen.

We theorize around four different pathways with the potential to shape an MNC's decision to exit in response to a shock to political risk. First, consistent with the literature's findings that shocks to home-host relations can influence MNC entry and operations, we consider the impact such shocks could have on exit. Second, pressure on MNCs from non-state actors, whether activist groups, consumers, or shareholders could affect the net benefits of continued investment and thus underlie variation in exit.

[28] The relocation of human capital from an MNC's Russian offices to branches outside the country is an example of this sort of transaction.

[29] Indirect expropriation, when the state extracts value but does not transfer ownership, sits in this gray area. Yet, indirect expropriation generally starts from the premise that the MNC did not voluntarily engage in a sale, making the phenomenon at hand somewhat different.

[30] The terms observable when sales are concluded (or potentially recoverable through qualitative data collection) are non-random and not a suitable basis for inference to test hypotheses regarding the determinants of exit.

Third, just as host states have varying interests in engaging in poor treatment of FDI *in situ*, host states can vary in their interests in engaging in poor treatment of FDI at exit which, in our approach, means interfering with the ability of MNCs to carry out voluntary sales of brownfield assets. Fourth, the literature on site-specificity and asset mobility predicts variation in the bargaining power an MNC wields in the market for its brownfield assets.

Shocks to home-host relations

One way to summarize the change from 23 to 25 February 2022 is a shock to the status quo in relations between the host state and the various home states of the pre-invasion population of MNCs in Russia. Since the invasion, a set of states have engaged in costly economic sanctions against Russia.[31] Although sanctions against Russia over its aggression in Ukraine began after its 2014 occupation of Crimea and parts of Donbas, in the study period (through August 2023) the European Union has announced eleven "waves" of sanctions that it, the United States, the United Kingdom, and a variety of other states have implemented with an unprecedented degree of coordination.[32]

For the analyst looking to draw a bright line between states engaged in the sanctioning coalition and other states, Russia provides an answer. Beginning on 5 March 2022, Russia published its "Unfriendly Countries" List with application to the post-invasion treatment of Russia and Russian entities.[33] In the data, 52 unique homes of pre-invasion MNCs are on the "Unfriendly Countries" List. Eighty-four unique "friendly" homes in the data are not on the list. The short length of the list is notable, in light of the overwhelming initial vote to condemn the Russian invasion in the UN General Assembly.[34] In terms of research design, we can be confident in a clean identification strategy by which MNCs in "unfriendly"-Russia dyads have faced a targeted, differential shock to political risk. First, those MNCs are from home states actively cutting of economic integration with Russia, which suggests a baseline incentive for these (more than other) MNCs to exit and do the same. Second, the importance of this list has been made clear by Russian state actions that have applied capital controls, restrictions on access to domestic financial services, taxes on brownfield asset sales, and similar based on whether an MNC's home is "unfriendly."[35]

[31] For detailed information, see Bown, Chad. "Russia's War on Ukraine: A sanctions timeline." Last accessed 21 October 2023. https://www.piie.com/blogs/realtime-economics/russias-war-ukraine-sanctions-timeline.

[32] For EU sanctions since 2014, see "Timeline - EU restrictive measures against Russia over Ukraine." Last accessed 21 October 2023. https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/history-restrictive-measures-against-russia-over-ukraine/.

[33] See again Appendix A. The Putin administration has used "Unfriendly" lists previously in other circumstances. On May 13, 2021, the Russian Government published its "List of Foreign States Engaging in Unfriendly Actions Against the Russian Federation, Russian Citizens, or Russian Legal Entities." The list was portrayed as a reaction to expulsions of Russian diplomats. At that time, it contained only two countries: the United States and the Czech Republic. Diplomatic missions of "unfriendly" countries were banned from hiring "individuals based in Russia." As a result, the US Embassy and Consulates in Russia had to suspend routine services including most visa services for Russian nationals and most notarial services for US citizens. This "Unfriendly" List still exists and has been expanded, but it is smaller and different from the one that was first published in March 2022.

[34] For UNGA voting, see Appendix H.

[35] For detail, see Appendix F.

In doing so, Russia has made it an empirical question as to the extent to which the net effect of being on the "unfriendly" list predicts exit (relative to exit decisions by those from "friendly" states that do not face these targeted increases in transaction costs).

While we align our priors with the expectation that the net "unfriendly" effect is to predict more exit, we also take advantage of heterogeneity within the set of "unfriendly" states. In Appendix G, we document our research effort to uncover what, if any, guidance incumbent home state leaders have provided to MNCs regarding their preexisting FDI in Russia. Overall, we found very few states with statements on the issue attributable to specific leaders. Several of those with attributable statements did not overtly encourage MNCs to exit. For example, French President Macron said "companies should decide by themselves," and the Japanese government asked companies to "positively consider" continuing investments. Altogether, we identified attributable encouragement to exit from leaders in Canada, Estonia, Ukraine, the United Kingdom, and the United States. For example, US President Biden "welcome[d] the decisions of companies to exit Russia," and the Estonian Prime Minister said "There will be no business as usual with Mr. Putin's Russia. In fact, there can be no business at all."[36] Among MNCs from "unfriendly" states, we test the prior that this guidance had a measurable impact on exit.

Hypothesis 1a *MNCs whose home states are categorized as "unfriendly" are more likely to exit Russia, compared to others that are not.*

Hypothesis 1b *Among MNCs whose home states are categorized as "unfriendly," MNCs to which home state leaders have recommended exit are more likely to exit Russia, compared to others.*

Non-state backlash

Next, we consider non-state backlash that MNCs may face over investments in Russia post-invasion. There is a fast-growing literature on corporate social responsibility (CSR), defined by Aguinis (2011) as "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance" (p. 855).[37] The notion is that firms are expected to recognize and define their role in society and behave in accordance with social and ethical standards (Aguinis and Glavas, 2012; Brown and Dacin, 1997). In the event that firms' (in)actions are in conflict with interested stakeholders, backlash from those stakeholders could be sufficiently motivating to result in a change in firm behavior.

[36]The Estonian Prime Minister became embroiled in scandal when it came to light that her husband's businesses had not exited Russia. Musaddique, Shafi. 28 August 2023. "Estonia PM under pressure over husband's alleged Russia business links." The Guardian. `https://www.theguardian.com/world/2023/aug/28/estonia-pm-under-pressure-husband-russian-alleged-business-links-kaja-kallas`

[37]Contemporary acronyms include both CSR and ESG (environment, social, and corporate governance).

In the immediate aftermath of the invasion, there was disagreement over the extent to which exiting Russia was in fact the behavior that aligned with CSR priorities. Some MNCs announced that they would stop production but continued to pay the salaries of their Russian workers as an ethical obligation, and pharmaceutical and consumer goods MNCs argued for the importance of continued production of essential medicines and goods in Russia. Uniqlo, a Japanese fashion company owned by Fast Retailing, initially decided to keep its 50 retail stores in Russia open, and its CEO stated that "Clothing is a necessity of life...The people of Russia have the same right to live as we do." In our view, the public backlash to that international headline-making statement – and Uniqlo's subsequent course correction to announce it would sell its Russian business – solidified the view among important audiences that there was little-to-no room for a CSR-based argument to stay.[38] One such audience is encapsulated in a remarkable set of scholarly, journalistic, and grassroots research efforts to "name and shame" MNCs invested in Russia, publicizing their (in)action with the intent to persuade. These efforts accord with a growing literature documenting and exploring the impact of bottom-up "naming and shaming" in the context of the international political economy (Barry, Chad Clay and Flynn, 2013; Doshi, Kelley and Simmons, 2019; **?**).

In Appendix E we summarize 13 "name and shame" lists that were available on the Internet, aimed at influencing the behavior of foreign businesses in Russia, and actively updated as of 6-months post-invasion.[39] These lists have served different audiences. For example, the Kyiv School of Economics list has been a ready reference point for many observers worldwide and of urgent value for the domestic Ukrainian audience.[40] In the United States, a team at the Yale School of Management hosts a list that has received the endorsement of Ukrainian President Zelensky; the team describes the list as having been "widely circulated across company boardrooms, government officials, and media outlets."[41] Beyond academia, various groups of activists took it upon themselves to collect and publish lists titled "Boycott Russia," "Exit Russia," "Leave Russia," "Squeezing Putin," "Stop Bloody Energy," and "Don't Fund War." It is also important to note that this sort of "name and shame" effort is not limited to audiences sympathetic to the goal of promoting exit. The Russian business newspaper of record, Kommersant, hosts a list, and we document a grassroots list by Russians and aimed at a Russian pro-war/anti-exit audience titled "#WeRememberEverything."[42] We also suspect that other less formalized "name and shame" efforts for which the intended goal was to promote continued investment have been meaningful. In a notable case, Didi, a Chinese ride-share company, immediately announced its exit from Russia but

[38] Megan Cerullo. "Uniqlo Bows to Public Pressure to Close Stores in Russia." CBS News. March 10, 2022. `https://www.cbsnews.com/news/russia-ukraine-uniqlo-closes-stores/`.

[39] We scraped data as of the 8-month mark (24 October 2022).

[40] `https://kse.ua/selfsanctions-kse-institute/` Last accessed 20 October 2023.

[41] `https://www.yalerussianbusinessretreat.com/about` Last accessed 25 October 2023.

[42] "#ВСЕЗАПОМНИМ." Other lists in Appendix E include one titled "RUBusiness," one hosted on Wikipedia, and one hosted by EPravda (a Ukrainian newspaper which in the study period collaborated with the Yale SOM list).

then faced social media backlash in China and reversed course.[43]

Appendix E describes our procedure to compile and match entries on the various "name and shame" lists to the pre-invasion MNC population and provides extensive descriptive statistics. We successfully match 5.2 percent of names to direct MNCs. If we assume that, should one subsidary of a GUO match, then all should match, the "name and shame" lists cover 31.2 percent of the data. All matched MNCs are named on at least one (and typically several) pro-exit lists, so we align our priors with the expectation that being named is a predictor of exit. From a research design point of view, it is useful that the name-and-shame sub-sample is consistently non-representative of the population, based on a wide variety of metrics. This also reinforces the importance of our population-based approach to making credible inferences about MNC behavior, as selection onto these lists is non-random by design.

Backlash through generalized social opprobrium might be a complement to or a substitute for the more direct pathway of consumer backlash (Sumner, 2022). It is also possible that the consumer-backlash channel is as if not more important in determining MNC behavior, given the shorter causal chain linking public opinion and the risk of material costs to a firm that acts contrary to it (Pandya and Venkatesan, 2016; Vekasi, 2019; Vekasi and Nam, 2019). Additionally, as the world's largest, richest consumer markets are in states on Russia's "Unfriendly" List, even MNCs in consumer-facing industries from "friendly" homes may be motivated to exit Russia so as to protect access to those markets. Thus, we test the prior that MNCs in consumer-facing industries are more likely to exit, regardless of their home state relationship with Russia.[44]

Hypothesis 2a *MNCs that have been explicitly named in public-facing anti-war "name and shame" efforts are more likely to exit Russia, compared to others that have not been named.*

Hypothesis 2b *MNCs operating in consumer-facing industries are more likely to exit Russia, compared to MNCs in other industries.*

Exposure to host state interference with exit

Third, we consider the risk of host state interference in an MNC's ability to sell its brownfield assets. Recall that Russia has targeted MNCs from "unfriendly" homes with a series of restrictions on their ability to recover value from sales of brownfield Russian assets.[45] Thus, expected heterogeneity in behavior by MNCs from "unfriendly" and "friendly" states already speaks to this issue (H1a). At

[43]Lenovo, too, was rumored to be exiting Russia and faced social media backlash, but the company clarified that the report by the Belarusian news agency was mistaken and it too would stay. We thank Victoria Liu for discussion. Zhou, Cissy. 6 March 2022. "China's Didi cancels exit from Russia under public pressure." Financial Times. https://www.ft.com/content/c876cf4c-e91c-4a42-9f16-c424743eca71

[44]Note for readers (Oct 2023): We also intend to test the hypothesis that listed MNCs are more likely to exit Russia, compared to unlisted MNCs. We are in the process of finishing data collection and will test this in the next iteration.

[45]See again Appendix F.

the same time, we expect there to be other pathways by which MNCs vary in exposure to the risk of Russian interference at exit. Namely, we expect that Russian actors vary in their access to and interest in interfering with MNC exit transactions.

Henisz (2000) spells out a key tension when MNCs invest in a host state via foreign-domestic JVs. On one hand, the JV structure shields the foreign investor from political risk via host state interference. On the other, this corporate structure exposes the foreign investor to conflicts with the domestic partner, including takeover attempts by the domestic partner. If, however, the MNC is motivated to exit, then the ease of takeover is a blessing, not a curse.[46] We expect transaction costs to be lowest when a domestic Russian owner has managerial control over the business, whether through a direct majority share or the majority share of the GUO. To be clear, it is unlikely that an MNC is able to strike a good bargain over its brownfield assets when exposed to takeover attempts, much less when it is also motivated to sell quickly. Nonetheless, our prior is that MNCs are more likely to exit when invested in ventures under Russian managerial control.

Theoretically, Russia could have engaged in mass expropriation in the study period, such that all exit transactions were coerced by the state. Empirically, Russia has allowed transactions to take place with varying levels of interference, and, perhaps surprisingly, much of its interference has been documented through official policy rather than conducted in an ad hoc manner.[47] Russia's choice to nationalize subsidiaries of Danone (French) and Carlsberg (Danish) in July 2023 made headlines as an exception that proved the rule that Russia had not been understood as engaging in outright nationalization.[48] However, we expect state interference in exit transactions to be greater in industries considered strategic by the state (Kobrin, 1987). To infer strategic industries in which the Russian government would be more likely to interfere, we leverage the list of 295 "systematically important organizations" the Russian government released in 2008 as a signal of its priorities in economic stabilization efforts amid the financial crisis. Our logic is that MNCs operating in the same industries as the domestic organizations on that list had been exposed to higher political risk since their entry into Russia. Compared to MNCs operating in other industries, these MNCs would theoretically be better able to bear the shock to political risk while still maintaining their investments in Russia. Our empirical strategy is to code the precise industries in which the domestic Russian companies on the 2008 list operate (4-digit NAICS), and then tag MNCs in the pre-invasion population that also operate in those industries. For sources, details, and coverage, see Appendix D.

[46] Although an observable implication of the theory is that the preexisting domestic JV partner is the most likely buyer, we cannot confirm that with our data.

[47] See again Appendix F.

[48] Russia had also taken over Uniper (German) and Fortum (Finnish) in April; however, as those are not in consumer-facing industries, headlines were less common.

Hypothesis 3a *MNCs that are minority owners in ventures under the managerial control of a domestic Russian owner are more likely to exit Russia, compared to MNCs that are not under Russian managerial control.*

Hypothesis 3b *MNCs operating in industries considered strategic by Russia are less likely to exit Russia, compared to MNCs operating in non-strategic industries.*

Site-specificity and asset mobility

Fourth, given its importance in the literature, we anchor our theoretical expectations around the role of site-specificity and asset mobility in not just the credibility of the threat of exit, but the actual choice to do so. Think of site-specific or immobile assets as assets for which there are fewer opportunities for redeployment. All else equal, fewer reuse options translates to less demand in brownfield markets, which puts MNCs-cum-sellers in a weak position when bargaining over the terms of a sale. Additionally, MNCs with investments characterized by mobile assets can use their bargaining power to trade off price against speed, resulting in quicker sales-cum-exit. We follow the literature in using fixed assets by industry as the closest proxy for the concept in question (Wright and Zhu, 2018; Zhu and Deng, 2022).[49]

Hypothesis 4 *MNCs in industries characterized by lower fixed assets are more likely to exit Russia, compared to those in other industries.*

5 Empirics

To construct our dataset, we utilize detailed ownership data provided by Orbis, which is accessible through Moody's Datahub. To the best of our knowledge, Orbis's historical ownership database offers the most comprehensive ownership information in the industry. To identify the population of interest

[49]Note for readers (Oct 2023): We also intend to test the prior that MNCs for which the Russian market is more important are less likely to exit. We are in the process of finishing data collection on the number and proportion of a GUO's subsidaries located in Russia to form this variable. Usefully, this approach allows us to capture both cross- and intra-industry variation. Suppose an MNC's GUO only has investments in Russia. In this instance, the GUO has fewer outside options to make up for Russian business elsewhere in its portfolio; so, the MNC exiting at "firesale" prices would be extremely costly. In contrast, if an MNC's GUO has investments diversified across other host states, the MNC can survive even if it accepts a low price in the market for its brownfield assets. Between two equally exit-motivated MNCs, and holding all else equal, the MNC in a internationally-diverse family of firms can exit at lower overall cost compared to the MNC in a corporate structure reliant on the Russian market. For example, many foreign depository banks in Russia made statements of their intent to exit in the immediate aftermath of the invasion. However, their key assets – in the form of Russian depositors – are site-specific and immobile across borders, despite not being fixed in the form of property, plant, and equipment. In fact, since the end of the Cold War a variety of commercial banks made a specific push into serving markets in Central and Eastern Europe and the former Soviet Union (Grittersová, 2014). Key among them is (Austrian) Raiffeisen, which as the months since the invasion have worn on has been on the receiving end of considerable flack for continuing its Russian investments. But Raiffeisen reportedly has 2600 corporate customers, 4 million local account holders, and 10,000 staff in Russia. Commenting on the situation, a spokesperson for the Austrian finance ministry said, "A bank cannot leave a country like that overnight." (O'Donnell, John and Alexandra Schwarz-Goerlich. 6 July 2023. Reuters.) MNCs like Raiffeisen, with such a concentration of business reliant on domestic Russian markets, faced outsized constraints on quickly closing voluntary sales of brownfield assets.

prior to the war, we retrieved the universe of MNCs in Russia as of the end of 2021.[50] Following the standard definition of FDI and Orbis's approach to identify foreign participation, we retrieved all firms in Russia with a single first-level shareholder that has at least 10 percent direct or total ownership (SH10) or ultimately owned by an entity outside of Russia if no first-level foreign SH10 is recorded (GUO50 path).

5.1 Dependent Variable: Operationalizing Exit

To create our dependent variable of exit, we compare the population of MNCs as of the end of 2021 with their status 18 months into the war (as of 31 August 2023). Each MNC is defined by a unique identification number (BVD). By tracking changes in operating status, direct shareholders, and/or GUOs by BVD, we define four different sub-types of exit based on information as of 31 August 2023, the end of the study period.

1. BVD disappears: This variable is coded 1 if the BVD appears as of the end of 2021 but no long exists in the Orbis database at the end of the period.

2. Change from active to dissolved: This variable is coded as 1 if a BVD's legal status was active pre-invasion but is dissolved as of the end of the period. Firms are considered dissolved if their legal status falls into one of the following categories: bankruptcy, dissolved, dissolved (liquidation), dissolved (merger or takeover), or in liquidation.

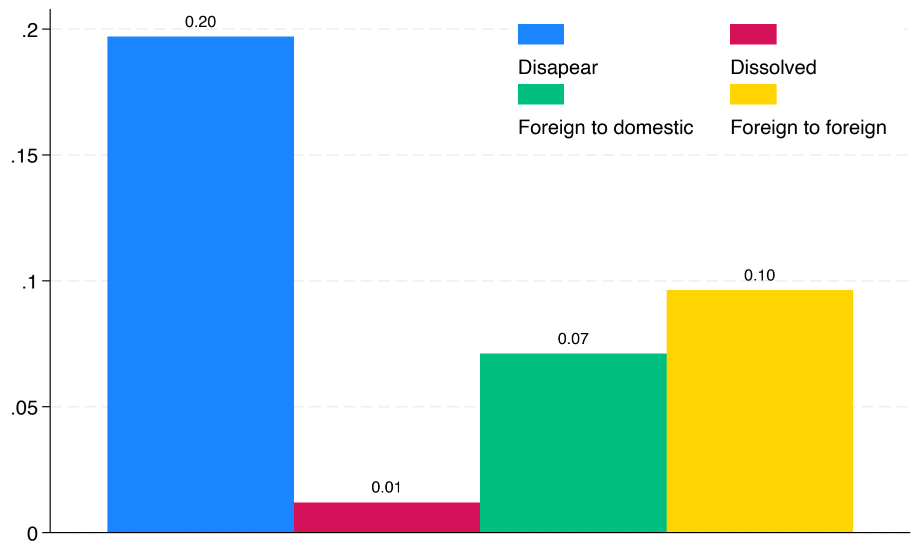
3. Foreign to domestic ownership transfer: This variable is coded as 1 if all pre-invasion foreign shareholders of a BVD that had at least 10 percent (direct or total) ownership have transferred their ownership to domestic shareholders as of the end of the period. It is also coded as 1 if the BVD's GUO has changed to a Russian entity, for cases where the BVD home is defined based on the GUOs.

4. Foreign to foreign ownership transfer: This variable is coded as 1 if the controlling foreign shareholder of the BVD at the end of the period is different from the pre-invasion controlling foreign shareholder.

According to our coding, approximately 38 percent of pre-invasion MNCs exited within the study period. Figure 6 presents the distribution of exit types. One percent were dissolved; seven percent

[50] We chose the end of 2021 as the cutoff date for both theoretical and practical reasons. Theoretically, firms may have already sensed political tensions at the beginning of 2022 and may have begun adjusting their operations and investment strategies accordingly, even though the invasion took place on February 24 (although see again footnote 9). Practically, Orbis's semi-annual database provides a snapshot of active ownership links as of the end of 2021, which helps to identify active firms and their shareholders.

Figure 6: Distribution of Different Sub-types Types of Exit



Notes: Labels on bars are proportions.

became domestic; and 10 percent have remained FDI but with a different controlling foreign shareholder. Twenty percent had corporate registries disappear. While we cannot confidently infer what happened in these instances, one likely scenario is that the BVD's assets were acquired, and the acquirer was no longer interested in maintaining the BVD as an independent legal entity. With this in mind, it is important to note that exits that we code based on the disappearance of the BVD may in fact fit in the other categories, if we had better data. This is our primary reason for collapsing all four codes into one dependent variable capturing exit.[51]

It is important to note several limitations of our dependent variable. First, the underlying data include no systematic information on the terms of the transactions that resulted in exit. Notably, it appears some exiting MNCs are entering into contracts with formal buyback options. Renault's (French) sale for one ruble to a Russian entity, with the option to buy-back within six years, was an early example that received considerable press.[52] Future researchers could augment our data to understand patterns in these kinds of creative provisions.

Second, our dataset is cross-sectional, capturing BVD status as of 31 December 2021 and 31 August 2023. Unfortunately, circumstances prevent us from building a time-series component to the dataset. As is perhaps unsurprising, the reliability of Russian administrative data reporting in the study

[51] Note to readers (Oct 2023): We are interested in how high the 38 percent figure is, compared the typical churning in ownership in a given country-year. We are completing data collection of lists of MNCs in Russia in previous years so as to establish a baseline reference to which we can compare the 38 percent.

[52] E.g. "Renault sells Russia's Avtovaz stake, but leaves room for return." 16 May 2022. Reuters. `https://www.reuters.com/markets/deals/renault-sells-its-stake-russias-avtovaz-option-buy-it-back-2022-05-16/`

period has varied. Moody's paused all updates to Russian, Ukrainian and Kazakh entities in Orbis beginning 5 August 2022, due to Russian policies that in Moody's judgement significantly reduced the availability and thus reliability of data on companies, their shareholders, and individuals. Moody's took steps to change its procedures and resumed updates to the data ten months later, on 2 June 2023. While we are confident in our cross-sectional dataset, we are not confident that we could reconstruct the within-period time-series for the population of pre-invasion MNCs. Additionally, Moody's suggests that in Russian administrative reporting post-disruption, the names of some individual Russian shareholders have been removed or replaced with "other person," "other natural person," or "other legal person."[53] Given pervasive sanctions and asset freezes that "unfriendly" states have placed on individual Russians, this is clearly a strategic choice worthy of dedicated research. For our study, the concerning issue is that in the case of missing shareholder information, we classify MNC origin based on their GUO path. To address the issue of not-at-random missing shareholder information, we explicitly control for MNCs that are classified based on their GUO path.

5.2 Other Variables

In addition to defining the population of MNCs in Russia and tracing their actions, another data contribution of this article is to derive novel measures enabling tests of key explanatory variables. In addition to the novel measures explained above, we introduce two new firm-level measures with applicability to a variety of research settings. First, to measure whether an industry is consumer-oriented (H2b), we use advertising intensity as a proxy (Peterson and Su, 2017). We obtain industrial advertising expenditure data from the IRS's Corporation Source Book.[54] We normalize advertising expenditures by total income to measure advertising intensity. This variable is constructed at the 4-digit NAICS level. CONSUMER-ORIENTED is a binary variable equal to 1 if an industry's advertising intensity is above the mean, and 0 if otherwise.

Second, to account for site-specificity and asset immobility (H4), we construct a measure of FIXED ASSET INTENSITY. Specifically, we calculate the ratio of fixed asset stocks to gross output. This variable is constructed at the 3-digit NAICS level. Given that industry characteristics are largely determined by technology and that certain industries are always more fixed-asset intensive than others across different countries (Nunn and Trefler, 2014, 274), we utilize data from the US Bureau of Economic Analysis, averaging over a 5-year span from 2017 to 2021 (ending prior to the beginning of our study period). Arguably, the US market is one of the most competitive in the world, so its industry characteristics are

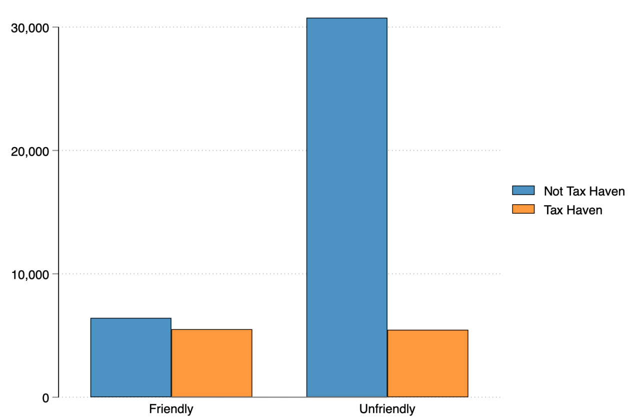
[53] For details on this and other Orbis information, see Appendix B.

[54] We use the data from the 2012 publication, which is the latest available. IRS Corporation Source Book, `https://www.irs.gov/statistics/soi-tax-stats-corporation-source-book-publication-1053`.

primarily shaped by technology rather than non-market factors. Further, constructing the measure with data helps address potential endogeneity concerns, as firms in Russia may have strategically adjusted their investments in fixed assets in response to political risk and uncertainty. Additionally, we use a dummy for MINING, OIL, AND GAS as an alternative measure of industries characterized by extremely high fixed assets.

We include a battery of control variables in our specifications. TAX HAVEN equals 1 if the MNC home and/or the GUO state is a tax haven. "Tax haven" is not an objective term. To define tax havens, we follow best practices by using the European Union's official list of non-cooperative tax jurisdictions, which is the most explicit such list (Appendix C). In the data, 46 home states have been on the EU's list from its adoption through to the end of the study period (2017-August 2023); Figure 7 summarizes the data.[55] Importantly, tax haven is not synonymous with a state's inclusion on (or exclusion from) the Russian "Unfriendly" list. In the data, MNCs come from 14 "unfriendly" tax haven jurisdictions and 31 "friendly" tax haven jurisdictions.[56] The trade-off in using the EU list is that no EU member state is that no EU member state is on the list. This raises the importance of controlling for EU MEMBERSHIP in the analysis, and reinforces the importance of a CYPRUS dummy.

Figure 7: MNCs in pre-invasion Russia: Variation by tax haven



Notes: Bars are frequencies by category. (Tax haven as defined in Appendix C).

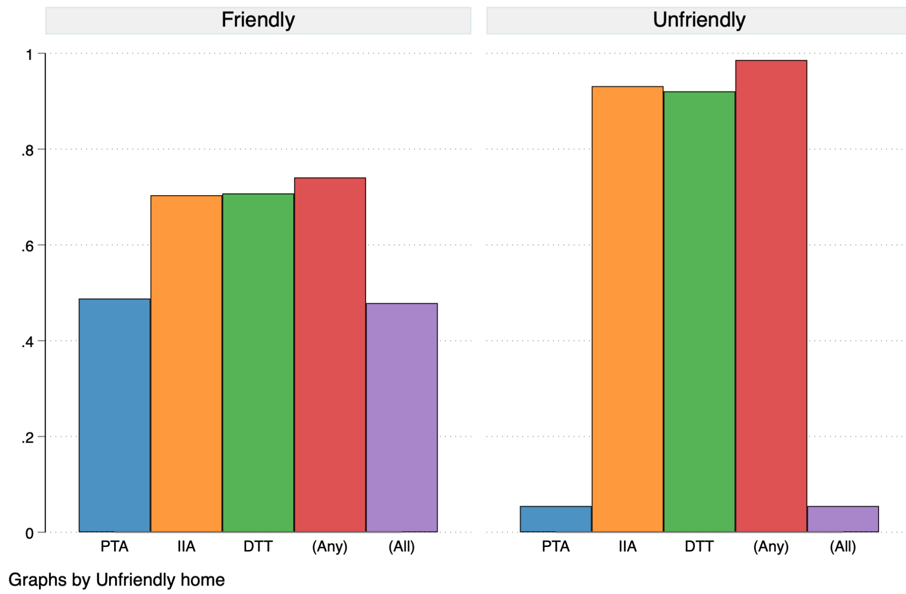
We also generate controls for whether or not a given MNC's home or GUO country has an economic treaty with Russia as of the day of the invasion, including a preferential trade agreement, an

[55] Note to readers (Oct 2023): In robustness, we will take into account the EU's 1-3 ranking of the cooperativeness of the jurisdiction as of the end of the study period (see again Appendix C).

[56] In a study of exit from Russia (2000-2016), Gonchar and Greve (2022) make a coding choice to distinguish genuine from round-tripped investors. Given the overlay of the "unfriendly" list on jurisdiction risks, we rely on variables informed by the involved actors and remain agnostic on what is genuine or not.

international investment agreement[57] and/or a double taxation treaty.[58] Figure 8 summarizes the data.

Figure 8: MNCs in pre-invasion Russia: Percent covered by economic treaties



Notes: Treaties in force as of 24 February 2022. PTA = Preferential Trade Agreement, IIA = International Investment Agreement, DTT = Double Taxation Treaty.

At the firm level, we control for SIZE (Very large, Large, Medium, Small) (see again Figure 4).[59] We also control for YEARS IN RUSSIA.[60] In the pre-invasion population, a very small number of MNCs were classified as inactive by Orbis; we include an INACTIVE, PRE-INVASION dummy to account for them. We also include additional dummies to address some structural characteristics of the data. MULTIPLE FOREIGN SHAREHOLDERS is coded as 1 if an MNC has more than one first-level foreign shareholder that has at least 10 percent direct or total ownership. MNC (GUO PATH) is coded as 1 if the MNC home nationality is classified by its GUO, in the instance that information on first-level foreign shareholders is missing.[61]

[57] In April 2023, Ukraine moved to unilaterally withdraw from the Ukraine-Russia BIT (Wellhausen and Peinhardt, working paper).

[58] In May 2023, Russia announced its intention to suspend DTTs with: Australia, Austria, Albania, Belgium, Bulgaria, United Kingdom, Hungary, Germany, Greece, Denmark, Ireland, Italy, Iceland, Spain, Canada, Cyprus, South Korea, Latvia, Lithuania, Luxembourg, Malta, North Macedonia, New Zealand, Norway, Poland, Portugal, Romania, Singapore, Slovakia, Slovenia, United States, Sweden, Switzerland, Finland, France, Japan, Croatia, Czech Republic, and Montenegro. All of these states are on the "Unfriendly Countries" list.

[59] Note to readers (Oct 2023): In the next iteration, we will employ MNCs' annual operating revenues, averaging over a three-year period (2019-2021), as an alternative measure.

[60] If a BVD was incorporated in Russia before 1992, we cap the year at 1992 so that all firms are incorporated in Russia and not the USSR.

[61] Note as of October 2023: We are in the process of understanding which MNCs in the pre-invasion population have state ownership, and we will account for it in our next iteration.

6 Results

For the main model specifications, we fit a simple linear probability model with 2-digit industry fixed effects (FEs). We also cluster standard errors at the 2-digit industry level to adjust for heteroskedasticity and within-group dependence. We choose to estimate a linear probability model (LPM) over a logistic or probit model primarily because LPMs provide an easy and straightforward interpretation of substantive effects (Ai and Norton, 2003). In Appendix I, we report that our results are robust to estimating nonlinear models (Beck, 2020).

Are MNCs from "unfriendly" homes are more likely to exit? As shown in Model 1 in Table 1 in a minimal model the coefficient on UNFRIENDLY HOME is -0.01, statistically insignificant. This supports our intuition that there is considerable heterogeneity among "unfriendly" homes.[62] In Model 2, we add a dummy for EU MEMBER STATE; its coefficient is positive and highly significant and remains so throughout our specifications.

In Model 3, we incorporate a measure of whether leaders in the home state have made public comments to encourage their firms to exit Russia. This variable has a significant impact on firms' decisions to exit. All else being equal, MNCs are 12 percentage points more likely to exit Russia if their home state leaders have publicly encouraged them to do so. These results support our Hypotheses 1a and 1b.

In Models 4 and 5, we examine the role of social pressure on MNCs' decision to exit (Hypotheses 2a and 2b). Model 4 utilizes a binary variable indicating whether an MNC is on any of the Name-Shame lists, while Model 5 includes an additional measure of whether the MNCs operate in a consumer-oriented industry. Both variables have positive coefficients, but only the latter is statistically significant. These results are largely consistent with our expectation that social pressures have incentivized firms to exit.

The findings on other covariates in Table 1 are all sensible. MNCs with a tax haven home is significantly less likely to exit while MNCs whose home is Cyprus are significantly more likely to leave. Those from home states that have an IIA or DTT in force with Russia are less likely to exit.

In Table 2, we investigate the roles of state interference and asset mobility in firms' decisions to exit. In Model 1, we employ a measure of Russian managerial control over MNCs. Model 2 includes an additional binary variable indicating whether MNCs operate in Russia's strategic industries. The results from both models support our hypotheses (3a and 3b) that Russian interference decreases the likelihood of MNC exit.

Models 3 and 4 test our hypothesis regarding asset immobility and firm exit (4). We use fixed asset intensity as a proxy for asset immobility and a dummy variable for the mining, oil, and gas sector

[62] For example, the CYPRUS dummy is consistently significant throughout specifications.

Table 1: Home, Host, and Non-state Pressures and Firm Exit

	(1)	(2)	(3)	(4)	(5)
Unfriendly home	-0.01	-0.02	-0.11***	-0.11***	-0.10***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
EU member state		0.04**	0.10***	0.10***	0.09***
		(0.02)	(0.02)	(0.02)	(0.02)
Home leader encourages exit			0.12***	0.12***	0.12***
			(0.02)	(0.02)	(0.02)
On Name-Shame list				0.03	0.03
				(0.02)	(0.02)
Consumer-oriented industry					0.03***
					(0.01)
Tax haven	-0.04***	-0.02	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Cyprus	0.07**	0.06*	0.08**	0.08**	0.08*
	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)
IIA in force	-0.05**	-0.07**	-0.06**	-0.06**	-0.05**
	(0.02)	(0.03)	(0.02)	(0.02)	(0.02)
DTT in force	-0.10***	-0.10***	-0.05***	-0.06***	-0.06***
	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)
PTA in force	-0.00	0.02	-0.00	-0.00	0.00
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Years in Russia	-0.00**	-0.00**	-0.00**	-0.00**	-0.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.13***	-0.13***	-0.13***	-0.13***	-0.13***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Foreign shareholders >=2	0.18***	0.18***	0.18***	0.18***	0.18***
	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)
MNC (GUO path)	0.10***	0.10***	0.10***	0.10***	0.10***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Firm size = 2, Medium	-0.06***	-0.06***	-0.06***	-0.06***	-0.06***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Firm size = 3, Large	-0.01	-0.01	-0.01	-0.01	-0.01
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Firm size = 4, Very Large	0.02	0.02	0.02	0.02	0.03
	(0.02)	(0.02)	(0.02)	(0.01)	(0.02)
Constant	0.52***	0.51***	0.47***	0.46***	0.45***
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
Observations	44,930	44,930	44,930	44,930	43,979
R-squared	0.02	0.02	0.02	0.03	0.03
2-Digit Industry FEs	✓	✓	✓	✓	✓
Number of 2-Digit Industries	24	24	24	24	23

Robust standard errors in parentheses; clustered at the 2-digit NAICS level;
*** p<0.01, ** p<0.05, * p<0.1

that is characterized by high fixed assets and low mobility (**?**Wright and Zhu, 2018). The coefficients of both variables are negative, but only the coefficient of the latter achieves statistical significance. This result does suggest that firms with high fixed assets and low mobility are less likely to exit. However, it's also possible that Russian interference in the oil and gas industry may play a role. We also acknowledge that fixed asset intensity can vary significantly among firms within the same 3-digit industry. However,

Table 2: Russian Interference, Asset Mobility, and Firm Exit

	(1)	(2)	(3)	(4)
Russian managerial control	0.12***	0.12***	0.12***	0.12***
	(0.02)	(0.02)	(0.02)	(0.02)
Russian strategic industry		-0.03**	-0.03**	-0.03***
		(0.01)	(0.01)	(0.01)
Fixed asset intensity			-0.00	-0.01
			(0.02)	(0.01)
Mining, Oil and Gas				-0.03**
				(0.01)
Unfriendly home	-0.10***	-0.10***	-0.10***	-0.10***
	(0.02)	(0.02)	(0.02)	(0.02)
EU member state	0.08***	0.08***	0.08***	0.08***
	(0.02)	(0.02)	(0.02)	(0.02)
Home leader encourages exit	0.10***	0.10***	0.11***	0.11***
	(0.01)	(0.01)	(0.01)	(0.01)
On Name-Shame list	0.02	0.02	0.02	0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Consumer-oriented industry	0.03***	0.04***	0.04***	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Tax haven	0.01	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Cyprus	0.09**	0.09**	0.09**	0.09**
	(0.04)	(0.04)	(0.04)	(0.04)
IIA in force	-0.04*	-0.04*	-0.04*	-0.04*
	(0.02)	(0.02)	(0.02)	(0.02)
DTT in force	-0.06***	-0.06***	-0.06***	-0.06***
	(0.02)	(0.02)	(0.02)	(0.02)
PTA in force	0.01	0.00	0.00	0.00
	(0.02)	(0.02)	(0.02)	(0.02)
Years in Russia	-0.00**	-0.00**	-0.00**	-0.00**
	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.13***	-0.13***	-0.13***	-0.13***
	(0.01)	(0.01)	(0.01)	(0.01)
Foreign shareholders >=2	0.19***	0.19***	0.19***	0.19***
	(0.02)	(0.02)	(0.02)	(0.02)
MNC (GUO path)	-0.00	-0.00	-0.00	-0.01
	(0.05)	(0.05)	(0.05)	(0.04)
Firm size = 2, Medium	-0.06***	-0.05***	-0.05***	-0.05***
	(0.02)	(0.02)	(0.02)	(0.02)
Firm size = 3, Large	-0.01	-0.01	-0.01	-0.01
	(0.02)	(0.02)	(0.02)	(0.01)
Firm size = 4, Very Large	0.01	0.01	0.01	0.01
	(0.02)	(0.02)	(0.02)	(0.02)
Constant	0.42***	0.44***	0.44***	0.46***
	(0.03)	(0.03)	(0.03)	(0.03)
Observations	43,458	43,458	43,325	43,325
R-squared	0.04	0.04	0.04	0.04
2-Digit Industry FEs	✓	✓	✓	
Number of 2-Digit Industries	23	23	23	

Robust standard errors in parentheses; clustered at the 2-digit NAICS level; *** p<0.01, ** p<0.05, * p<0.1

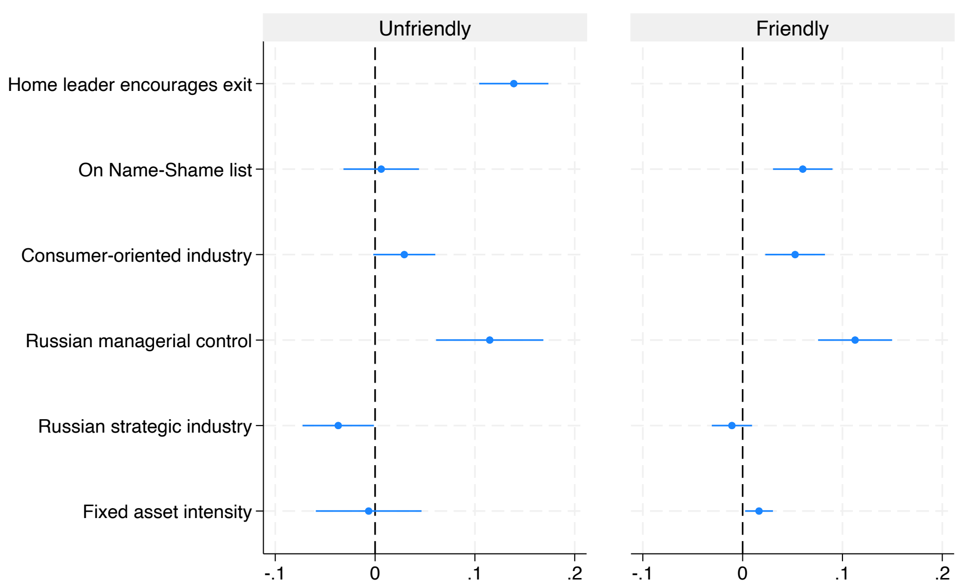
due to data limitations, we are unable to measure fixed assets at the firm level.

6.1 Unfriendly vs Friendly Home

In this section, we explore potential heterogeneity between MNCs from unfriendly states and those from friendly states. We estimate the coefficients for each subgroup separately and present the results in Models 1 and 2. We visualize the estimated coefficients of the main interest in Figure 9. In Models 3 and 4, we include a battery of home country covariates to address potential heterogeneity

The results do suggest that MNCs from unfriendly and friendly states respond differently to non-state backlash, Russian interference, and asset immobility. For MNCs from unfriendly states, the home leader's encouragement has a strongly positive effect on firms' exit. Being on the Name-Shame list does not seem to have a significant impact on MNCs from unfriendly states, but it makes MNCs from friendly states more likely to leave when other factors are controlled for. Russian managerial control has a negative effect on MNCs from both unfriendly and friendly states. MNCs from unfriendly states operating in a Russian strategic industry are significantly less likely to exit, and it does not seem to have a strong negative effect on MNCs from friendly states. Lastly, MNCs with high fixed assets from friendly states appear more likely to exit.

Figure 9: Unfriendly vs Friendly



Note: Plots of coefficients with 95% confidence intervals.

Table 3: Unfriendly vs Friendly Home

	(1)	(2)	(3)	(4)
Home leader encourages exit	0.14***		0.13***	
	(0.02)		(0.02)	
On Name-Shame list	0.01	0.06***	0.01	0.07***
	(0.02)	(0.01)	(0.02)	(0.02)
Consumer-oriented industry	0.03*	0.05***	0.03	0.04***
	(0.01)	(0.01)	(0.02)	(0.02)
Russian managerial control	0.11***	0.11***	0.11***	0.09**
	(0.03)	(0.02)	(0.02)	(0.04)
Russian strategic industry	-0.04**	-0.01	-0.04**	-0.00
	(0.02)	(0.01)	(0.02)	(0.01)
Fixed asset intensity	-0.01	0.02**	0.00	0.03
	(0.03)	(0.01)	(0.02)	(0.02)
EU member state	0.02		0.09***	
	(0.05)		(0.02)	
Years in Russia	-0.00**	0.00	-0.00*	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.09***	-0.24***	-0.09***	-0.19***
	(0.02)	(0.02)	(0.02)	(0.02)
Foreign shareholders >=2	0.20***	0.13***	0.21***	0.14***
	(0.02)	(0.03)	(0.02)	(0.03)
MNC (GUO path)	0.02	0.02	0.01	0.08
	(0.05)	(0.05)	(0.05)	(0.09)
Firm size = 2, Medium	-0.05**	-0.08***	-0.06***	-0.05**
	(0.02)	(0.02)	(0.02)	(0.02)
Firm size = 3, Large	0.00	-0.07**	-0.01	-0.05*
	(0.01)	(0.03)	(0.02)	(0.03)
Firm size = 4, Very Large	0.03*	-0.11*	0.02	-0.13**
	(0.02)	(0.05)	(0.02)	(0.05)
Tax haven	-0.02	0.00	0.03	-0.03
	(0.05)	(0.01)	(0.04)	(0.03)
Cyprus	0.09**		0.04*	
	(0.04)		(0.02)	
IIA in force	0.07	-0.08*	-0.05	0.01
	(0.07)	(0.04)	(0.03)	(0.03)
DTT in force	0.03	-0.10**	0.13**	-0.08**
	(0.02)	(0.04)	(0.05)	(0.03)
PTA in force	-0.08	0.03*	-0.09	-0.00
	(0.06)	(0.02)	(0.09)	(0.03)
Home GDP			-0.01	-0.01
			(0.01)	(0.01)
Home GDP per capita			-0.01	0.01
			(0.04)	(0.02)
Home democracy score			-0.01	0.00
			(0.01)	(0.00)
Trade flows			-0.01	-0.00
			(0.01)	(0.01)
Constant	0.21***	0.46***	0.56***	0.56***
	(0.04)	(0.03)	(0.11)	(0.12)
Observations	32,000	11,325	29,572	8,482
R-squared	0.04	0.06	0.04	0.03
2-Digit Industry FEs	✓	✓	✓	✓
Number of 2-Digit Industries	23	23	23	23

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

7 Conclusion

In this setting of an unprecedented, host state-wide shock to political risk, sellers, buyers, and prices of brownfield MNC assets have been deeply politicized. MNCs vary in their motivation to sell and their ability to come to terms with buyers. We establish a link between variation in observed exit and a variety of factors, including the depth of the shock to the Russian-home state relationship; variation in exposure to non-state backlash from activists or consumers; variation in exposure to the Russian state's interference in exit transactions; and the redeployability and thus attractiveness of MNC brownfield assets, although our proxies for this are not consistently robust.

This study raises several issues worthy of further research for scholars of international political economy. First, while our dependent variable is exit, our theory has implications for understanding the effect of a shock to political risk on *entry*, or the "buy side," by foreign or domestic firms in any of various forms. In this setting, compiling aggregate data on entry would take a significant amount of work to ensure reliability, although important progress could also be made through studies of theoretically-relevant sub-samples of MNCs using qualitative or quantitative data.[63] Additionally, the limits of current best-practices operationalizations of the credibility of the threat of exit suggests further conceptual development; we see it as useful to rethink how asset qualities affect potential resale value at exit, rather than focusing on physical attributes. The current setting also suggests theory development on both consumer and broader social backlash, and in particular the conditions under which MNCs are selected into backlash.

Our study also raises important questions at the nexus of international political economy and security. Given that MNCs are non-state actors, what is the nature of the game home state principals are playing with the MNCs, when attempting to leverage them for so-called economic statecraft purposes? We have little theoretical understanding of how encouraging FDI exit fits in a portfolio of economic sanctions tools. Is it possible that exit might be in tension with rather than in support of security interests? We see it as an open question as to whether it is on net beneficial to geostrategic goals to encourage quick sales to domestic Russian buyers, or to foreign buyers from other countries (such as those with which a home state might also be in tension). Broadly, what are the long term strategic implications of a flip in economic statecraft policy, from allowing and even encouraging FDI in a host state to exerting pressure on FDI to exit? Indeed, Western states invested a significant amount of time and resources into promoting FDI and other forms of economic integration with Russia and the broader region in the 1990s, with the expectation that this would be in Western states' security interests (Grittersová, 2014; **?**).

[63]See, for example the videos on the YouTube channel "Travelling with Russell," in which Russell has documented the entry and exit of MNCs by doing things like walking around malls and supermarkets in the Moscow region (114,000 subscribers as of 26 October 2023). `https://www.youtube.com/c/TravellingwithRussell`

Last, what does the possibility of a "sudden stop" in FDI mean from the host state's point of view? In this context, the greatest expectations that FDI exit in concert with economic sanctions would exert so much stress on the Russian economy as to undermine its ability to wage war have not been fulfilled, as the war drags on at the time of writing. Beyond the context of a host state engaged in aggressive interstate war, we wonder whether this situation has brought to light risks relevant to other host states for which FDI attraction has been a vital industrial and development policy. Given that the local developmental impact of FDI accrues over time, economic statecraft approaches that incentivize MNCs to become more "footlose" and capable of quick exit could reduce host states' perceptions of FDI as a reliable tool for employment and economic growth. The potential consequences of the exiting Russia phenomenon for development strategies, especially in politically risky host states, is an open question.

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Appendix

A Russian "Unfriendly Countries" List

To define the coalition of sanctioning states, we use the "Unfriendly Countries" List maintained by the Russian state ("Список недружественных стран."). Russia began publishing this list on 5 March 2022, days after the invasion and the initial wave of sanctions and condemnation.[64]

Andorra
Australia
Austria
Bahamas[65]
Belgium
Bulgaria
Canada
Croatia
Cyprus
Czechia
Denmark
Estonia
Finland
France[66]
Germany
Greece
Hungary
Iceland
Ireland
Italy
Japan
Latvia
Liechtenstein
Lithuania
Luxembourg
Malta
Micronesia
Monaco
Montenegro
Netherlands[67]
New Zealand
North Macedonia
Norway
Poland
Portugal
Romania
San Marino
Singapore
Slovakia
Slovenia
South Korea
Spain
Sweden
Switzerland
Taiwan
Ukraine
United Kingdom[68]
United States
(European Union[69])

[64]Under the Putin administration, Russia has used the convention of decreeing a list of unfriendly countries in other circumstances; the entities on previous lists are also included on this list.

[65]Added 23 July 2022.

[66]We interpret the list as applicable to all Overseas Territories of France.

[67]The Netherlands has explicitly stated that EU sanctions apply in its constituent countries; we code them as also on the list (Aruba, Curaçao, Sint Maarten).

[68]All Crown Dependencies and Overseas Territories are on the list as of 29 October 2022. Added on 23 July 2022: Guernsey, Isle of Man. On the original list: Jersey, Anguilla, British Virgin Islands, and Gibraltar.

[69]All constituent states of the European Union are on the list.

B Orbis firm-level data information

The Orbis database, owned by Bureau van Dijk (now a Moody's Analytics company), is an industry leader that provides the most comprehensive ownership data for firms, as well as financial information. The Orbis database covers 65 million companies worldwide. Each company and its shareholders in the database are assigned a unique BVD number, allowing users to track ownership changes and other information by identifying these numbers. Orbis sources information from various vendors for different countries, and for Russian data, the information source is Credinform.

B.1 Moody's Memo on Data Collection Disruption in Russia

Below is a memo we obtained from Moody's regarding the data collection disruption in Russia. This memo was sent to us via email on August 28, 2023. The text below is quoted from the email we received.

"Russian and Ukrainian Data Availability in Ruslana, Orbis, Orbis Europe and Compliance Catalyst "

"Last year, we communicated that due to legislation passed by the government of Russia which significantly reduced the availability of data on companies, their shareholders, and individuals, as well as disruptions to company data collection in Ukraine, we had taken steps to pause all updates to Russian, Ukrainian and Kazakh entities in Ruslana and Orbis by 5th August 2022.

We paused all updates in order to prevent disruptions to our clients due to these significant data losses. Since that time, we developed a solution which will update Ruslana and Orbis to include the most up-to-date information available, while also enabling clients to access a new dataset that provides historical data through a separate product which we made available on 20th June 2023.

We resumed publishing updated data for these countries in Orbis and Catalysts products on 2nd June 2023. Potentially significant alerts will have been triggered on Orbis and Catalyst products as a result of these updates. Further details are provided below for data changes, dates of publishing, and associated alerts.

We also provide details below for accessing the Historical Orbis, Historical Orbis Europe and Historical Ruslana datasets.

Data Changes

- Changes to Russian Statutory Data Disclosure Requirements
- The names of some, but not all, Russian individuals who are shareholders of company equity have been removed from data we receive and have been replaced by labels such as "Other person" or

"Other natural person" or "Other legal person", which masks the shareholder's identity

- This change includes individuals or companies that may be sanctioned by compliance authorities, and may limit our ability to detect when a company is owned by a sanctioned Russian entity. This may also impact our ability to detect companies which have been sanctioned by extension

- All ownership data that depends on identifying a shareholder may be affected as the relationship between shareholder and their controlling interest is no longer visible for persons or companies that are now reported as "Other person" or "Other natural person" or "Other legal person". This impacts:

- Beneficial owners: Certain beneficial owners will be impacted as some persons or companies that were previously known will become unidentifiable due to being reported as "Other person" or "Other natural person" or "Other legal person." Beneficial owners that are unidentifiable by name will be removed from our products

- Ultimate owners: Certain ultimate ownership data will also be impacted when unknown shareholders are excluded from the ultimate owner computation. Ultimate owners that are unidentifiable by name will be removed from our products

- Independence indicators: Certain companies will have their independence indicator classification change as their independence becomes unknown

- Directors and Managers – The dates of birth for Russian individuals may potentially be removed for Russian persons, limiting our ability to confirm their identities

- Russian companies can choose to no longer publicly disclose their financial reporting statements. We will retain all historical financials, but may not receive updated financials for some companies in the future"

B.2 Orbis's Firm Size Classification

Orbis information providers referenced in the dataset we use: CredInform, BvD ownership database, BvD research AM Best, LEI, and World'Vest Base Inc.

Orbis classifies firms into four size categories: small, medium-sized, large, and vary large, if they meet at least one of the conditions listed in each cell for each category in Table B.2.

Very Large	(1) Operating Revenue >= 100 million EUR (130 million USD); (2) Total assets >= 200 million EUR (260 million USD); (3) Employees >= 1,000; (4) Listed.
Large	(1) Operating Revenue >= 10 million EUR (13 million USD); (2) Total assets >= 20 million EUR (26 million USD); (3) Employees >= 150; (4) Not Very Large.
Medium-Sized	(1) Operating Revenue >= 1 million EUR (1.3 million USD); (2) Total assets >= 2 million EUR (2.6 million USD); (3) Employees >= 15; (4) Not Very Large or Large.
Small	(1) Not included in another category.

C Tax havens

To define tax havens, we follow best practices by using the European Union's official list of non-cooperative tax jurisdictions, which is the most explicit such list.[70] The initial list was adopted in 2017, and since 2020 the standard has been to revise the list twice a year. Our primary tax haven coding is whether the state has ever been on the EU list from its inception to the end of our study period (August 2023). Our secondary coding takes into account EU judgements of the cooperativeness of states that have made it onto the list: (1) Cooperates with the EU and has no pending commitments; (2) Cooperates with the EU and has pending commitments; (3) Listed: Does not cooperate with the EU or has not fully met its commitments.[71]

[70] `https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/`. Last accessed 20 October 2023. A consequence of this coding choice is that no EU member state is a tax haven, although some EU states are sometimes considered as such. We account for EU membership in analyses.

[71] Upgraded to 3 during the study period: 4 Oct 2022: Anguilla, Bahamas, and Turks and Caicos. 13 February 2023: British Virgin Islands, Costa Rica, Marshall Islands, and Russia.

Таблица 4: Tax Havens: European Union List (as of August 2023)

State	Code	Polity	Code
Albania	2	Marshall Islands	3
American Samoa	3	Mauritius	1
Andorra	1	Mongolia	1
Anguilla	3	Montenegro	1
Antigua and Barbuda	1	Montserrat	2
Armenia	2	Morocco	1
Aruba	2	Namibia	1
Australia	1	Nauru	1
Bahamas	3	New Caledonia	1
Bahrain	1	Niue	1
Barbados	1	North Macedonia	1
Belize	2	Oman	1
Bermuda	1	Palau	3
Bosnia and Herzegovina	1	Panama	3
Botswana	2	Peru	1
British Virgin Islands	3	Qatar	2
Cabo Verde	1	Russia	3
Cayman Islands	1	Saint Kitts and Nevis	1
Cook Islands	1	Saint Lucia	1
Costa Rica	3	Saint Vincent and the Grenadines	1
Curacao	2	Samoa	3
Dominica	2	San Marino	1
Eswatini	2	Serbia	1
Faroe Islands	1	Seychelles	2
Fiji	3	Switzerland	1
Greenland	1	Taiwan	1
Grenada	1	Thailand	2
Guam	3	Trinidad and Tobago	3
Guernsey	1	Tunisia	1
Hong Kong	2	Turkey	2
Isle of Man	1	Turks and Caicos Islands	3
Israel	2	United Arab Emirates	1
Jamaica	1	Uruguay	1
Jersey	1	US Virgin Islands	3
Jordan	2	Vanuatu	3
Korea	1	Vietnam	2
Labuan Island	1		
Liechtenstein	1		
Macao	1		
Malaysia	2		
Maldives	1		

D Defining Russian strategic industries

The list of strategic companies that we used to indirectly identify strategic industries was released by the Russian Government in 2008 as part of economic stabilization efforts amid the financial crisis. The document is available from the Internet Archive[72] – a 2008 post with the original link can still be found on a reputable Russian financial news website as of October 2023.[73]

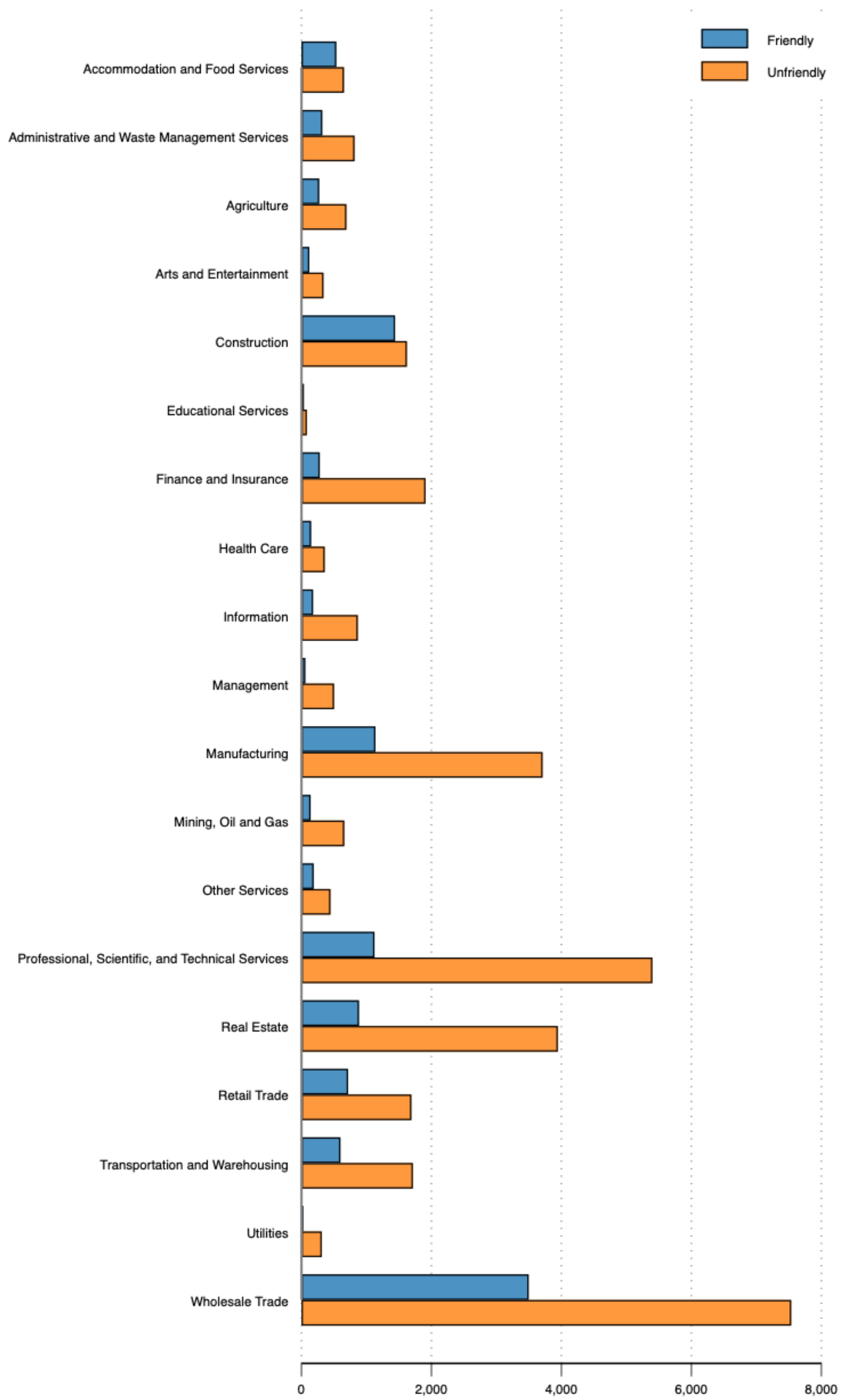
The original spreadsheet published by the Russian Government contains company names in Russian and industry categories in Russian. For most companies, we retrieved OKVED[74] 2014 6-digit primary codes and NAICS 2017 Core 4-digit codes from the Orbis database. In other cases, we used three Russian databases: List-Org[75], Rusprofile[76], and RBC Companies.[77] We recorded both OKVED codes and NAICS codes when both codes were available from the Orbis database. Sometimes, we recorded only 4-digit NAICS codes because OKVED codes could not be retrieved from Orbis. When we used Russian databases, we first recorded OKVED codes and then derived NAICS codes using ChatGPT.

We had to match companies on the 2008 list with companies in Orbis and other databases. For companies that were dissolved or taken over, we used the latest profile of the dissolved company. For companies that were reorganized (including under new names), we used current company profiles (with names that can be different from the name on the 2008 list). Some groups of companies on the 2008 list consist of multiple legally independent entities, all of which are considered Global Ultimate Owners. When faced with this situation, we used data on the main asset of the group or a firm that was otherwise deemed the best match.

We took notes of any issues we faced in the data collection process, including spelling errors in datasets, difficulties when matching firms on the 2008 list with firms in databases, and issues with industry codes. In a limited number of cases, industry codes recorded in major databases contradicted publicly available information about the firm's activities and the industry recorded in the 2008 list. For example, Russia's state-controlled operator of nuclear power stations Rosatom declares "general public administration activities" as its main field of work. Since such characterizations are inherently misleading for the purposes of our analysis, we determined more accurate codes for all companies whose industry codes we consider misleading. When possible, we retrieved the best code from the firm's secondary codes. In other situations, we relied on codes reported by similar companies in the same industry or used the website of the US Census Bureau to identify the best code. Decisions are documented in replication data.

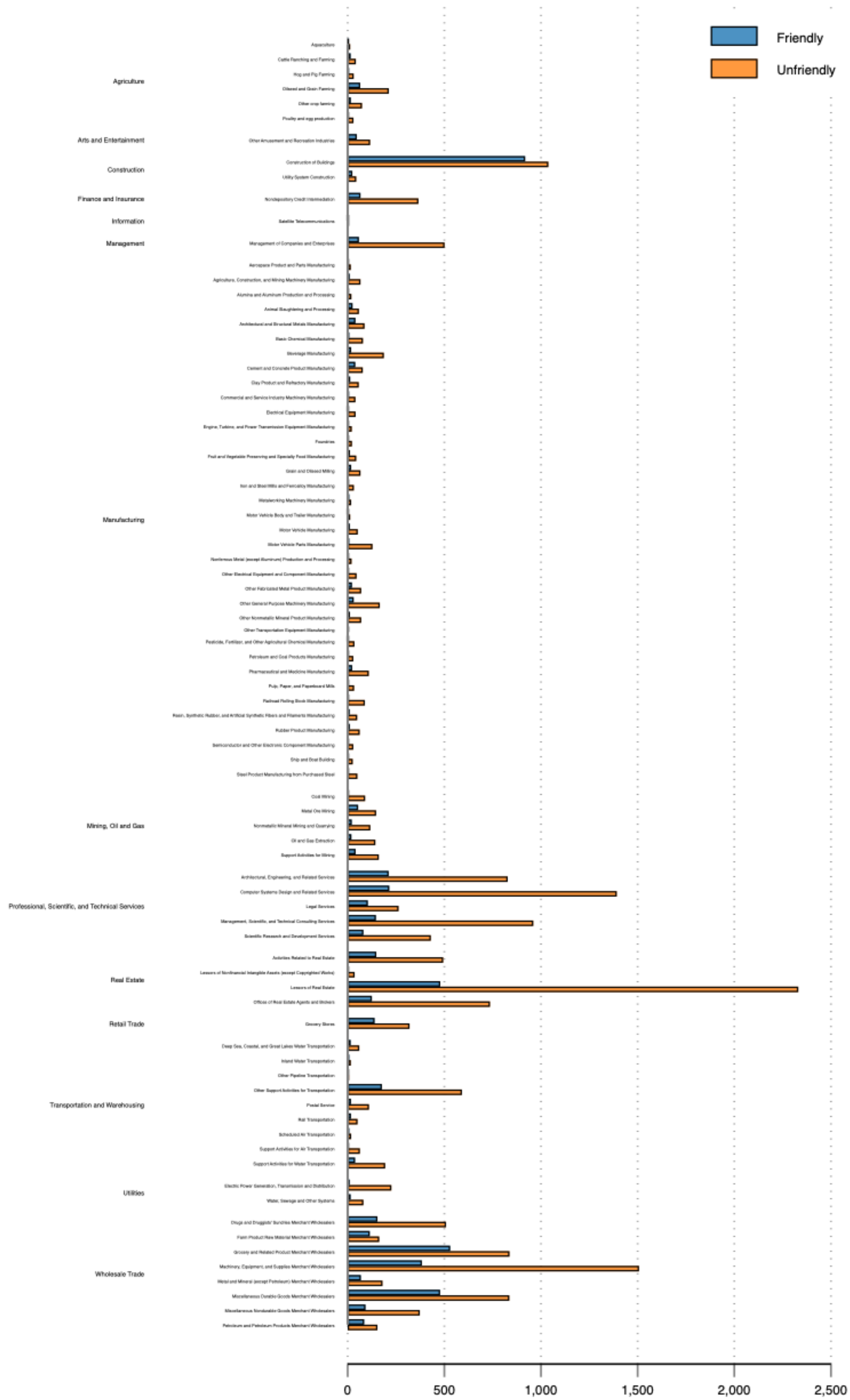
[72] https://web.archive.org/web/20090117082516/http:/government.ru/content/governmentactivity/mainnews/33281de212bf49fdbf39d611cadbae95.doc. Last accessed 23 October 2023.
[73] https://www.banki.ru/news/lenta/?id=772891. Last accessed 23 October 2023.
[74] Russian National Classifier of Economic Activities
[75] https://list-org.com/. Last accessed 23 October 2023.
[76] https://www.rusprofile.ru/. Last accessed 23 October 2023.
[77] https://companies.rbc.ru/. Last accessed 23 October 2023.

Рис. 10: MNCs in pre-invasion Russia: Variation by Russian strategic industry + (un)friendly status



Notes: Bars represent frequencies of MNCs in Russian strategic industries (defined at NAICS 4-digit level), summarized at the NAICS 2-digit level for presentation. See Appendix D for more information.

Рис. 11: Figure 10, detail exapnded.



E "Name and Shame" Lists

As of eight months following the full-scale Russian invasion of Ukraine (24 October 2022), the 13 "name and shame" lists listed in Table 5 were (a) available on the Internet at the indicated URL, (b) aimed at influencing the behavior of foreign businesses in Russia, and (c) and actively updated. The origins, methodology, aims, and trajectory of these lists vary considerably. Overall, the data collected in these various lists have been used in myriad journalistic, advocacy, and research efforts as the war has progressed. Our aim in this article is to recognize the contents of these lists as a non-random sample of the true population of MNCs in Russia, and in doing so evaluate the potential impact of being named on a list as an explanatory variable in predicting MNC exit behavior.[78] We take the contents of the lists as of the eight month post-invasion mark as an appropriate snapshot of MNCs that we can credibly code as having faced grassroots, social pressure from consumers and/or activists in this way, and early in the conflict.

Таблица 5: "Name and Shame" lists of foreign business operations in Russia

List	**URL**
Boycott Russia	https://boycottrussia.info/#list-of-shame
Exit Russia [a]	https://www.exitrussia.info/#form1
Leave Russia	https://leave-russia.org/
Squeezing Putin	https://squeezingputin.com/
Stop Bloody Energy	https://bloody.energy/
Don't Fund War	https://dontfundwar.com/
RUBusiness	http://rubusiness.org/
Wikipedia	https://en.wikipedia.org/wiki/Corporate_responses_to_the_2022_Russian_invasion_of_Ukraine
Kyiv School of Economics	https://kse.ua/selfsanctions-kse-institute/
Yale School of Management	[b] https://www.yalerussianbusinessretreat.com/
EPravda (Ukrainian newspaper)	https://www.epravda)com.ua/publications/2023/03/19/684328/
Kommersant (Russian newspaper)	https://www.kommersant.ru/doc/5240137
#ВСЕЗАПОМНИМ [c]	https://xn--80adjigxbghjs.xn--p1ai/

Notes: URLs and constituent data accurate as of 24 October 2022 and active as of October 2023, with the exception of [a] (archived website available upon request). [b] This dedicated URL created later in study period. [c] Translation: "#WeRememberEverything." This pro-war list originally circulated in Russia via the social media app Telegram. All matched MNCs on this list are also named on at least one other list.

As ours is a study of MNCs conducting FDI in Russia, we merge the contents of the lists and then match entities named on the lists to our master list of MNCs in Russia as of the end of calendar year 2021 (Appendix B). It is well known that firm-name matching is a difficult task. Our overall strategy was to standardize names (with special characters, punctuation, and corporate designations stripped), engage in repeated rounds of probabalistic automated matching using the Stata package *matchit* (by token and by various n-gram combinations), and iterate with human coders to confirm accurate matches. One issue

[78]For the interested reader, replication data make possible tests comparing between lists.

we encountered was the coexistence of various translations of names and transliteration issues between Cyrillic and Latin alphabets. To address this, we used Google Translate, ChatGPT-4, and Russian speakers to generate different translations of names to feed into the matching process.[79] Ultimately, we went through eight rounds of coding, with one PI (Wellhausen) and a mixture of four additional coders evaluating each potential match, and a (non-student) expert in business in the region independently verified the final list of confirmed matches.

Per this process, we were able to successfully match 2,509 "name and shame" list entries on the lists to MNCs on the pre-invasion master list of 48,174, or 5.2 percent.[80] This is the most precise way to link the social backlash encapsulated in the lists to the intended targets.[81] However, our preferred operationalization takes into account the Global Ultimate Owner (GUO) level. The "name and shame" list entries match to 1,608 unique GUOs. We make the assumption that, if one of a GUO's subsidiary MNCs in Russia is matched, then all of the GUO's subsidaries in Russia can be considered as having received the "treatment" of being named on a list, even though our matching process did not tag them individually. With this approach, 15,049 of the MNCs on the pre-invasion list are matched to "name and shame" lists, or 31.2 percent.

For the interested reader, the following figures report descriptive statistics comparing the (GUO-level) "name and shame" list coding (31.2 percent coverage) to the full population of pre-invasion MNCs in Russia. With very few exceptions, the name-shame list covers significantly less than 100 percent of the population.

[79] German, Chinese, and a familiarity with the spelling of various corporate designations worldwide also proved important.

[80] When compiled, the 13 "name and shame" lists (scraped as of 24 October 2022) included roughly 3,700 entries. This is an estimate, as it was not necessary to our task to eliminate all duplicates from this list; for the interested reader, original and compiled lists are available in the replication data. In our evaluation, the reason we could not successfully match entries is that those entries were not referring to MNCs engaged in FDI, and thus fall outside of the scope of this project. For example, many entries named the behaviors of firms that engage in trade in services with Russia, or non-firm entities such as international organizations, clubs, and associations.

[81] Several of the "name and shame" lists attempted not only to name but also to document what firms had or had not done with regard to their investments in Russia. In general, various teams' research methodologies leveraged scholarly resources and connections (at the Kyiv School of Economics and Yale School of Management, in particular), journalistic resources, outreach to firms directly, official company statements, and searches of secondary journalistic and related sources. It is beyond the scope of this article to evaluate the accuracy of those efforts in documenting actual MNC behavior. We therefore do not consider these components of the lists and use only the dependent variables derived from official company reporting.

Рис. 12: “Name and Shame” Sample v. Population: By size

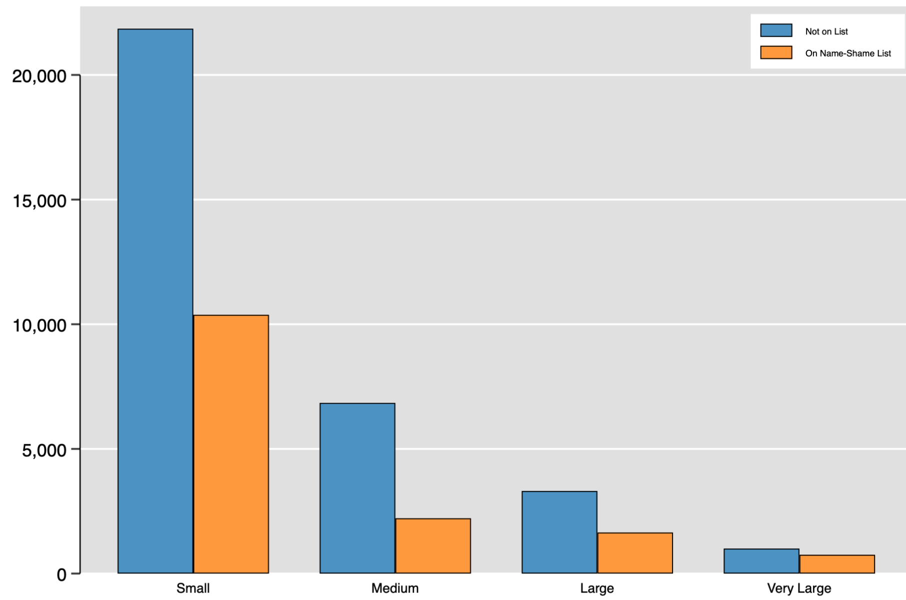


Рис. 13: “Name and Shame” Sample v. Population: By MNC tax haven

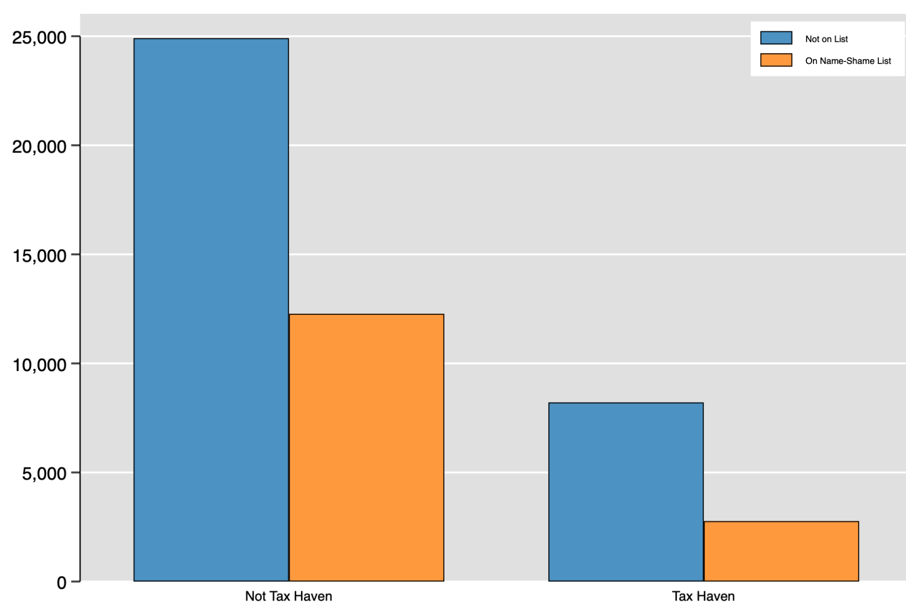


Рис. 14: “Name and Shame” Sample v. Population: By industry

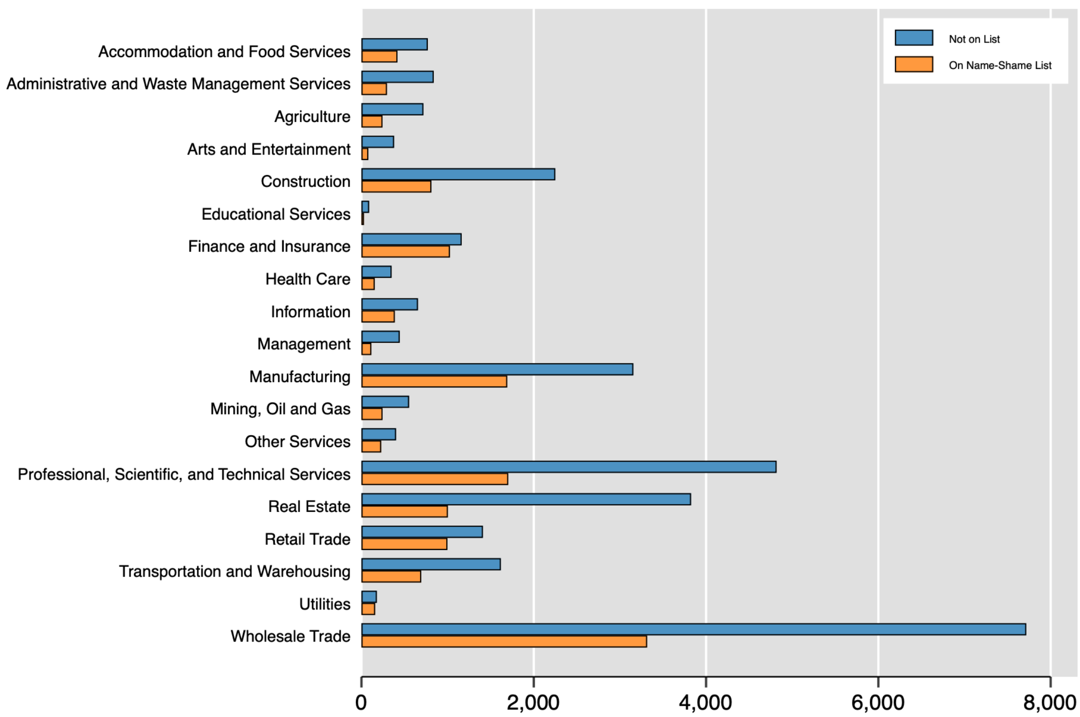


Рис. 15: "Name and Shame" Sample v. Population: By "Unfriendly" Home

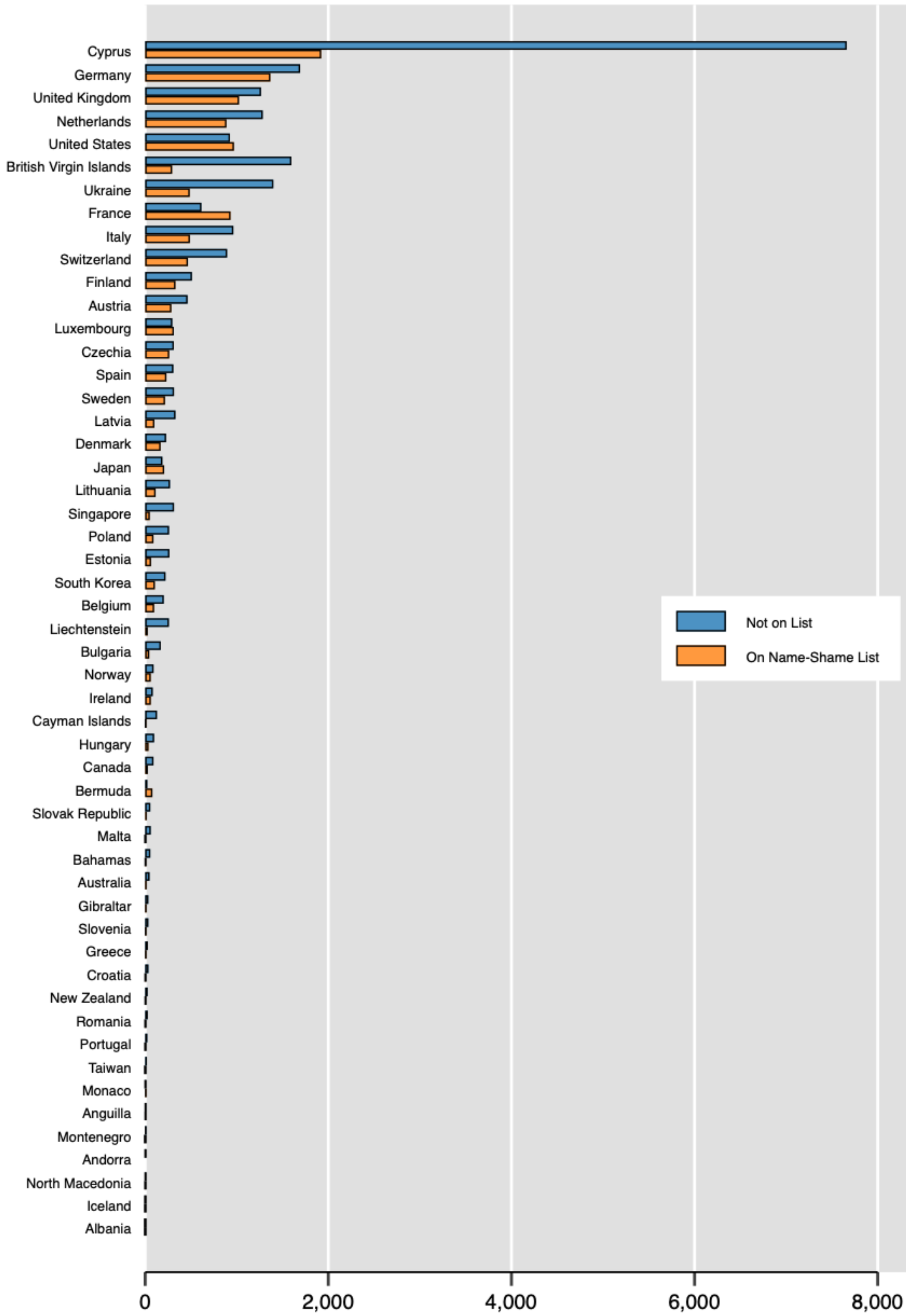
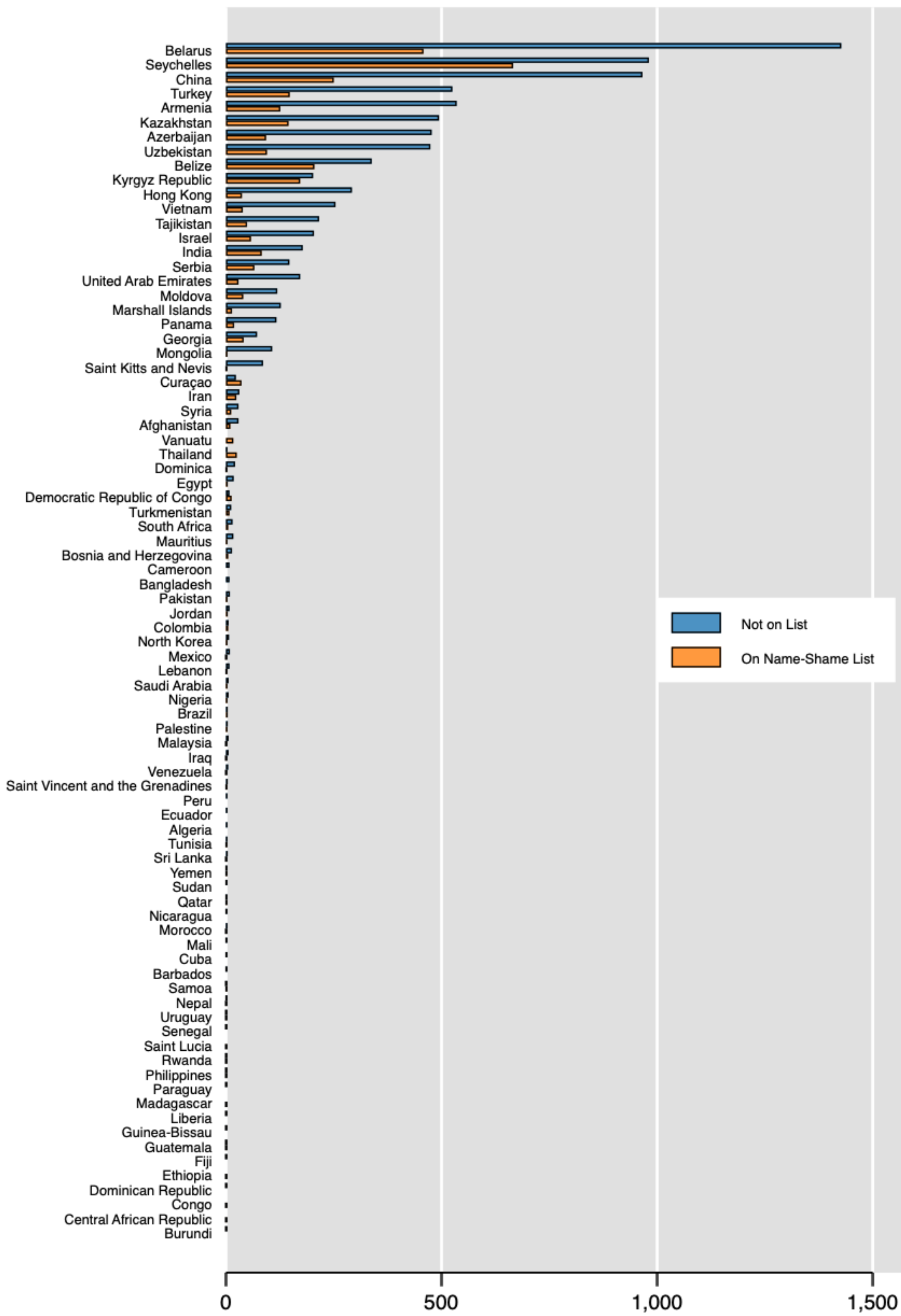


Рис. 16: “Name and Shame” Sample v. Population: By “Friendly” Home



F Changes in Russia's official policy pertaining to FDI

Event name in English	Event name in Russian	Date	Source and event meaning
Decree of the President of the Russian Federation dated March 1, 2022, No. 81 "On Additional Temporary Economic Measures to Ensure the Financial Stability of the Russian Federation" Resolution of the Government of the Russian Federation dated March 6, 2022, No. 295 "On the Approval of the Rules for Issuing Permits by the Government Commission on the Control of Foreign Investments in the Russian Federation for Residents to Execute Transactions (Operations) with Foreign Entities for the Purpose of Implementing Additional Temporary Economic Measures to Ensure the Financial Stability of the Russian Federation and Amending the Regulations on the Government Commission on the Control of Foreign Investments in the Russian Federation"	Указ Президента Российской Федерации от 01.03.2022 № 81 "О дополнительных временных мерах экономического характера по обеспечению финансовой стабильности Российской Федерации" Постановление Правительства Российской Федерации от 06.03.2022 № 295 "Об утверждении Правил выдачи Правительственной комиссией по контролю за осуществлением иностранных инвестиций в Российской Федерации разрешений на осуществление (исполнение) резидентами сделок (операций) с иностранными лицами в целях реализации дополнительных временных мер экономического характера по обеспечению финансовой стабильности Российской Федерации и внесении изменения в Положение о Правительственной комиссии по контролю за осуществлением иностранных инвестиций в Российской Федерации"	Presidential Decree: **March 1, 2022** New rules come into force: **March 2, 2022** Government Resolution: **March 6, 2022**	http://publication.pravo.gov.ru/Document/View/0001202203010083 https://cbr.ru/explan/app_decrees_president_aimed_ensuring_financial_stability/ Transactions with entities from unfriendly nations must be authorized by a special governmental commission whenever they involve stocks, loans, or immovable property.
Decree of the President of the Russian Federation dated March 5, 2022, No. 95 "On the Temporary Procedure for Fulfilling Obligations to Certain Foreign Creditors." Decision of the Board of Directors of the Bank of Russia on establishing an account type "C"regime for the purpose of fulfilling a resident's obligations to a non-resident, as stipulated in the decree of the President of the Russian Federation dated March 5, 2022, No. 95, "On the Temporary Procedure for Fulfilling Obligations to Certain Foreign Creditors" The decision of the Board of Directors of the Bank of Russia regarding the establishment of the "C"account regime for conducting settlements and executing transactions on which the procedure for fulfilling obligations specified in the Decree of the President of the Russian Federation dated March 5, 2022, No. 95, "On the Temporary Procedure for Fulfilling Obligations to Certain Foreign Creditors"applies.	Указ Президента Российской Федерации от 05.03.2022 № 95 "О временном порядке исполнения обязательств перед некоторыми иностранными кредиторами" Решение Совета директоров Банка России об установлении режима счета типа «С» для целей исполнения обязательств резидента перед нерезидентом, установленных в указе Президента Российской Федерации от 5 марта 2022 года № 95 «О временном порядке исполнения обязательств перед некоторыми иностранными кредиторами» Решение Совета директоров Банка России об установлении режима счетов типа «С» для проведения расчетов и осуществления (исполнения) сделок (операций), на которые распространяется порядок исполнения обязательств, предусмотренный Указом Президента Российской Федерации от 5 марта 2022 года № 95 «О временном порядке исполнения обязательств перед некоторыми иностранными кредиторами»	Presidential Decree: **March 5, 2022** Decision of the Central Bank: **March 8, 2022** New rules come into force: **March 9, 2022** Updated Decision of the Central Bank: **June 24, 2022**	https://cbr.ru/about_br/dir/rsd_2022-03-08/ https://cbr.ru/about_br/dir/rsd_2022-06-24_31_01/ http://publication.pravo.gov.ru/Document/View/0001202203050062 New rules for nonresidents from "unfriendly nations" pertaining to transactions exceeding RUB 10 million monthly (or equivalent amount in a foreign currency). The rules force nonresidents to open a special RUB account in Russia to be able to receive transfers from Russian residents. Funds in the account can only be used or invested in Russia. The updated decision on June 24, 2022, introduced minor changes, such as allowing nonresidents to buy Russian federal loan bonds from the market. Funds in Type "C" accounts still cannot be withdrawn from Russia.
Decree of the President of the Russian Federation dated May 4, 2022, No. 254 "On the Temporary Procedure for Fulfilling Financial Obligations in the Field of Corporate Relations to Certain Foreign Creditors"	Указ Президента Российской Федерации от 04.05.2022 № 254 "О временном порядке исполнения финансовых обязательств в сфере корпоративных отношений перед некоторыми иностранными кредиторами"	Presidential Decree: **May 4, 2022**	http://publication.pravo.gov.ru/Document/View/0001202205040017 The decree established temporary procedures for fulfilling profit distribution obligations. From then on companies must transfer dividend payments to investors from unfriendly nations to Type "C" accounts. The Central Bank and the Finance Ministry can grant permissions for circumventing this rule. Also, the rules do not apply to transactions under RUB 10 million monthly.

Requirement to sell assets at a discount of no less than 50% of the market value of the respective assets as indicated in the independent appraisal report.	Требование о продаже активов с дисконтом в размере не менее 50 % от рыночной стоимости соответствующих активов, указанной в отчете о независимой оценке	**No later than June 29, 2022**	https://ria.ru/20220629/biznes-1798948308.html The existence of this requirement was informally confirmed by senior Russian officials at a conference in June 2022. However, the date when the requirement was set is unknown. The requirement was later restated in an official document released by the commission of the Finance Ministry. https://minfin.gov.ru/ru/document?id_4=302853-vypiska_iz_resheniya_podkomissii_pravitelstvennoi_komissii_po_kontrolyu_za_osushchestvleniem_inostrannykh_investitsii_v_rossiiskoi_federatsii_ot_7_iyulya_2023_goda__1715
Decree of the President of the Russian Federation dated August 5, 2022, No. 520 "On the Application of Special Economic Measures in the Financial and Energy Sectors in Connection with Unfriendly Actions by Certain Foreign States and International Organizations"	Указ Президента Российской Федерации от 05.08.2022 № 520 "О применении специальных экономических мер в финансовой и топливно-энергетической сферах в связи с недружественными действиями некоторых иностранных государств и международных организаций"	Presidential Decree: **August 5, 2022**	http://publication.pravo.gov.ru/Document/View/0001202208050002?index=1 https://docs.cntd.ru/document/1300138660 New rules prohibit transactions with foreigners from unfriendly nations that involve changes in the ownership structure for the following types of arrangements: • Production sharing agreements (рус. соглашения о разделе продукции, СРП) • Agreements on joint operations (рус. договоры о совместной деятельности) • Other agreements regulating investment projects in Russia. Rules apply to the energy and mining sectors and to strategic enterprises listed in Presidential Decree No. 1009. The President of the Russian Federation may grant special permissions to carry out such transactions despite the ban.
Decree of the President of the Russian Federation dated September 8, 2022, No. 618 "On the Special Procedure for Conducting (Executing) Certain Types of Transactions (Operations) between Certain Entities"	Указ Президента Российской Федерации от 08.09.2022 № 618 "Об особом порядке осуществления (исполнения) отдельных видов сделок (операций) между некоторыми лицами"	Presidential Decree: **September 8, 2022**	http://publication.pravo.gov.ru/Document/View/0001202209080027 While the decree of March 1, 2022, required a special permission to conduct transactions involving stocks and property, the new decree also requires a special permission to conduct transactions with entities from unfriendly nations involving shares of the authorized capital of limited liability companies.

Decree of the President of the Russian Federation dated October 15, 2022, No. 737 "On Certain Matters Regarding the Execution of Certain Types of Transactions (Operations)"	Указ Президента Российской Федерации от 15.10.2022 № 737 "О некоторых вопросах осуществления (исполнения) отдельных видов сделок (операций)"	Presidential Decree: **October 15, 2022**	http://publication.pravo.gov.ru/Document/View/0001202210150002 Transactions involving more than 1 percent of the shares, stakes (contributions) constituting the authorized capital of a Russian credit organization, insurance organization, non-governmental pension fund, microfinance company, or the management company of a shareholder investment fund, unit investment fund, or non-governmental pension fund, or more than 1 percent of the votes attributed to such shares or stakes. Transactions listed above and involving entities from unfriendly nations must be authorized by a special governmental commission. Funds must be transferred to a Type “C” account. The Central Bank or the Finance Ministry can grant permissions to carry out transactions without using a Type “C” account.
Requirement to make a voluntary contribution to the federal budget in an amount not less than 10% of the transaction value.	Требование об уплате добровольного взноса в федеральный бюджет в размере не менее 10% от суммы осуществляемой сделки	**December 12, 2022**	https://www.rbc.ru/economics/21/12/2022/63a1ae3d9a79479cb3d0b5fc RBC cites sources in the commission and mentions December 12 as the date when the new requirement was introduced. The Finance Ministry’s press office confirmed the change. An official document citing this rule became available later: https://minfin.gov.ru/ru/document?id_4=302853-vypiska_iz_resheniya_podkomissii_pravitelstvennoi_komissii_po_kontrolyu_za_osushchestvleniem_inostrannykh_investitsii_v_rossiiskoi_federatsii_ot_7_iyulya_2023_goda__1715 Companies leaving Russia are now required to pay 10% of the deal value to Russia’s federal budget. Alternatively, the seller may choose to offer an installment plan of 1 to 2 years and thus avoid the additional tax.

G Guidance from home state leaders

To examine potential heterogeneity in domestic political pressure within the coalition of sanctioning states, we code statements in which home state leaders commented on what MNCs from their country should do regarding their investments in Russia. For each state on the "Unfriendly Countries" List, we researched official government documents, news reports, and similar to find what if anything incumbent leaders had commented on this issue. For eight home states (Canada, Estonia[82], France, Japan, Lithuania, Ukraine, United Kingdom, and United States), we found statements that we see as sufficiently explicit to be interpreted as offering public guidance to MNCs above and beyond that implied by being on the "Unfriendly Countries List" per se. In the table below, we list our coding of the resulting guidance, where 1 indicates guidance to exit Russia, and 0 indicates a statement that on balance does not encourage exit from Russia. The illustrative quotation on which our coding is based and source are included.[83] For other states not listed, we could not identify a specific public statement on the issue; they are also coded as 0.

Home	Guidance	Quotation	Source
Canada	1	"The Government of Canada recommends that companies assess their operations, take any appropriate action to comply with Canadian sanctions measures and export and brokering controls, and uphold high standards of human rights and responsible business conduct." (2 March 2022)	https://www.thenarwhal.ca/canadian-companies-russia-sanctions/
Estonia	1	"There will be no business as usual with Mr. Putin's Russia. In fact, there can be no business at all." - Prime Minister (2 March 2022)	https://www.nytimes.com/2022/03/24/opinion/nato-russia-putin-estonia.html
France	0	"I have asked companies active in the sectors concerned by the sanctions to follow the rules set out by France...But my position is that companies should decide by themselves [whether they should maintain their activities in Russia]." - President (29 March 2022)	https://www.dw.com/en/ukraine-war-french-companies-in-russia-under-pressure-to-leave/a-61289441
Japan	0	"The Japanese government asked the companies to 'positively consider' continuing their investments...A senior official of a major trading company said, 'The government showed us a direction, which made it easier for us to make a decision [to stay].''' - Reporting in Asahi Shimbun newspaper (24 February 2023)	https://www.asahi.com/ajw/articles/14847256
Lithuania	0	"Overall, Russia accounts for only one percent of Lithuania's total investment in other countries, which is certainly a small proportion." - Deputy Minister of Economy, commenting on (unsuccessful) proposed ban on Lithuanian business in Russia (2 August 2022)	https://www.lrt.lt/en/news-in-english/19/1751994/as-lithuania-considers-total-ban-on-business-with-russia-firms-fear-unintended-consequences
Ukraine	1	"I am asking to make sure that the Russians do not receive a single penny that they use to destroy people in Ukraine." - President (16 March 2022)	https://www.wsj.com/articles/ukraines-zelensky-urges-businesses-to-leave-russia-in-speech-to-congress-11647448370
United Kingdom	1	"While I recognise it may be challenging to wind down existing investments, I believe there is no argument for new investment in the Russian economy...I am urging asset owners and managers to think very carefully about any investment that would in any sense support Putin and his regime." - Finance Minister (later Prime Minister) (12 March 2022)	https://www.reuters.com/markets/deals/uks-sunak-urges-firms-leave-russia-2022-03-13/
United States	1	"The United States welcomes the decisions of companies to exit Russia because they want no part of Putin's war of choice against Ukraine." - President (22 May 2023)	https://www.state.gov/holding-russia-and-belarus-to-account/

[82] The Estonian Prime Minister became embroiled in scandal when it came to light that her husband's businesses had not exited Russia. Musaddique, Shafi. 28 August 2023. "Estonia PM under pressure over husband's alleged Russia business links." The Guardian. https://www.theguardian.com/world/2023/aug/28/estonia-pm-under-pressure-husband-russian-alleged-business-links-kaja-kallas

[83] The coding also applies to polities associated with the home state as explained in Appendix A.

H UN General Assembly Votes on Russian invasion

- United Nations General Assembly Resolution ES-11/1 was the original UN vote against the Russian Invasion. It was adopted on March 2, 2022. These are the votes other than "approved":[84]
  - Against (5): Belarus, Democratic People's Republic of Korea, Eritrea, Russia, Syria
  - Abstention (35): Algeria, Angola, Armenia, Bangladesh, Bolivia, Burundi, Central Africa Republic, China, Congo, Cuba, El Salvador, Equatorial Guinea, India, Iran, Iraq, Kazakhstan, Kyrgyzstan, Laos, Madagascar, Mali, Mongolia, Mozambique, Namibia, Nicaragua, Pakistan, Senegal, South Africa, South Sudan, Sri Lanka, Sudan, Tajikistan, Uganda, Tanzania, Vietnam, Zimbabwe
  - Absent (12): Azerbaijan, Burkina Faso, Cameroon, Eswatini, Ethiopia, Guinea, Guinea-Bissau, Morocco, Togo, Turkmenistan, Uzbekistan, Venezuela
- United Nations General Assembly Resolution ES-11/2 was the second vote taken against the Russian invasion. It was adopted on March 24th, 2022. These are the votes other than "approved":[85]
  - Against (5): Belarus, Democratic People's Republic of Korea, Eritrea, Russia, Syria
  - Abstention (38): Algeria, Angola, Armenia, Bolivia, Botswana, Brunei, Burundi, Central Africa Republic, China, Congo, Cuba, El Salvador, Equatorial Guinea, Eswatini, Ethiopia, Guinea-Bissau, India, Iran, Kazakhstan, Kyrgyzstan, Laos, Madagascar, Mali, Mongolia, Mozambique, Namibia, Nicaragua, Pakistan, South Africa, Sri Lanka, Sudan, Tajikistan, Togo, Uganda, Tanzania, Uzbekistan, Vietnam, Zimbabwe
  - Absent (10): Azerbaijan, Burkina Faso, Cameroon, Comoros, Dominica, Guinea, Morocco, Somalia, Turkmenistan, Venezuela
- United Nations General Assembly Resolution ES-11/3 was the third vote taken against the Russian invasion. It was adopted on April 7th, 2022. These are the votes other than "approved":[86]
  - Against (24): Algeria, Belarus, Bolivia, Burundi, Central Africa Republic, China, Congo, Cuba, Democratic People's Republic of Korea, Eritrea, Ethiopia, Gabon, Iran, Kazakhstan, Kyrgyzstan, Laos, Mali, Nicaragua, Russia, Syria, Tajikistan, Uzbekistan, Vietnam, Zimbabwe
  - Abstention (58): Angola, Bahrain, Bangladesh, Barbados, Belize, Bhutan, Botswana, Brazil, Brunei, Cabo Verde, Cambodia, Cameroon, Egypt, El Salvador, Eswatini, Gambia, Ghana, Guinea-Bissau, Guyana, India, Indonesia, Iraq, Jordan, Kenya, Kuwait, Lesotho, Madagascar, Malaysia, Maldives, Mexico, Mongolia, Mozambique, Namibia, Nepal, Niger, Nigeria, Oman, Pakistan, Qatar, Saint Kitts-Nevis, Saint Vincent and the Grenadines, Saudi Arabia, Senegal, Singapore, South Africa, South Sudan, Sri Lanka, Sudan, Suriname, Thailand, Togo, Trinidad-Tobago, Tunisia, Uganda, UAE, Tanzania, Vanuatu, Yemen
  - Absent (18): Afghanistan, Armenia, Azerbaijan, Benin, Burkina Faso, Djibouti, Equatorial Guinea, Guinea, Lebanon, Mauritania, Morocco, Rwanda, Sao Tome-Principe, Solomon Islands, Somalia, Turkmenistan, Venezuela, Zambia
- United Nations General Assembly Resolution ES-11/4 was the fourth vote taken against the Russian invasion. It was adopted on October 12th, 2022. These are the results other than "approved":[87]

[84] Source: `https://www.aljazeera.com/news/2022/3/3/unga-resolution-against-ukraine-invasion-full-text`
[85] Source: `https://news.un.org/en/story/2022/03/1114632`
[86] Source: `https://news.un.org/en/story/2022/04/1115782`
[87] Source: `https://news.un.org/en/story/2022/10/1129492`

- Against (5): Belarus, Democratic People's Republic of Korea, Nicaragua, Russia, Syria
- Abstention (35): Algeria, Armenia, Bolivia, Burundi, Central Africa Republic, China, Congo, Cuba, Eritrea, Eswatini, Ethiopia, Guinea, Honduras, India, Kazakhstan, Kyrgyzstan, Laos, Lesotho, Mali, Mongolia, Mozambique, Namibia, Pakistan, South Africa, South Sudan, Sri Lanka, Sudan, Tajikistan, Thailand, Togo, Uganda, Tanzania, Uzbekistan, Vietnam, Zimbabwe
- Absent (10): Azerbaijan, Burkina Faso, Cameroon, Djibouti, El Salvador, Equatorial Guinea, Iran, Sao Tome-Principe, Turkmenistan, Venezuela

- United Nations General Assembly Resolution ES-11/5 was the fifth vote taken against the Russian invasion. It was adopted on November 14th, 2022. These are the results other than "approved":[88]
  - Against (14): Bahamas, Belarus, Central African Republic, China, Cuba, North Korea, Eritrea, Ethiopia, Iran, Mali, Nicaragua, Russian Federation, Syria, Zimbabwe
  - Abstention (73): Algeria, Angola, Antigua and Barbuda, Armenia, Bahrain, Bangladesh, Barbados, Belize, Bhutan, Bolivia, Botswana, Brazil, Brunei, Burundi, Cambodia, Congo, Egypt, El Salvador, Equatorial Guinea, Eswatini, Gabon, Gambia, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, Honduras, India, Indonesia, Iraq, Israel, Jamaica, Jordan, Kazakhstan, Kyrgyzstan, Laos, Lebanon, Lesotho, Libya, Madagascar, Malaysia, Mauritania, Mauritius, Mongolia, Mozambique, Namibia, Nepal, Nigeria, Oman, Pakistan, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Serbia, Sierra Leone, South Africa, South Sudan, Sri Lanka, Sudan, Suriname, Tajikistan, Thailand, Timor-Leste, Trinidad and Tobago, Tunisia, Uganda, United Arab Emirates, Uzbekistan, Vietnam, Yemen
  - Absent (12): Azerbaijan, Burkina Faso, Cameroon, Democratic Republic of the Congo, Dominica, Morocco, São Tomé and Príncipe, Senegal, Tonga, Tanzania, Turkmenistan, Venezuela
- United Nations General Assembly Resolution ES-11/6 was the sixth vote taken against the Russian invasion. It was adopted on February 23, 2023. These are the results other than "approved":[89]
  - Against (7): Belarus, Democratic People's Republic of Korea, Eritrea, Mali, Nicaragua, Russia, Syria
  - Abstention (32): Algeria, Angola, Armenia, Bangladesh, Bolivia, Burundi, Central African Republic, China, Congo, Cuba, El Salvador, Ethiopia, Gabon, Guinea, India, Iran, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Mozambique, Namibia, Pakistan, South Africa, Sri Lanka, Sudan, Tajikistan, Togo, Uganda, Uzbekistan, Vietnam, Zimbabwe
  - Absent (13): Azerbaijan, Burkina Faso, Cameroon, Dominica, Equatorial Guinea, Eswatini, Grenada, Guinea-Bissau, Lebanon, Senegal, Turkmenistan, Tanzania, Venezuela

[88]Source `https://digitallibrary.un.org/record/3994052?ln=en`
[89]Source `https://www.aljazeera.com/news/2023/2/24/un-tells-russia-to-leave-ukraine-how-did-countries-vote`

I Robustness Checks

Таблица 8: Home, Host, and Non-state Pressures and Firm Exit (Probit)

	(1)	(2)	(3)	(4)	(5)
Unfriendly home	-0.03	-0.05	-0.29***	-0.29***	-0.28***
	(0.04)	(0.04)	(0.05)	(0.05)	(0.05)
EU member state		0.12**	0.27***	0.26***	0.26***
		(0.05)	(0.04)	(0.05)	(0.05)
Home leader encourages exit			0.32***	0.31***	0.31***
			(0.05)	(0.04)	(0.05)
On Name-Shame list				0.08	0.08*
				(0.05)	(0.05)
Consumer-oriented industry					0.09***
					(0.02)
Tax haven	-0.11***	-0.05	0.03	0.03	0.03
	(0.03)	(0.04)	(0.04)	(0.04)	(0.04)
Cyprus	0.18**	0.16*	0.21**	0.22**	0.21**
	(0.09)	(0.09)	(0.10)	(0.10)	(0.10)
IIA in force	-0.14**	-0.18***	-0.16***	-0.15***	-0.14**
	(0.06)	(0.07)	(0.06)	(0.06)	(0.06)
DTT in force	-0.27***	-0.27***	-0.14***	-0.15***	-0.16***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
PTA in force	-0.00	0.07	0.00	0.00	0.01
	(0.06)	(0.07)	(0.06)	(0.06)	(0.06)
Years in Russia	-0.00**	-0.00**	-0.00**	-0.00**	-0.00**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.38***	-0.37***	-0.38***	-0.38***	-0.38***
	(0.03)	(0.03)	(0.04)	(0.04)	(0.04)
Foreign shareholders >=2	0.47***	0.47***	0.48***	0.46***	0.46***
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
MNC (GUO path)	0.26***	0.27***	0.27***	0.26***	0.26***
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Firm size = 2, Medium	-0.17***	-0.17***	-0.16***	-0.16***	-0.16***
	(0.06)	(0.06)	(0.05)	(0.05)	(0.05)
Firm size = 3, Large	-0.04	-0.04	-0.03	-0.03	-0.03
	(0.05)	(0.05)	(0.04)	(0.04)	(0.05)
Firm size = 4, Very Large	0.06	0.06	0.06	0.06	0.07*
	(0.04)	(0.04)	(0.04)	(0.04)	(0.04)
Constant	0.11	0.09	-0.02	-0.03	-0.05
	(0.09)	(0.10)	(0.09)	(0.08)	(0.09)
Observations	44,930	44,930	44,930	44,930	43,979
Pseudo R2	0.03	0.03	0.03	0.03	0.03
2-Digit Industry FEs	✓	✓	✓	✓	
Number of 2-Digit Industries	24	24	24	23	24

Robust standard errors in parentheses; clustered at the 2-digit NAICS level;
*** p<0.01, ** p<0.05, * p<0.1

Таблица 9: Russian Interference, Asset Mobility, and Firm Exit (Probit)

	(1)	(2)	(3)	(4)
Russian managerial control	0.32***	0.33***	0.32***	0.33***
	(0.06)	(0.06)	(0.06)	(0.06)
Russian strategic industry		-0.08**	-0.08**	-0.07***
		(0.03)	(0.03)	(0.03)
Fixed asset intensity			-0.01	-0.02
			(0.05)	(0.02)
Mining, oil and gas				-0.08**
				(0.04)
Unfriendly home	-0.26***	-0.26***	-0.26***	-0.26***
	(0.05)	(0.05)	(0.05)	(0.05)
EU member state	0.22***	0.22***	0.22***	0.22***
	(0.05)	(0.05)	(0.05)	(0.05)
Home leader encourages exit	0.28***	0.28***	0.28***	0.29***
	(0.04)	(0.04)	(0.04)	(0.04)
On Name-Shame list	0.06	0.06	0.06	0.06
	(0.04)	(0.04)	(0.04)	(0.04)
Consumer-oriented industry	0.09***	0.11***	0.10***	-0.02
	(0.02)	(0.03)	(0.03)	(0.02)
Tax haven	0.02	0.02	0.02	0.02
	(0.03)	(0.03)	(0.03)	(0.03)
Cyprus	0.25**	0.25**	0.25**	0.25**
	(0.10)	(0.10)	(0.10)	(0.10)
IIA in force	-0.11*	-0.11*	-0.11*	-0.11*
	(0.06)	(0.06)	(0.06)	(0.06)
DTT in force	-0.16***	-0.17***	-0.17***	-0.17***
	(0.05)	(0.05)	(0.05)	(0.04)
PTA in force	0.02	0.02	0.02	0.02
	(0.06)	(0.06)	(0.06)	(0.06)
Years in Russia	-0.00**	-0.00**	-0.00**	-0.00**
	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.37***	-0.37***	-0.37***	-0.37***
	(0.04)	(0.04)	(0.04)	(0.04)
Foreign shareholders >=2	0.49***	0.49***	0.49***	0.49***
	(0.04)	(0.04)	(0.04)	(0.04)
MNC (GUO path)	-0.01	-0.01	-0.01	-0.01
	(0.11)	(0.12)	(0.12)	(0.11)
Firm size = 2, Medium	-0.15***	-0.15***	-0.15***	-0.15***
	(0.05)	(0.05)	(0.05)	(0.05)
Firm size = 3, Large	-0.03	-0.02	-0.02	-0.02
	(0.04)	(0.04)	(0.04)	(0.04)
Firm size = 4, Very Large	0.03	0.03	0.03	0.03
	(0.04)	(0.04)	(0.04)	(0.04)
Constant	-0.14**	-0.09	-0.08	-0.11
	(0.07)	(0.08)	(0.09)	(0.07)
Observations	43,458	43,458	43,325	43,325
Pseudo R2	0.03	0.03	0.03	0.03
2-Digit Industry FEs	✓	✓	✓	
Number of 2-Digit Industries	23	23	23	

Robust standard errors in parentheses; clustered at the 2-digit NAICS level; *** p<0.01, ** p<0.05, * p<0.1

Таблица 10: Unfriendly vs Friendly Home (Probit)

	(1)	(2)	(3)	(4)
Home leader encourages exit	0.37***		0.36***	
	(0.05)		(0.05)	
On Name-Shame list	0.02	0.16***	0.04	0.18***
	(0.05)	(0.04)	(0.06)	(0.04)
Consumer-oriented industry	0.08*	0.15***	0.07	0.12***
	(0.04)	(0.04)	(0.04)	(0.04)
Russian managerial control	0.31***	0.30***	0.29***	0.24***
	(0.07)	(0.05)	(0.07)	(0.09)
Russian strategic industry	-0.10**	-0.03	-0.10**	-0.00
	(0.05)	(0.03)	(0.05)	(0.03)
Fixed asset intensity	-0.02	0.04**	0.01	0.08
	(0.07)	(0.02)	(0.06)	(0.05)
EU member state	0.04		0.25***	
	(0.15)		(0.06)	
Years in Russia	-0.00**	0.00	-0.00**	0.00
	(0.00)	(0.00)	(0.00)	(0.00)
Inactive, pre-invasion	-0.26***	-0.74***	-0.24***	-0.61***
	(0.05)	(0.08)	(0.05)	(0.07)
Foreign shareholders >=2	0.52***	0.35***	0.55***	0.36***
	(0.05)	(0.08)	(0.05)	(0.07)
MNC (GUO path)	0.04	0.06	0.04	0.20
	(0.12)	(0.13)	(0.13)	(0.23)
Firm size = 2, Medium	-0.13***	-0.21***	-0.16***	-0.15***
	(0.05)	(0.05)	(0.05)	(0.05)
Firm size = 3, Large	0.01	-0.19**	-0.02	-0.15*
	(0.04)	(0.09)	(0.04)	(0.08)
Firm size = 4, Very Large	0.08**	-0.31**	0.04	-0.37**
	(0.04)	(0.15)	(0.04)	(0.16)
Tax haven	-0.06	0.01	0.07	-0.08
	(0.15)	(0.03)	(0.12)	(0.07)
Cyprus	0.23**		0.11*	
	(0.10)		(0.06)	
IIA in force	0.19	-0.21**	-0.16*	0.03
	(0.19)	(0.10)	(0.09)	(0.09)
DTT in force	0.07	-0.26**	0.35***	-0.20**
	(0.06)	(0.10)	(0.13)	(0.09)
PTA in force	-0.20	0.09*	-0.22	-0.01
	(0.18)	(0.05)	(0.24)	(0.08)
Home GDP			-0.02	-0.03
			(0.03)	(0.02)
Home GDP per capita			-0.02	0.02
			(0.10)	(0.04)
Home democracy score			-0.03*	0.01
			(0.02)	(0.01)
Trade flows			-0.02	-0.00
			(0.03)	(0.02)
Constant	-0.72***	0.02	0.20	0.24
	(0.13)	(0.07)	(0.35)	(0.33)
Observations	32,000	11,325	29,572	8,482
Pseudo R2	0.02	0.02	0.02	0.02
2-Digit Industry FEs	✓	✓	✓	✓
Number of 2-Digit Industries	23	23	23	23

Robust standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1