

Business Follows and Even Leads the Flag

At Academy Securities, we often talk about business “following the flag.” Historically that has meant where the U.S. has planted its flag (often with a military presence), business tends to follow. The proverbial flag brought rules, laws, and an environment conducive to business.

More recently, it has meant that businesses (like the government) are changing their behavior towards China, but that is nothing compared to the outpouring of support for Ukraine that we are seeing from businesses.

It started with stories of banks not willing to provide letters of credit for Russian commodities (primarily energy) and shipping companies not wanting to transport Russian goods, then moved to energy companies shedding stakes and ending relationships.

In the past 24 hours, we have seen a wave of sanctions being imposed by companies and it is truly impressive what companies are doing to step up the pressure on Russia. A few examples include Boeing, ExxonMobil, Apple, Ford, Delta, and Nike. Boeing suspended maintenance and technical support for Russian airlines, ExxonMobil said it would exit Russia, Apple will pause all product sales and limit the functionality of some of its services in Russia, and Ford has suspended Russian operations. In addition, Delta has suspended its "codeshare services" with Russia's Aeroflot. Finally, due to FedEx and UPS halting service to Russia, Nike announced that it will be temporarily closing its online store in Russia. There are many other global companies taking action here and will likely be more to follow.

While I was dubious about government sanctions being effective, we’ve seen stronger than expected sanctions, which tips the scale. But it is this unprecedented and rapid support from a number of companies that I did not expect and that might really tip the balance.

Companies are going above and beyond the call of duty and it is impressive, meaningful, and is something that will be remembered for a long time.

I think that these sanctions put pressure on Russia not just because of the sanctions themselves (which will impact Russia) but also because of what it says about how far the outrage regarding Russia’s behavior is spreading. It will be impossible for Russia to ignore this for long.

The message from companies is so strong and growing that it may encourage governments to do more.

A truly impressive moment for the companies, their leaders, and their employees who support these decisions.

I think that it is appropriate to “thank you for your service” on behalf of Academy Securities!

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