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# Why does Russian business need foreign investment?

Mikhail Khmelev

RIA Novosti economic commentator

22/3/2007

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Executives of large Russian companies are feeling optimistic about the future. In this, they are no different from their foreign counterparts, since both show a high degree of confidence in the future of their businesses in the short and long terms. Business confidence usually results in a surge of investment. However, the Russian business community views foreign investment not only as a source of additional financing for development, but also as a mechanism to reduce a company's political risks.

Russian and foreign businessmen have many common views on their prospects for success, according to the 10th Annual Global CEO Survey conducted by PricewaterhouseCoopers (PwC). The results of its international part were announced at the World Economic Forum in Davos. Now we have the opportunity to compare the opinions of Russian and foreign businessmen.

It turns out that 84% of Russian CEOs, like their colleagues in other countries, are more or less certain that their companies' revenues will grow. This certainty covers both the next 12 months and the next three years. Russian and foreign executives also agree in their assessment of risks. They view the main threats to their development as the shortage of qualified professionals (76% of Russian CEOs and 72% of the world's), excessive government control (65% and 73% respectively) and protectionism (65% and 48%). They also consider growing commodities and energy prices as a challenge to their interests (61% and 58%).

At the same time, Russian and foreign businesses have different goals in attracting foreign investment. More than one-third of Russian executives view foreign investors as insurance against arbitrary attacks by the government.

Attracting foreign capital is for them a way to manage high political risks. For the sake of the protection provided when a large foreign investor buys a stake in a company's capital, Russian businesses are willing to go public and open up, which until recently was unthinkable for most owners of large assets.

One-sixth of owners of big Russian companies now say that their decision to sell to foreigners was based on a strategy of gradually withdrawing from business, according to PwC.

Yet the majority of Russian businessmen invest in their business in order to expand on the regional and global markets. As many as 48% of the surveyed executives said that access to technical or organizational innovations was an important reason for attracting foreign investment.

Russian businesses are actively developing, and they need a lot of funds.

According to the International Business Research released earlier by Grant Thornton International, Russian businessmen's medium-term expectations are higher than the world average. Their confidence has continued to grow because of the favorable situation on foreign markets, the ongoing consumer boom and increasing budget spending

on the Russian government's priority national projects (education, housing, healthcare and agriculture). Because of the consumption euphoria, Russian businessmen are less worried than foreigners about such worldwide problems as terrorism, global warming and climate change, as well as the decline in natural resources.

At the same time, Russian executives' attitudes toward domestic risks clearly reflect the problems of the Russian economy. Among obstacles to the development of their business, they first of all named bureaucratic and administrative barriers and corruption (86% of respondents). As many as 59% are worried about the strengthening of the Russian ruble, PwC said.

Russians and foreigners differ on many aspects of doing business. Russian executives' view on globalization is significantly different from the opinions common in other countries. Only 45% of Russian businessmen agreed that globalization was equally beneficial for developed and emerging markets, while this figure was 73% for the world on average and 89% for the United States. On the contrary, more Russians believe that governments should protect strategic economic sectors from foreign control. This opinion is shared by 57% of Russian executives, while the world average is only 27%.

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