

Survey Finds Investing Here Becomes Riskier

By [The Moscow Times](#)

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Russia is “one of the world’s riskiest locations for business to invest in,” according to a survey of 196 nations by British risk-assessment company Maplecroft.☒

The country slid to 10th place, from 15th last year, and is now between Pakistan and the Central African Republic, according to Maplecroft’s annual Political Risk Atlas released Thursday. Brazil, India and China, which along with Russia make up the so-called BRIC group of leading emerging-market economies, are ranked 94th, 26th and 62nd, respectively.☒

Maplecroft, which assesses factors including conflict, terrorism, the rule of law and the regulatory and business environment, rates 11 countries including Russia as an “extreme risk” for investors.☒

In March, twin suicide bombers killed 40 people in attacks in downtown Moscow subway stations, including one near the headquarters of the successor to the Soviet-era KGB. The

bombings, claimed by Chechen militants, were the most deadly in Moscow since similar attacks in 2004. ❏ Apart from the heightened threat of terrorism, Russia's "poor performance is compounded by its 'extreme risk' ratings for its business environment, corporate governance and the endemic nature of corruption, which is prevalent throughout all tiers of government," Maplecroft reported.

While President Dmitry Medvedev vowed to combat corruption when he came to power in 2008, Russians surveyed at the end of July ranked former president and now Prime Minister Vladimir Putin's inability to deal with the issue during his 10 years in power as the administration's biggest failure. Russia is the world's most corrupt major economy, according to Transparency International's 2010 Corruption Perceptions Index issued in October, sliding to the 154th spot of 178❏ countries and placing it alongside Tajikistan and Kenya.❏

The "politicized case" against Mikhail Khodorkovsky, the jailed former head of Yukos, who last month was sentenced to another six years beyond his eight-year prison term for fraud, reflects the lack of judicial independence in Russia, the Maplecroft report said.❏

Khodorkovsky's new conviction on money laundering and embezzling oil may have "unintended repercussions" for business in Russia, state-controlled VTB Capital said Dec. 31.❏

The "most disturbing detail" was the court's rationale for the verdict, VTB said. Charges based on Yukos' use of internal transfer pricing, which redistributes cash flows among units of a holding company, creates a precedent that leaves other businesses open "to attack."❏

U.S. and European government officials criticized the conviction of Khodorkovsky and his former business partner Platon Lebedev, saying it weakened the rule of law in Russia and would harm Russia's image among investors.

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