

Foreign Investors Fleeing Russia in 2017, Withdraw Nearly \$1 Bln

December 26, 2017



Alexander Zemlianichenko Jr. / Bloomberg

Foreign investors have withdrawn nearly \$1 billion from the Russian economy in 2017, with capital flight increasing in December in anticipation of fresh U.S. sanctions.

Next February, the U.S. administration is expected to expand anti-Russian sanctions to include businessmen with Kremlin ties, [increasing](#) the risks for foreign investors in Russia. In a note earlier this month, Bank of America Merrill Lynch (BAML) [forecast](#) the depreciation of the ruble on the back of the expected sanctions.

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BAML estimated that foreign investors have withdrawn \$900 million from Russia in 2017, Russia's Kommersant daily [reported](#) on Tuesday. The pace of withdrawals has increased before the New Year, with \$126 million taken out in the week before Christmas.

“This figure was the most disastrous in the anti-Russian sanctions period,” Kommersant writes, referring to the period since 2014 when Russia was hit with international sanctions over the annexation of the Crimean peninsula and involvement in the Ukrainian conflict.

Foreign investors entered 2017 anticipating sanctions to be lifted and geopolitical tensions to lessen under President Donald Trump’s administration, Vladimir Vedeneyev, the head of Raiffeisen Capital’s investment department, told Kommersant.

Investors could return to the Russian market if the new sanctions are not as harmful as forecast, the business daily cites financial analysts as saying.

Despite the negative outlook for foreign investment, international economists [forecast](#) that the Russian economy will grow by 2 percent next year.

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