

European Firms Most Optimistic on Russia Since 2012

But concerns about tough regulation also surge to a record high.

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Some 75% of European firms operating in Russia say Western sanctions negatively hit their business.
Vladislav Shatilo / RBC / TASS

European companies in Russia are more optimistic about their business prospects than at any point since 2012, according to an Association of European Businesses (AEB) survey.

International firms reported a much stronger-than-expected start to the year for their Russian operations, helped by the Kremlin's decision not to impose a second lockdown but instead prioritize the economy.

The Russian economy recently [reported](#) its first period of growth since the start of the pandemic, and the Central Bank expects GDP will hit its pre-coronavirus levels before the end of the year.

AEB's confidence index — a barometer of the corporate mood among its members, compiled

by polling outfit GfK — reached its highest reading in almost a decade, setting a new post-Crimea record.

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“Despite the fact that the global economic crisis provoked by the coronavirus pandemic is not over yet, the 2021 index showed a record jump into the area of positive expectations, which we consider to be a very encouraging sign,” AEB head Tazio Schilling said in a statement.

Nevertheless, firms continued to report significant challenges to operating in Russia and confidence remains significantly below that registered in the years before Russia’s 2014 annexation of Crimea and the imposition of Western sanctions against Moscow.

More than eight in 10 businesses said [Russian regulations](#) were a significant hindrance to their operations — the highest level ever recorded. Some 85% said they were concerned about the volatility of the ruble, which dropped 20% last year amid a temporary crash in oil prices and a surge in tensions between Russia and the West following the poisoning attack and eventual imprisonment of Kremlin critic Alexei Navalny.

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Three in four said Western sanctions against Russia were having a direct negative impact on their business.

European businesses also reported being largely left out of Russia’s anti-pandemic support measures, despite lobbying by Schilling to secure a “[level-playing field](#)” for foreign companies. Only 9% had received any emergency support from the government, the AEB found, compared to the more than 60% of large Russian firms which accessed government schemes throughout the pandemic, according to Russia’s largest business lobby.

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