

Moscow, 9 June 2025

## Results of the AEB Annual Survey "Strategies and Prospects for European Companies in Russia"

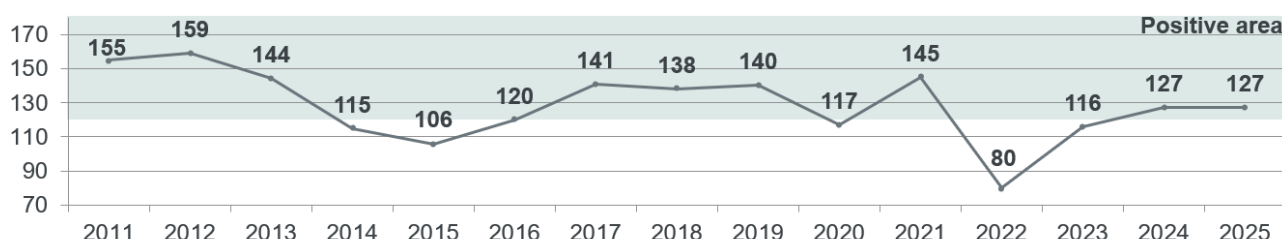
### AEB Barometer: executive summary

Business optimism shifted to mid- and long-term growth rather than short-term. The short-term forecast re development of the Russian economy became gloomier with only a half of respondents expecting continued growth in the next 1-2 years (vs 64% last year). The mid-term (3-5 years) and long-term (6-10 years) expectations improved with 65% (vs 60% last year) and 82% (vs 66% last year) respondents expecting growth respectively.

The most significant barriers to business in Russia are restrictions due to U.S., EU and other countries sanctions and Russia's countermeasures, geopolitical uncertainty, difficulties with making payments and settlements, reputational risks for businesses from working in Russia, refusal of foreign partner companies to do business in Russia. 87% of companies (vs 80% in 2024) were negatively affected by U.S., EU and other countries sanctions and Russian countermeasures.

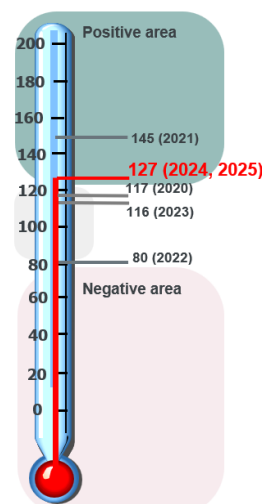
Most of AEB members see new opportunities for their business development in Russia, such as growth of company market share, business extension in Russia, and the perspective to attract new consumer segments. More than a half of the respondents (56%) continue to support ongoing investment projects. 70% of companies are not planning to change their investment strategy in 2025. The number of companies planning to increase their investments in 2025 declined to 22% from 32% in 2024.

### AEB index, Dynamics



The Integrated AEB-GFK Index remains at the level of the year 2024, scoring 127 points out of possible 200, staying in the positive area. However, the Index components changed notably in both up-and-down directions. Significant growth of Mid- and Long-term business expectations Index balanced the decrease in Current macroeconomic situation Index, Business development Index and Short-term expectations Index keeping the Integrated Index at the previous year level.

### AEB index, 2025



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## Company profiles

The survey involved companies from different countries: Russia (19%), Germany (18%), Switzerland (10%), USA (9%), France (7%), Netherlands (5%), United Kingdom (5%), Italy (5%), Belgium (4%), Austria (3%), Japan (3%), Turkey (2%), Finland (1%), Sweden (1%), Hungary (1%), Denmark (1%) and others. It is worth noting that many Russian AEB member-companies have a share of European capital, are founded by European citizens and/or have European roots.

18% of member-companies stated that their main operations are in chemicals / pharmaceuticals market sector, 18% – FMCG and retail, 15% – professional services, 7% – engineering / construction, 7% - financial services, 4% - automotive, 4% - transport / logistics, 1% – IT & telecommunications, 1% – media / entertainment and others.

51% of companies indicated that their company employs up to 250 people in Russia. Companies with more than 5,000 employees also took part in the survey, accounting for 5% of all survey participants.

## Market entry

The main reasons for entering the Russian market continue to be the high market potential, it's large size and it is positive dynamics (as per mind of 63%, 52% and 51% respondents respectively). These factors keep their relevance as the reasons for presence on the Russian market today.

## Prospects for companies and business environment

In 2024 Russian economy continued its recovery after the crises in 2022. More than half of companies (56%) responded that their turnover increased in 2024 compared to the previous year.

The short-term forecast of the Russian economy development has become less positive with only a half of respondents expecting economy growth in the next 1-2 years (vs 64% last year). However, the mid-term (3-5 years) and long-term (6-10 years) expectations improved with 65% (vs 60% last year) and 82% (vs 66% last year) respondents expecting growth respectively. Thus, business optimism shifted to mid and long-term growth rather than short-term.

Business has been mainly adapted to the current situation, which allows companies to make realistic business development forecasts – about a half of survey members (52%) stated that their business results in the first 3 months of 2025 were as expected (vs 55% in 2024). However, the number of respondents who noted the worsening of the business results doubled from 17% in 2024 to 34% in 2025. Only 12% of surveyed companies stated the above expectations results (vs 25% in 2024). The fact that the number of companies, planning to increase investments in 2025, declined to 22% from 32% in 2024, highlights the fading respondents' sentiments in respect to the current business environment and short-term economic development.

Companies' forecasts for their turnover growth over the next 3 years have improved to 59% from 53% in 2024. However, the profit growth forecasts slide down to 38% from 42% in the previous year.

There remain significant barriers to business in Russia, mainly the restrictions due to U.S., EU and other countries sanctions towards Russia, geopolitical uncertainty, difficulties with making payments and settlements.

The list of top barriers for doing business in Russia in 2025 includes:

- 79% restrictions due to U.S., EU and other sanctions towards Russia
- 67% geopolitical uncertainty
- 50% difficulties with making payments and settlements
- 41% reputational risks for businesses from working in Russia
- 35% restrictions due to Russia's countermeasures
- 34% refusal of foreign partner companies to do business in Russia
- 30% high FX rates volatility
- 30% high interest rates

## Finances

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43% of companies went to court to recover debt (vs 53% in the previous year), and most of the cases were successful. The share of companies that have never had bad debts has returned to the level of the years 2022-2023 (43%), 8% more in comparison with 2024 (35%).

The main barriers to financing in 2025 are the U.S., EU and other sanctions towards Russia (69% vs 56% in 2024), high interest rates (53% vs 44% in 2024) and Russia's countermeasures (28% vs 27% in 2024).

## **Perception of business environment**

Assessing the business culture of interaction with counterparties in Russia respondents have become less likely to positively evaluate their counterparties, giving them neutral sentiments more often. However, in the short-term perspective the respondents expect positive shifts in legal regulations of business activities as well as situation with corruption. Also, there is a positive short-term outlook on capabilities of the workforce and its costs optimization.

Business expectations for improvements in some operational blocks over the next two years have improved:

- legal constraints on activities (11% of companies expect sufficient improvements in this area over the next two years vs 4% in 2024),
- corruption (35% expect moderate improvements in this area over the next two years vs 29% in 2024),
- labor force capabilities (45% don't expect any improvements in this area over the next two years vs 57% in 2024),
- rising labour costs (42% don't expect any improvements in this area over the next two years vs 52% in 2024).

Negative dynamic of the expectations is noted in the following operational blocks:

- reliability of supply chain partners (34% don't expect any improvements in this area over the next two years vs 27% in 2024),
- customs regulations (65% don't expect any improvements in this area over the next two years vs 50% in 2024),
- taxes and duties (80% don't expect any improvements in this area over the next two years vs 67% in 2024),
- bureaucracy (61% don't expect any improvements in this area over the next two years vs 54% in 2024).

## **Sanctions towards Russia and Russian countermeasures**

87% of companies were negatively affected by US, EU and other countries sanctions and Russian countermeasures. The factors having the most negative impact in 2024 are sanctions targeting Russian financial organizations (61% respondents faced the problem), export and import restrictions (57%), freezing of Russia's currency assets / SWIFT disconnection (34%), transport restrictions (31%), software restrictions (31%).

71% of respondents do not expect sanctions easing against Russia in 2025.

21% of AEB members replied that the Russian company has transferred dividends to the headquarter abroad after February 24, 2022. 40% have not transferred dividends.

## **Technological development**

Among the most popular technological solutions, which are widely used in business, are CRM systems (66%), Cloud Computing & Cloud Services (62%), ERP systems (56%). About 60% of respondents point out the significant or even critical impact of digital technologies on their competitiveness. If sanctions are eased or lifted, companies plan to restore technological cooperation with Western partners (35% noted this), diversify technology solution providers (15%), strengthen their own technological independence (11%), expand

interaction with Russian software developers (10%) and extend cooperation with China and other Asian countries (2%).

### **HR issues**

The current situation causes certain HR difficulties such as the necessity of salary increase for employee keeping (66% of companies faced this problem) and lack of workers (52%). As a solution most companies, which have the lack of staff, increase salaries (81%) and attract young specialists (50%).

### **Perspectives of business development in Russia**

Despite the barriers, most of AEB members see new opportunities for their business development in Russia, at first it is growth of company market share (50%), business extension in Russia (39%) and opportunity to attract new consumer segments (32%). More than a half of surveyed companies (56%) continue to support their investment projects. 70% of all companies are not planning to change their investment strategy in 2025.

About half of survey members (48%) responded that a sustainable development strategy was developed and adopted in their company. Also 23% of companies have the strategy under development, and 6% are planning to develop a sustainable development strategy in the near future.

Despite the difficulties of doing business, most of companies don't consider the option of closing their business in Russia (67% assess the risk of closing the business in the next 12 months as low vs 66% in 2024). 62% of respondents claimed that their company's Russian operations are important part of its global business.

### **About AEB Annual Survey**

The survey "Strategies and Prospects for European Companies in Russia" was conducted by the Association of European Businesses (AEB) for the eighteenth time (since 2011). This survey is a highly valuable source of first-hand information that provides us all with a 'helicopter view' of the current crisis, and its impact on various sectors. In addition, the sequential nature of the survey makes it possible to analyse and compare year-on-year data.

The current survey was conducted in April-May 2025. 100 AEB member-companies participated in the survey this year.