

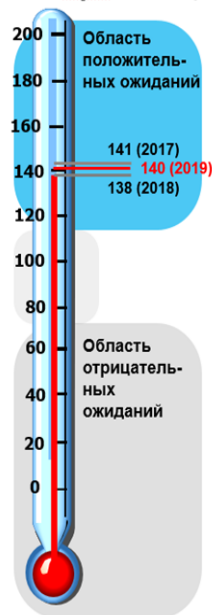


Press-release
Moscow, May 30, 2019

Annual AEB-GfK survey: sentiment of European companies in Russia has slightly improved

AEB-GfK's comprehensive index (business barometer), which reflects the general condition of business and the mood of European companies operating in Russia, increased by 2 points compared to the previous year, achieving 140 out of 200 possible points.

АЕБ-ГфК индекс, 2019



The index's growth was mainly due to improvement in evaluations of the macroeconomic situation in the country, in the business development outlook and in short-term expectations for the Russian economy.

The current indicators of the AEB-GfK business barometer remain in the positive expectations zone and at the level of 2013, 2017 and 2018.

"The AEB survey has shown that despite the current geopolitical situation Russia succeeds in preserving the confidence of European business", says Alexander Demidov, CEO of GfK Rus, commenting on the results of the survey.

"The results of the survey could hardly cause "heady with success", as the business climate keeps suffering from a whole range of internal and external negative factors. However, the positive dynamics of business sentiment signal the fact that European companies have succeeded in getting their work going in the current conditions", says Frank Schauff, CEO of AEB.

AEB-GfK Barometer diagram. Dynamics of the comprehensive index of business sentiment of European companies in Russia.

What's attractive to European companies in Russia

According to the AEB survey, the principal reasons for entry and presence on the Russian market are the large volume of the market, its great potential and its positive development. These reasons were marked as the most important for their business by 92%, 92% and 91% of companies, respectively.

The majority of surveyed European companies in Russia (66%) reported that, in 2018, their turnover had increased in comparison with the previous year. This indicator has shown positive dynamics for the last three years. 11% of the companies noted that turnover decreased compared to the previous year.

In general, the survey results show that the situation in Russia's economy and in their own business has not brought any unpleasant surprises to the European companies. Macroeconomic stability in the country largely contributed to this. The majority of the companies (66%) noted that the general condition of the economy in early 2019 (first 3 months) met their expectations.

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What's hindering business

At the same time, as the AEB survey participants note, the situation around Russia remains difficult. The most negative factors for current business marked by the European companies are volatility of the rouble (78%), US policy towards Russia (75%) and economic sanctions against Russia (71%).

Therefore, the assessment of the prospects for increasing investment in Russia in the current year are as cautious as in the previous year. 17% of the companies expect an increased investment volume in their sectors in the next 2–3 years. 28% expect investment volume growth in Russia in general in the same period.

Evaluation of the business environment in Russia by European companies

European companies give rather low marks to the business culture and business environment in Russia. Moreover, more than half of the surveyed European companies say that they do not believe that the situation with bureaucracy, taxes/duties and corruption will improve.

At the same time, the share of pessimists among the respondents from European businesses in Russia has significantly decreased: on average by almost 10% compared to the results of the survey in 2014–2016, when fears were growing amid mutual sanctions that the situation with corruption, taxes and bureaucracy could only worsen.

In addition, more than half of the companies (57%) reported that they went to court to recover debts and the majority of the cases were successful. 29% of the companies reported that they have never had any "bad debts" in Russia.

About the Survey

The study "Strategies and Prospects of European Companies in Russia" is being carried out by the International Institute of Marketing and Social Studies GfK Rus at the request of the Association of European Businesses.

This year's study was carried out for the twelfth time in March-April of 2019 by way of online surveys and personal interviews with top managers of the AEB member companies working in Russia.

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Association of European Businesses

The Association of European Businesses (AEB) is the main representative body of foreign investors in Russia and in EAEU.

Founded in 1995, the AEB is an active community of more than 500 members from the member states of the EU, the European Free Trade Association (EFTA) and other countries, which have business activities with and in the Russian Federation. The AEB members are multinational corporations and small and medium-sized enterprises. They all share a commitment to boosting cooperation with Russia, as well as the desire to improve the investment climate of the Russian Federation.

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The AEB includes more than 60 committees, subcommittees and working groups that are engaged in lobbying on a wide range of issues in various business areas including energy, transport and customs, agriculture, air travel, passenger cars and commercial vehicles production, legislation, taxation, banking, real estate, crop protection products and many others. These committees work closely with the European and Russian authorities, and provide comments to the current and draft laws.

For more information, please visit the AEB official website at www.aeprus.ru

International Institute of Marketing and Social Research GfK Rus

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