



Press Release
Moscow, May 31, 2024

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

After reaching a record low of 80 pts on a scale from 0 to 200 in 2022, the AEB annual Business Climate Index rapidly recovered to 116 pts in 2023 and in 2024 continued to increase by another 11 points, reaching 127 out of 200, and thus entering the area of positive expectations.

"The significant growth of the Business Climate Index last year was somewhat unexpected, whereas this year, in the light of continued strong macro-economic data, the positive assessments by companies of the business environment in Russia could be anticipated. The results also reflect the fact that AEB member companies continue to demonstrate high degrees of adaptability and readiness to embrace change. It is worth noting that this year we are observing a higher level of positive expectations in the short term, as opposed to previous years where the focus was more on the medium and long term. At the same time sanctions and other restrictions continue to impact European companies' operations in Russia," commented AEB CEO Tazio Schilling on the survey's findings.

Summary of the key findings

- There is a moderate improvement in business development dynamics. The trend towards increasing company turnover continues: 49% of companies reported an increase in turnover in 2023 (43% in 2022). However, about a third of AEB member companies (30%) still experienced a decline in turnover in 2023 (39% in 2022).
- The development of the economy and business growth of companies during Q1 2024 generally met or even exceeded expectations of the majority of surveyed companies. 59% of respondents reported that the economy performed as expected (53% in 2023). 27% of respondents said that the state of the economy was better than expected (32% in 2023). 25% of respondents reported that business results surpassed their expectations (28% a year earlier).
- Companies predict a gradual improvement in their economic performance. 53% of respondents expect turnover growth in the next 3 years (48% last year) and 42% expect that profits will grow as well (same as last year); the number of respondents expecting a decrease in turnover and profit decreased to 19% and 25% (in 2023 it was 29% and 28%, respectively).
- In 2023 the restoration of investor confidence was most noticeable in the long-term perspective (6-10 years), while in 2024 companies almost equally assess short-term (64% expect growth), medium-term (60% expect growth) and long-term (66% expect growth) economic growth prospects. In the 1-2 year perspective, the trend towards increasing business confidence is most noticeable: in 2022, 9% of respondents expected growth, in 2023 – 37%, and in 2024 – 64%.
- 26% of companies still expect a reduction in their investments in Russia in 2024 (in 2023, 38% expected a reduction in investments). 32% of surveyed companies predict an increase in investments (17% a year earlier).

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Barriers to business

- In 2024, even more respondents note the negative effect of restrictions due to sanctions (80% noted sanctions as the most significant barrier versus 70% in 2023).
- Companies also named other most significant other barriers to businesses in Russia in 2024:
 - a) difficulties with making payments and settlements (50%)
 - b) refusal of foreign partner companies to do business in Russia (44%)
 - c) lack of workers and/or qualified personnel (the number of respondents identifying this problem increased from 11% in 2023 to 43% in 2024)
 - d) difficulties with using foreign software (40%)
- The list of negative factors also includes restrictions due to Russia's countermeasures, the economic crisis and uncertainty of development of the situation in Russia (a decrease in the indicator from 51% in 2023 to 36% in 2024), regulatory restrictions, and volatility of the ruble exchange rate.

Sustainable development

- The survey revealed a significant increase in the share of companies that are developing or plan to develop sustainable development strategies. Thus, 51% of respondents in 2024 reported having a sustainable development strategy (36% a year earlier) and 10% of companies plan to develop such a strategy in the near future (4% a year earlier).

HR difficulties

- This year, questions re HR challenges that companies faced in 2023 and measures to tackle staff shortage were added to the questionnaire.
- When choosing from the general list of barriers to business, 43% of companies noted a lack of workers and/or qualified personnel, while further answering the question about key HR challenges, up to 54% mentioned the lack of personnel.
- At the same time, it is worth noting the positive dynamics of growth in the number of employees of responding companies: 31% of surveyed companies reported an increase in the number of employees (17% in 2023). Moreover, most companies increase salaries to attract personnel (77% of respondents) and attract young specialists and take trainees (65%).

About the survey

The survey "Strategies and Prospects for European Companies in Russia" was conducted by the Association of European Businesses for the seventeenth time (since 2008). The current survey was conducted in April-May 2024. 94 AEB member-companies participated in the survey this year. The comprehensive AEB Index increased to 127 points. The majority of comprehensive AEB Index components have increased, excluding Current macroeconomic situation Index, Business development Index and Long-term expectations Index, which were decreased compared to the previous year. Thus, in 2023 the Index returned to the positive area.

About the Association of European Businesses

The Association of European Businesses (AEB) was founded in 1995. AEB is an independent non-profit organization. The Association brings together over 380 member companies from the EU member states, the European Free Trade Association (EFTA) and other countries operating in the Russian Federation. The AEB includes more than 80 sectoral and intersectoral committees, subcommittees and working groups, whose activities are aimed at protecting the interests of members of the association.

The full survey is published on the AEB website: AEB Annual Survey - [AEB Annual Survey - AEB \(aebrus.ru\)](#)

For more information, please contact the AEB Communications Manager/Press-Secretary Elena Demicheva via email ed@aebrus.ru or phone +7-965-216-43-62

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