

Chinese Seeking 'Beauty' in Russian Investment

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Heavyweight Chinese infrastructure investors are moving toward putting their money into big projects across Russia, a market they described as "empty" during a presentation in Moscow Friday.

Russian government officials are pushing the foreign corporations toward the regions, particularly the North Caucasus, but no agreements have yet been signed.

Top executives from infrastructure, construction, tourism and leisure investors Dalian Wanda Group and China Oceanwide Holdings Group concluded a second visit to Russia in less than a year this week.

Moscow, Krasnodar region, the Dagestan republic and Irkutsk are particularly promising, vice president of China Oceanwide Holding Group Tszysin Tsi told reporters.

"We have made initial agreements with local authorities from these towns, so we have made the first step toward investment," he said, speaking through a translator.

During their guided tour of the Russian regions, the investors visited Makhachkala, the violence-prone capital of Dagestan, and the Caspian Coast — sites promoted by North Caucasus Resorts, a state-controlled company with a mandate to develop the region.

The size of the first projects undertaken by the Chinese companies could be about \$600 million, said Ivan Vvedensky, chairman of tourism agency World Without Borders. The potential total investment under discussion is between \$2 billion and \$3 billion.

Vvedensky added that the interest from the Chinese was "a very important signal." But all sides stressed that nothing has been signed and the negotiations were still in an early phase.

"The Russian market is empty, and now is a good time to enter it," said Bo Khe, vice president at the Dalian Wanda Group.

Most Chinese interest in Russia is directed at the natural resources sector, but participants at Friday's presentation said the tourism industry was also very promising.

There were 840,000 Chinese visitors to Russia last year, said Yevgeny Pisarevsky, deputy head of the Russian Federal Tourism Agency — making the Chinese the second-most-numerous tourists after the Germans. At current growth rates, they are likely to soon occupy first place.

About 80 percent of Chinese visitors come to Moscow and St. Petersburg, while 15 percent are arriving as a result of cross-border traffic where the two countries meet on the Amur River.

The representatives of the Chinese companies said they were well aware of the problems associated with Russia's investment climate, having heard lots of "rumors" about the issue. They stressed their decision that investing would be a methodical process.

"I know for certain that my wife is very beautiful, but I can't say for certain that my neighbor thinks the same," said Tsi, referring to perceptions of Russia abroad.

"And if she's ugly it's not necessary to tell him," he joked. "Investment is just the same."

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