The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia is No. 3 in Attracting Foreign Direct Investment

By The Moscow Times

January 29, 2014



Foreign direct investment in Russia rose by 83 percent last year to reach $94 billion, making the country the 3rd most successful in the world in attracting capital from abroad, according to a United Nations report.

The U.S. led the rankings, pulling in $159 billion in 2013, while China attracted $127 billion, the United Nations Conference for Trade and Development found in a study published this week. In 2012, Russia was ranked 9th by FDI volume.

Russia's jump is due in large part to the acquisition by BP of an 18.5-percent stake — adding to the 1.25 percent the company already owned — in state oil giant Rosneft in March, following Rosneft's purchase of oil consortium TNK-BP for $57 billion.

However, despite the one-off nature of that transaction, the volume of FDI in Russia in the future will not be lower than in 2013, UN economists said. This is good news for the economy,

which is struggling to pull its growth rate back above 2 percent after a sudden slowdown last year.

"Modern Russia is a fast-growing economy, and this thesis is supported by the key business rankings. These latest findings build on a number of recent reports which point to the significant progress Russia is making in improving its business climate and strengthening its image among the international investment community," said Kirill Dmitriyev, CEO of the Russian Direct Investment Fund, a $10-billion fund established to promote foreign investment.

Last year, the fund signed six long-term partnership agreements with private and state investment funds worth more than $8 billion, including a $5 billion infrastructure development project with Abu Dhabi's Department of Finance and an investment project with UAE-based Mubadala Development Company worth $2 billion.

On a global scale, foreign direct investment in 2013 returned to pre-crisis levels recorded in 2007, and the outlook for the next two years is positive, the UN report said.

Combined global FDI surged 11 percent last year to $1.46 trillion, reversing an 18-percent contraction in 2012, according to UN data.

Developing countries accounted for 52 percent of all FDI, or $759 billion.

Investment in BRICS countries — of which Russia is one — and APEC member states almost doubled last year, compared with pre-crisis flows.

FDI volumes in developed economies increased 12 percent last year to reach $576 billion — only 44 percent of the pre-crisis peak in 2007.

Original url:
https://www.themoscowtimes.com/2014/01/29/russia-is-no-3-in-attracting-foreign-direct-investment-a31566