

Russian State Fund May Step In to Help Big-Box Retailers

By [The Moscow Times](#)

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As Russia's worsening economic situation crimps investment, the state-run Russian Direct Investment Fund (RDIF) is negotiating with major retail chains to finance construction of new stores, the Vedomosti newspaper reported Monday, citing sources close to the negotiations.

Major retail chains like French hypermarket group Auchan require large-scale financing for store expansions, but access to cheap credit has been drying up as the falling price of oil and Western sanctions over Moscow's role in the Ukraine crisis isolate Russia from global sources of capital and propel the economy toward recession.

Under the deal being discussed with the RDIF, a \$10 billion government-backed private equity pot, the fund would support joint partnerships between developers and retailers. The proposed mechanism would see retailers rent rather than own their premises under long-term agreements, an arrangement common in Europe but as yet rarely used in Russia.

Last week, the Economic Development Ministry predicted that Russia's GDP will fall by 0.8 percent in 2015, while the Central Bank has predicted growth rates near zero through 2017.

Salaries, which have risen sharply over the last decade, are expected to shrink in real terms next year, putting pressure on consumer spending.

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