The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia’s Top 5 Business Stories This Week

What you need to know according to The Bell business startup

December 01, 2017



Pixabay / MT

1. Russian oligarchs are trying to prove that they're not close to Putin

What happened:

Russia’s billionaires could be targeted by U.S. sanctions as early as next February. They face a tough choice: between Russia, where they make their billions, and the West, where they keep them. In word, the businessmen are loyal. But in deed, they are crossing off dates with the president from their calendars.

Why the world should care:

The billionaires are a weak link in the isolationist system constructed by the Russian

authorities. They use the money they make in Russia to invest in global deals and, despite current sanctions, continue to receive huge U.S. government contracts. The Russian authorities fear the displeasure of large business much more than the public mood, which the Kremlin knows how to control.

2. Russia responds to sanctions by introducing laws that encourage corruption

What happened:

To protect Russian state companies from U.S. sanctions, Russian Prime Minister Dmitry Medvedev has lifted regulations that require them to disclose their contractors.

Why the world should care:

This is a perfect example of the effect of western sanctions on Russia. Russia cannot retaliate, so it takes measures that hurt its own economy.

The transparency around state procurements was one of the few real achievements of Putin's administration, helping combat seemingly insurmountable Russian corruption.

Under the new rules, it will become easier to embezzle state contracts. Russian officials will also have less to fear from Alexey Navalny, who outed many of them as corrupt thanks to the old system.

3.Russian homeowners on the French Riviera fear the taxman

What happened:

Russians who own real estate in the French Riviera have told The Bell that they now fear visiting their villas, after coming under increased scrutiny from the French tax authorities.

In October, law enforcement detained Russian parliamentarian and billionaire Suleiman Kerimov on suspicion of avoiding tax on luxury real estate worth 400 million euros.

Why the world should care:

This story shows once again that Russian officials have a personal stake in reducing the conflict with the West. Should you spend your holiday on the French Riviera, you'll find that one of your neighbors is probably a Russian oligarch or official. Kerimov alone owns four villas in Antibes, and Russians, in general, own between 2,500 and 3,000 properties on the Riviera.

4. Billionaires are relishing risky investments in bitcoin

What happened:

One in ten of the names on Russia's Forbes List must have been holding their breath this week, as the value of the bitcoin fluctuated dramatically from $9,000 to $11,000 and back

again.

Everyone is jumping on the cryptocurrency bandwagon, The Bell has found, from the very elite — such as Chelsea owner Roman Abramovich — to simply rich billionaires.

Why the world should care:

Once the U.S. stock exchange opens the floor to bitcoin futures, Russian money will pour in. It would be wrong to call the Russian billionaires naive — they, too, read Bloomberg and understand they're dealing with a bubble.

But they have their own reasons to embrace bitcoin. They have a penchant for risky investments on huge returns (a legacy of the 1990s) and they appreciate that the anonymity it provides will help them hide their money. It is no coincidence that Vladimir Putin has been discussing blockchain all year and meeting with the founder of Ethereum, Vitaly Buterin.

5. Russia could be banned from participating in the Winter Olympics. But the billionaire owner of the Brooklyn Nets fights back

What happened:

Next week, the International Olympic Committee (IOC) for the first time in its history could bar Russia from participating in the Olympics. Russia's top sports officials stand accused of setting up a system of state-sponsored doping.

Why the world should care:

Russia last skipped the Olympics in 1984, at the height of the Cold War. Judging by the diary excerpts of the former head of Russia's anti-doping lab published by The New York Times, the IOC has enough evidence for the ban. But Russia will fight back.

Billionaire Mikhail Prokhorov, the owner of the Brooklyn Nets and a former presidential candidate, has vowed to hire the world's best lawyers to fight Rodchenkov in court.

This is a Bell exclusive for The Moscow Times.

Original url:
https://www.themoscowtimes.com/2017/12/01/the-bell-business-stories-this-week-russia-a59777