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INDEPENDENT NEWS FROM RUSSIA

Russia Secures Lowest Number of Foreign Investment Projects Since 2014

A third of FDI projects across Europe have been hit by the coronavirus pandemic.

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The number of investment projects with foreign involvement fell 9% in 2019, EY said. **Vyacheslav Prokofyev / TASS**

Russia saw its lowest number of foreign investment projects last year since 2014, consultants EY have found.

In total, they counted 191 deals across the country which secured foreign investment in 2019 — a 9% slump from 2019.

More than half of all foreign investment went into industrial projects, with agricultural firms counting for more than a fifth of all projects which received foreign direct investment (FDI). EY says strong investment into Russia's food production industry is the result of Russia's policy of import substitution and the ban on western food imports which was introduced as a

counter sanction following western countries levelling sanctions against Russia for annexing Crimea in 2014.

In 2019, Russia received $26.9 billion of FDI in total, the Central Bank previously found, and the Russian government had been planning to attract more overseas investors before the coronavirus pandemic shocked the global economy.

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Meanwhile, FDI into Russia's digital and technology space fell by almost 60% to just 10 projects.

Russia ranked ninth in Europe in terms of number of projects, accounting for 3% of all FDI on the continent last year, EY found. German investors were involved in the most projects — up 50% from the year before — while the U.S. fell from first to fourth place, with just 20 deals involving American investors last year.

In a sign of Russia's increasing trade connections with China, Beijing invested into 22 Russian projects last year — the second-highest number of Chinese deals in a single year. However, EY said falling interest from the U.S., Japan and South Korea meant European investors accounted for 60% of all FDI projects in Russia, up from 48% in 2018.

FDI is expected to be hit hard by the coronavirus pandemic. Across Europe, 10% of FDI projects have already been cancelled, EY found, while another 25% have been put on hold. Russia's Central Bank estimates FDI into Russia's non-banking sector amounted to just $200 million in the first three months of this year — a 98% fall-off compared to 2019.

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