

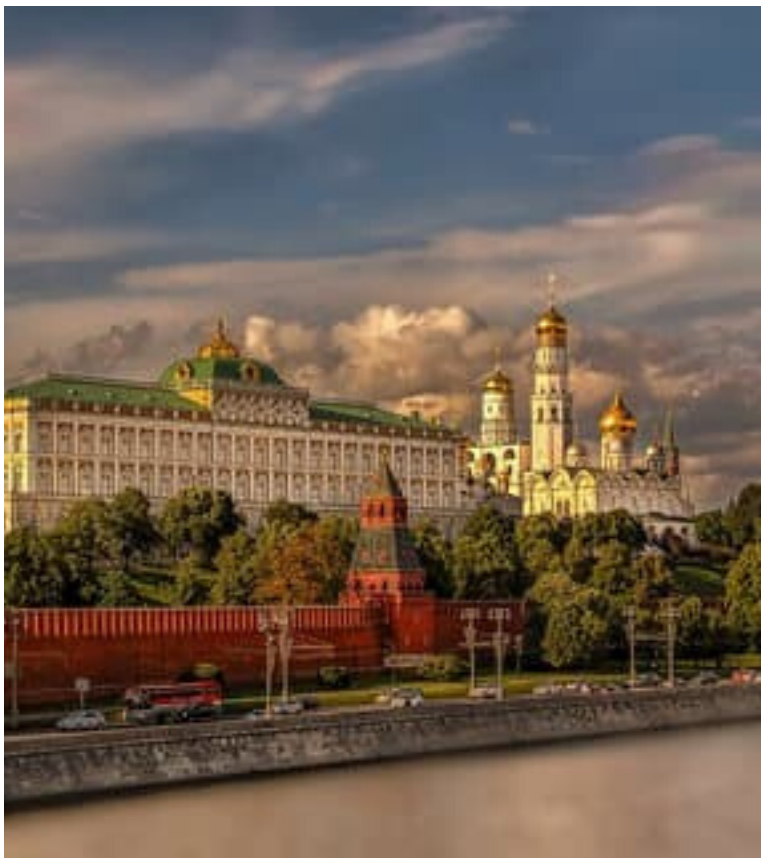
# Russia

## An overview on economy and business environment



Russia is the largest country of the world, bordering the Arctic Ocean, extending from Europe (the portion west of the Urals) to the North Pacific Ocean.

Russia has undergone important changes since the collapse of the Soviet Union, moving from a centrally planned economy towards a more market-based system. Both economic growth and reform have stalled in recent years, however, and Russia remains a predominantly statist economy. Economic reforms in the 1990s privatized most industry, with notable exceptions in the energy, transportation, banking, and defense-related sectors. Economic growth accelerated in Q4 2019, but although monthly economic activity indicators and industrial production data point to sustained growth impulse in January and February 2020, the fast-spreading global Covid-19 pandemic brought a sharp economic decrease in March. Crashing global oil prices due to an ongoing price war with Saudi Arabia and weak global demand depressed exports and affected negatively the ruble. Economic prospects worsened in Q2, as the government announced the extension of the nationwide lockdown. Meanwhile, the government has thus far allocated RUB 1.4 trillion, equivalent to 1.2% of GDP, to support the economy through the downturn.



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Like all the other countries affected by Covid-19 pandemia, the economy is likely to fall into recession. The export sector is being hit particularly hard due to strong decrease of foreign demand and due to falling global oil prices. However, significant fiscal policy impulse should soften the downturn.

Russia is one of the world's leading producers of oil and natural gas, and is also a top exporter of metals such as steel and primary aluminum. Russia is heavily dependent on the movement of world commodity prices as reliance on commodity exports makes it vulnerable to boom and bust cycles that follow the volatile swings in global prices. A combination of falling oil prices, international sanctions, and structural limitations pushed Russia into a deep recession also in 2015, with GDP falling by close to 2.8%.



A combination of falling oil prices, international sanctions, and structural limitations pushed Russia into a deep recession also in 2015, with GDP falling by close to 2.8%. The downturn continued through 2016, with GDP contracting another 0.2%, but was reversed in 2017 as world demand picked up. Government support for import substitution has increased recently in an effort to diversify the economy away from extractive industries. Thus, the Russian economy has returned to modest growth since 2017, driven mainly by mineral resource extraction and private consumption. The Russian economy continued to grow modestly in 2019 and it was expected to keep growing in 2020, but all forecasts have been upset by the Covid-19 pandemia. Russia is also one of the main producers and exporters of diamonds, nickel and platinum. Despite its large area, Russia has relatively little arable land due to unfavorable climatic conditions. The country nevertheless owns 10% of the world's agricultural land and is one of the main exporters of cereals.



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Industry accounts for 32.1% of Russia's GDP and employs 27% of the workforce. The country inherited most of the industrial bases of the Soviet Union. The most developed sectors are chemistry, metallurgy, mechanics, construction and defence.

The service sector employs more than two thirds of the population and generates 54.1% of the GDP. Since the 1998 financial crisis, the banking sector has not undergone complete restructuring. Given the size of the country, the transport, communications and trade sectors are particularly important. Tourism is also becoming an important source of income.



With regard to export, the top exported products are: petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures. Main export partners are China 10.9%, Netherlands 10%, Germany 7.1%, Belarus 5.1%, Turkey 4.9%. As for import, the most imported goods are machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel. The top import partners are: China 21.2%, Germany 10.7%, US 5.6%, Belarus 5%, Italy 4.5%, France 4.2%.

If you are starting cooperation with a Russian company or if you have partnership with Russian companies, it is necessary to try to retrieve in-depth information in order to have a reliable a clear picture of the company situation. In the Russian context, this is not easy and it is necessary to rely on most expert and trusted information sources. SkyMinder, thanks to the best business information local providers in the Russian area, is able to provide the most updated and complete information on Russian companies.

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In Russia at present there are approximately 12 million registered legal entities and 15 million registered sole entrepreneurs/farmers.

With regard to the 12 million registered legal entities only 4 million are active.

In Russia all companies (only juridical persons, not individual entrepreneurs and farms because they are not juridical persons) are obliged to file financial accounts with 2 sources: the Federal Tax Service of the RF (but financials are not disclosed to the public) and the Federal State Statistics Service of the RF ("Rosstat"), this is the official source disclosing the annual financials. Only about 60% of all active companies file accounts with "Rosstat".

With regard to shareholders disclosing, only for LLC shareholder information is always available, for joint stock companies (PAO/NAO) information is rarely available.

In addition, according to Russian law, it is not possible to get information on payment habits of companies.



In this complex business disclosure environment, only the most credited and trusted business information sources can successfully support you in retrieving information on Russian companies. SkyMinder local sources are the most expert and trusted in the country. They will perform fresh investigations by accessing all local official registries and they are able to provide rating and added value scores able to identify fraudulent and shell companies.

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SkyMinder credit report on Russia will include all the following information (if available at local sources):

- Complete company identification details: correct company name, addresse(s), contact details such as phone, fax, email, webs, etc.
- Company registration details: our local providers try to access local registries and to get registration number, company id, fiscal code, and any information that can be retrieved at the local registry
- Directors and company structure: board of directors, shareholders and related companies
- Financials: balance sheet and profit and loss (as filed at the company registry).
- Credit rating and suggested credit limit
- High value added scores able to identify fraud and shell companies
- Number of employees
- Activity details: sector and industry of the company, when possible also information on import and export activities.
- Negative information on the company
- Banks information

SkyMinder offers also the fastest delivery times, by ensuring the most accurate and updated credit report in a few working days.

The reports are complete, updated and easy to read.

Thanks to SkyMinder credit reports and the expertise of local providers, it is possible to establish safe and profitable business partnership with Russian companies.

Sources: <https://www.britannica.com/place/Russia>; <https://www.cia.gov/>; <https://www.nordeatrade.com/>; <https://www.focus-economics.com/>