



**ROUGHLY ONE IN EVERY FOUR RUSSIAN  
ENTERPRISES IS INTERESTED IN THE MARKETS  
OF THE BALTIC SEA REGION**

**BUSINESS BAROMETER 2009 FOR NORTH-WEST RUSSIA**



## Roughly one in every four Russian enterprises is interested in the markets of the Baltic Sea region

Roughly one in every four Russian enterprises is interested in the markets of the Baltic Sea region. The respondents to the most recent Business Barometer for North-West Russia foresee only a slight increase in significance in the role of the Baltic Sea region in the coming year. Russian business executives are more cautious than in previous years in their expectations for the general business conditions in Russia in 2009.

Russian business executives expect enterprise turnover, investment growth and labour force size growth rates to remain largely unchanged from 2008, although they believe that their personal financial positions will deteriorate slightly in 2009. However, the respondents expect the Russian economy to weaken considerably in the next 12 months.

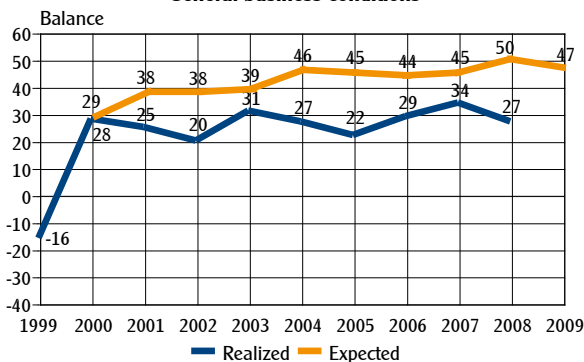
The general business conditions declined slightly in 2008 which was reflected in a seven point fall in the relevant balance figure. Enterprise turnover, investment growth and the labour force size growth of Russian enterprises improved at the same rate as in 2007. The Russian economy weakened considerably in 2008, and executives considered their personal financial positions to have worsened somewhat.

Russian business executives believe that President Putin's administration continued, during its final months, to improve the general business conditions for their enterprises. However, President Putin's policies were also seen to have significantly weakened the relative position of, and the investment opportunities for, foreign enterprises in Russia.

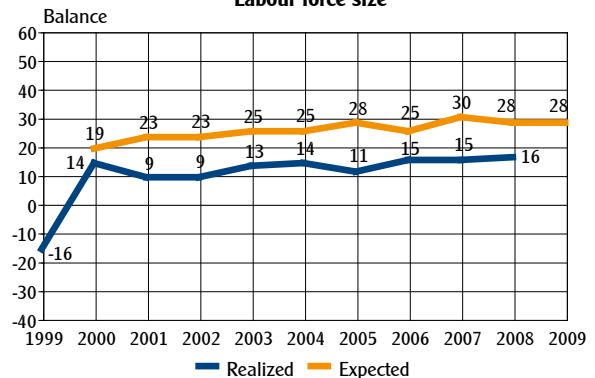
Russian business executives expect President Medvedev's administration to improve both the general business conditions for Russian enterprises and the investment opportunities for foreign enterprises in Russia in the next 12 months.

A clear majority of the enterprises did not believe the Baltic Sea region countries – Estonia, Latvia, Lithuania, Poland, Germany, Denmark, and Sweden – to be significant to their business activities. However, the balance figure shows that they are cautiously optimistic about an increase in the significance of these markets in 2009. The significance of Finland for the business operations of Russian enterprises is also expected to increase slightly.

General business conditions



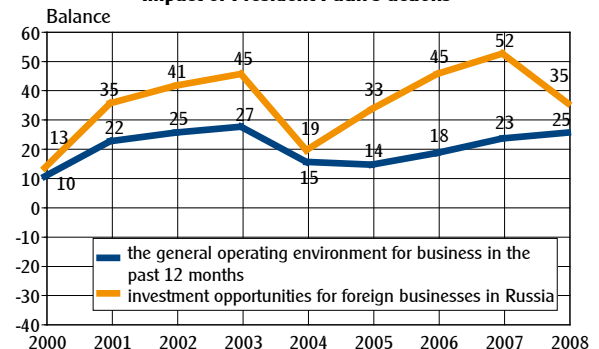
Labour force size



Russian economy



Impact of President Putin's actions



## Decline in the Russian economy

Russian enterprises expect the Russian economy to weaken considerably in 2009. The balance figure for the economy dropped a full 20 points from the previous year, although it was still in positive territory (+19).

Lack of confidence in the Russian economy is stronger in Saint Petersburg (+16) and Moscow (+17) than in other areas of North-West Russia (+25). The balance figure fell sharply in Saint Petersburg and in other areas of North-West Russia (21 points). In Moscow, the balance figure dropped 18 points.

In the commercial sector (+23), expectations for the development of Russian economy are more positive than in the industrial (+17) and service (+16) sectors. However, the balance figure dropped significantly in all three sectors - industrial and service sectors (23 points) and the commercial sector (17 points).

## Actions of President Putin's administration considerably weaken the operational conditions for foreign enterprises

In 2008, Russian business executives believe that President Putin's administration has continued to improve the operational conditions of their enterprise in the past 12 months. Confidence in the actions of President Putin's administration is stronger in other areas of North-West Russia (+33) than in Moscow (+23) and Saint Petersburg (+19).

Conversely, Russian business executives believe that the actions of President Putin's administration have significantly weakened the investment opportunities for foreign companies in Russia in 2008, with the balance figure down 17 points on the previous year. By comparison, confidence in the actions of President Putin's administration remains higher in Saint Petersburg (+42) and other areas of North-West Russia (+33) than in Moscow (+27).

## Actions of President Medvedev's administration to improve the operational conditions of enterprises

Russian business executives believe that the actions of President Medvedev's administration will improve the operational conditions of their enterprises in the next 12 months. Confidence in the future actions of President Medvedev's administration is stronger in other areas of North-West Russia (+38) than in Moscow (+32) and Saint Petersburg (+31).

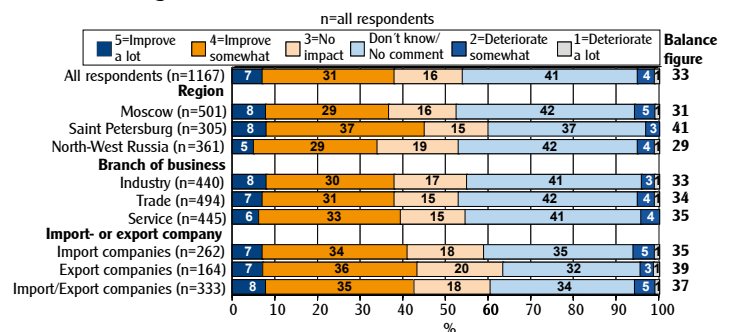
Russian business executives also believe that President Medvedev's policies will improve investment opportunities for foreign companies in Russia during the next 12 months. Confidence is higher in Saint Petersburg (+41) than in Moscow (+31) and other areas of North-West Russia (+29).

## The Baltic Sea region countries not very significant for Russian enterprises

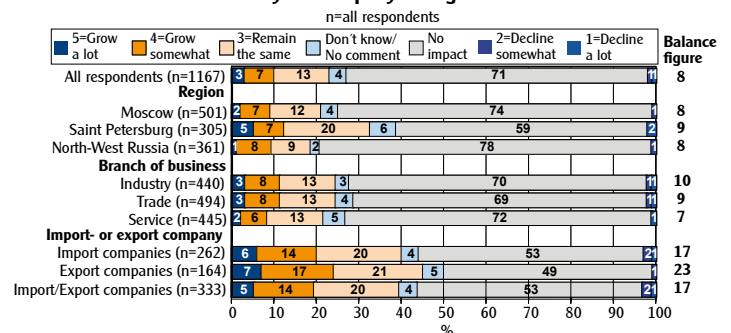
A clear majority of the Russian business executives (71 percent) who responded to the survey estimate that the Baltic countries - Estonia, Latvia, Lithuania, Poland, Germany, Denmark, and Sweden - will not be significant to their business operations in the next 12 months. Similar sentiments were echoed on the lack of significance of the Finnish market to their enterprises (75 percent).

The balance figure shows a cautiously optimistic outlook regarding an increase in the significance of both Finland and the Baltic Sea region countries to their enterprises.

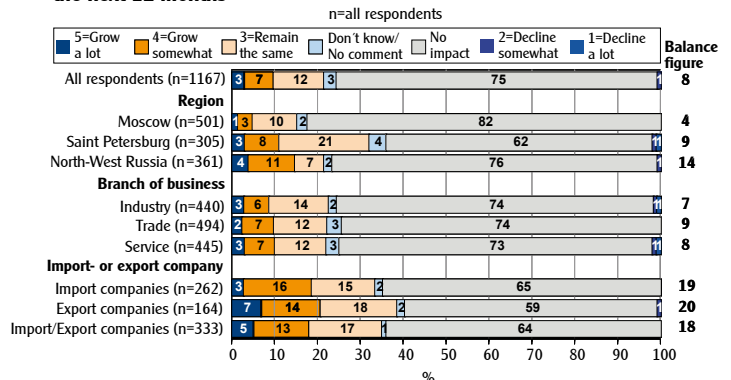
### Impact of President Medvedev's actions on investment opportunities for foreign businesses in Russia in the next 12 months



### How will the importance of Estonia, Latvia, Lithuania, Poland, Germany, Denmark and Sweden to your company change within the next 12 months



### How will the importance of Finland to your company change within the next 12 months



## Uncertainty over future development

Uncertainty about the direction of future development reflected in the answers has remained unchanged from previous years. However, respondents were unable or unwilling to evaluate the impact of President Putin's administration with as much certainty as before. Uncertainty was measured from the proportion of "cannot say" responses among interviewees.

## Description of the barometer

The Central Chamber of Commerce of Finland has conducted Business Barometer surveys for North-West Russia using the same parameters since 1999. For the most recent barometer, a total of 1,167 Russian business executives were interviewed. Of the interviewees, 501 were from Moscow, 305 from Saint Petersburg, and 361 from other areas of North-West Russia. 42% of the enterprises surveyed operated in the commercial sector, 38% in the service sector, and 38% in the industrial sector. Some of the enterprises represent more than one sector. The interviewees hold senior management positions.

The executives were asked to compare the development of the current year to the previous one and to predict the outlook for the year ahead. The survey was qualitative. For each variable, the respondents were asked to estimate whether the situation had improved, remained the same, or deteriorated. The results are given as balance figures, calculated by subtracting the proportion of answers indicating a deterioration from the proportion that saw an improvement.

The executives were to consider the following variables: the company's turnover, size of labour force, and investments; general business conditions; the personal financial situation of the executive; and the Russian economy. In addition, the respondents were asked to consider the impact of President Putin's administration on the business environment. The executives were also canvassed on their expectations of President Medvedev's administration for the year ahead. Finally, the respondents were asked to estimate the change in significance of the Baltic Sea region countries for their business operations in the coming 12 months.

Commissioned by the Central Chamber of Commerce, TOY Opinion, the Saint Petersburg Subsidiary of the Finnish market researcher Taloustutkimus, conducted the interviews during the month of August, 2008.



**The Central Chamber of Commerce of Finland** is the central organisation of 19 Chambers of Commerce, which have about 16,000 members. Membership is voluntary. The Chambers of Commerce promote free competition, market economy and free world trade. For more information, visit [www.chamber.fi](http://www.chamber.fi) and enter the homepage of the Central Chamber of Commerce of Finland.

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