

Ukrainian business ready for work at Russian market – Experts

The Gorshenin Institute held a round table discussion - Prospects for Ukrainian Business in Russia - on 8 February. Experts and businessmen discussed the most promising areas of cooperation for Russian and Ukrainian business.

President of UPEC Industrial Group Anatoliy Girshfeld considers that Ukrainian business has prospects in Russia in the knowledge-based industry sector while operations in raw material sectors may be hampered with strong government regulation. 'The government actively regulates the raw materials and associated industry sectors and it won't lose its hands on it. This is the main source of the budget income', - O.Girshfeld said. 'The state of the knowledge-based industry is a common problem to the entire post-Soviet space. That is why Russia has to allow entering its markets the companies developing in the knowledge-based industry, even in strategic sectors,' - A.Girshfeld said

Head of Russian Embassy in Ukraine Economic Sector, Advisor Oleksiy Urin, said that there are no obstacles for investing into raw materials sector. 'We are waiting impatiently. I am talking seriously', - Urin said. 'Russia has been paying lots of attention to attract foreign investments over the last years. Unfortunately, as of today we see no serious flow of investments from Ukraine. Ukraine's share is hardly seen on the background of 110 billion dollars of annual investments to Russia. I believe this situation is absolutely not normal', - O.Urin said adding that distribution of investments by sectors shows that most of the interest is paid to the processing branch. 'This is fully in line with the course taken by our government to support the processing industry, to support hi-tech manufacturing', - the diplomat said supporting his words with figures: 'For instance, Russia's processing industry attracted 12 billion dollars during three quarters of 2010 (not only direct investments, of course, but also portfolio investments while the mining sector received only 8.6 billion dollars, as many as the trade sector'. According to O.Urin, this fact shows foreign investors' interest to higher conversion of product. 'In this regard, I would like to call on Ukrainian machine builders and industrialists to feel free entering the markets. A number of regions in the country offer good and very good investment conditions to foreigners. I believe they will be glad to meet the Ukrainian capital', - Urin said.

Head of MT-Invest Supervisory Board **Myroslav Tabakharnyuk** said that Ukrainian companies require a support from own government for active promotion to the Russian markets, similar to the support that Russian companies receive: 'Promotion is only possible with the governmental support and political and financial levels', - Tabakharnyuk said.

The lawyer of the MAGISTERS International Law Firm Tetyana Khadazhevskaya said that one of the obstacles for promotion of Ukrainian investments to the Russian markets is the tendency towards the limitation of market openness. 'If we are talking about export-oriented sectors, these markets are not quite open as there is a tendency for restricting through quotas, anti dumping duties and other economic gears to create not very favorable conditions to Ukrainian investments at the Russian markets', - T.Khadazhevskaya said.

Head of DTEK Strategic Planning and Analysis Department Oleksandr Selyshchev is certain that the Ukrainian business has a positive experience in investing into Russian economy, including the most attractive sectors. 'Can a Ukrainian company buy mines in Russia? Without a doubt it can, and this has already been done – there is a concern that owns not one but a number of mines in Kuzbass. We can say that they are doing this not only as a part of the integration with Ukrainian coke chemistry sector. This

is a real single business – they build a port on the Baltics, develop mines, receive new licenses. And the Russians, primarily the local governments, speak very positively of them as of Ukrainian investors’, - O.Selyshchev said. He added that the Ukrainian investor feels comfortably and continues to develop actively.

Head of Renaissance Capital Corporate Communications Department Konstantin Golovinskiy also sees prospects for Ukrainian business in Russia: ‘A strong point of Ukrainian companies when entering Russia’s markets is that they won’t be surprised at what they see in Russia’. K.Golovinskiy believes this is why Ukrainian companies are well-prepared to work in Russia. ‘Maybe, Ukrainian companies are even better prepared to work in Russia than Western companies – the latter will have to understand specific features of the market first,’ – K.Golovinskiy said. He also recalled that Russia is ‘a huge, first of all, consumer market, which is of course interesting to Ukrainian producers’.