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An Introduction to

Doing Business in Russia 2021



Russia. 50 Million Middle Class Consumers Connecting Europe And Asia



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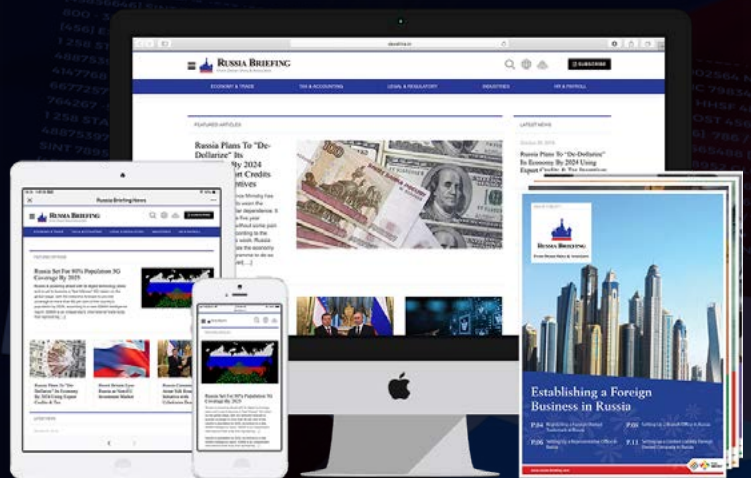
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About Dezan Shira & Associates

At Dezan Shira & Associates, our mission is to guide foreign companies through Eurasia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. Since its establishment in 1992, Dezan Shira & Associates has grown into one of the region's most versatile full-service consultancies with operational offices across China, Hong Kong, India, Indonesia, Singapore and Vietnam, as well as liaison offices in the UK, Italy, Germany and the United States, and partner firms across the Eurasian region. With over 25 years of on-the-ground experience and a large team of professional advisors, we are your reliable partner in Russia and Asia.

In Russia, we are members of the Russia-Asia Union of Industrialists & Entrepreneurs, the Russia-Britain Business Council, and the Rotary Club of St.Petersburg. Our senior personnel are often invited to lecture at the Higher School of Economics, part of the Moscow State University on matters of Russia-Asian trade and investment. Please contact us at russia@dezshira.com for assistance or collaboration.

Preface

Russia has had a tough time as concerns foreign investment in the past few years; sanctions, Covid-19, a depreciating ruble and other political problems have tended to scare FDI away from the country. However, many of these issues have also resulted in a re-balancing of the Russian economy towards the East, with both hard and soft infrastructure being put in place that will, at some point, tip the balance for investing in Russia to be seen as a positive once again.

Hard infrastructure, and especially in road, rail, airports and ports in currently being put in place, and provides both links from the wealthier European side of Russia (23% of its actual landmass) to the Asian part of Russia (77% of landmass). Additionally, as Russia has turned eastwards for the 21st century, far more infrastructure build is being conducted in the Eastern part. Now, 32% of all FDI into Russia goes into the Far East regions. This is why, when Dezan Shira & Associates are fundamentally a practice dealing with investments into Asia, Russia is an area of special interest to us. Cities such as Vladivostok, once a backwater port for decommissioned Soviet submarines, is now more like Hong Kong, and performs similar services: Free Trade, Finance in addition to manufacturing, production and shipping. Vladivostok is one of the largest Ports on the East Asian seaboard with access from Asia to Europe via the Northern Sea Passage or the Trans-Siberian Rail, or onto Asia - China, Japan, South Korea from Europe going the other way. Shipping capacity across the Northern Sea Passage although small, is expected to quadruple in the next three years. Facilities are being built now to service that, which will in turn lead to a secondary wave of investment and trade.

These hard infrastructure investments are also being met by soft infrastructure investments - taxes and trade incentives. Russia is a member of the Eurasian Economic Union, which stretches from the borders of China to the European Union. When China agrees tariff reductions with the EAEU - a process that is currently being negotiated - EAEU-China trade will boom. It will bring certain products, duty free, from China, Russia and other EAE member states Armenia, Belarus, Kazakhstan and Kyrgyzstan to the borders of Europe. Infrastructure in the form of Free Trade and Special Economic Zones are already in place in deal with this. It is only a matter of time.



At Dezan Shira & Associates, we see our role not just as providing professional services to foreign investors: tax, legal and related regulatory matters, but also in where new opportunities and where these can be expected to be. For some, Russia may seem far away and not part of Asia. In fact, most of it is just 'next door' and provides strong arguments for reassessment. We hope this Guide will assist you with gaining a better understanding of a much misunderstood market.



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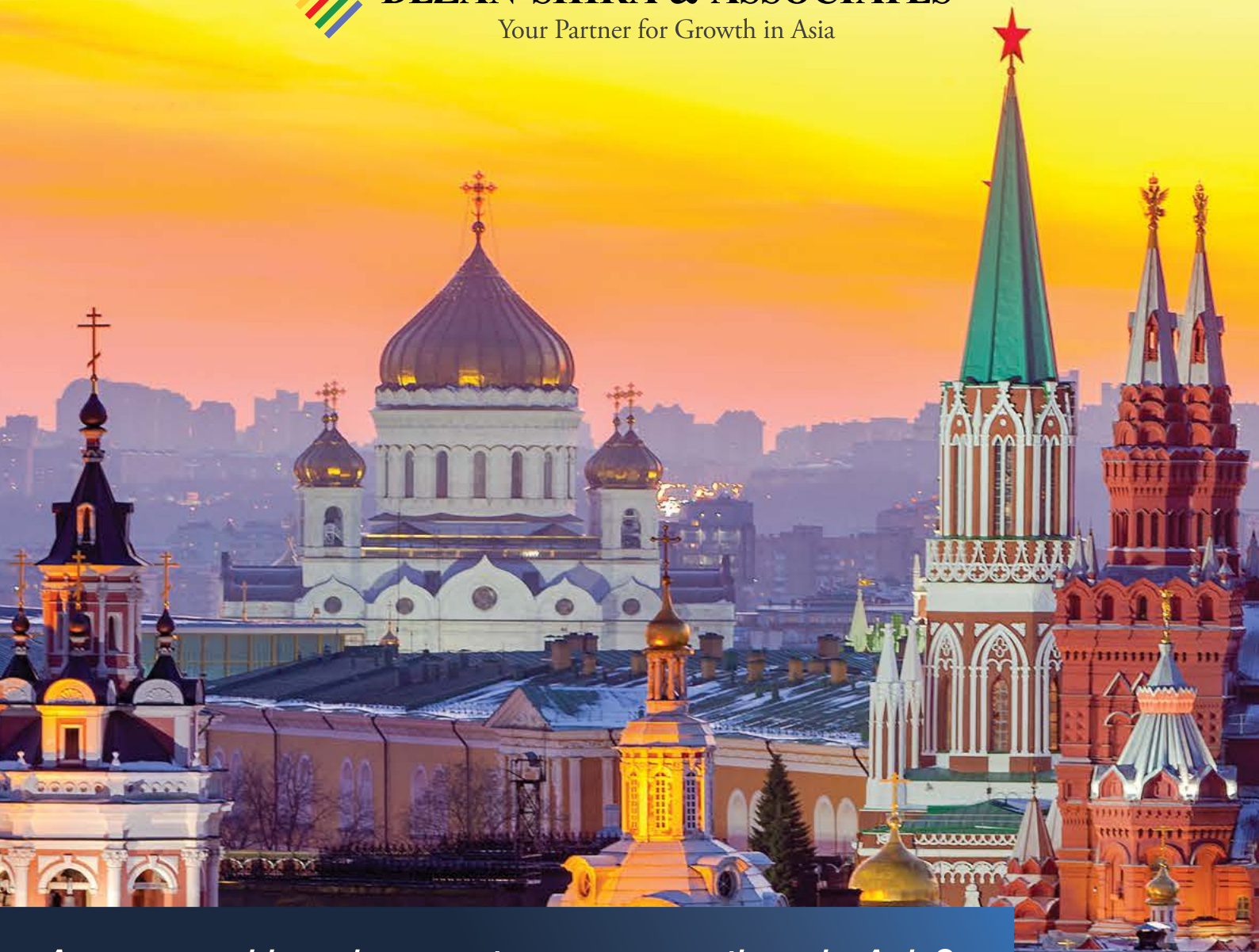
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