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The role of investments for the economy of the Russian Federation

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Abstract

The article analyzes the concept of investments, their forms, types, as well as the impact on the economic climate in the country via

comparative quantitative research methods. As a result, the characteristic of the structure of the main investing countries in the economy of Russia, the recipient countries of direct investments from the Russian Federation is given and a high percentage of the process of investing in a country is the returning capital of organizations from abroad. In conclusion, investments are the lever of progressive formation and positive actions for economic processes in the country.

Keywords: Investments, Foreign, Export, Import, Economy.

El papel de las inversiones para la economía de la Federación de Rusia

Resumen

El artículo analiza el concepto de inversiones, sus formas, tipos, así como el impacto en el clima económico del país a través de métodos comparativos de investigación cuantitativa. Como resultado, se da la característica de la estructura de los principales países inversores en la economía de Rusia, los países receptores de inversiones directas de la Federación de Rusia y un alto porcentaje del proceso de inversión en un país es el capital de retorno de las organizaciones. desde el extranjero. En conclusión, las inversiones son la palanca de la formación progresiva y las acciones positivas para los procesos económicos en el país.

Palabras clave: Inversiones, Extranjera, Exportación, Importación, Economía.

1. INTRODUCTION

A necessary condition for the development of the modern economy is high investment activity since foreign investment plays an important role both at the macro and micro levels. A reference to authority is not an argument is the statement of the rationalist Benedict Spinoza, who liked to mention Lenin. The proposal to evaluate a certain statement as valid and

fair because it is consistent with an authoritative source is an illogical conclusion (DALNICHUK & MATNENKO, 2018).

From the beginning, it seems that this statement is not suitable for the selected article. But if you think about it, it turns out that the above statement is the main one for studying where investments come from in Russia and where incomes of individuals and legal entities are invested. Investments should be understood as an investment of money to generate income or for any other profitable purpose. Investments can be presented in the form of cash or intangible form, that is, structures, equipment, securities and any other property (VOROBYOVA & PONOMAREV, 2015).

No arguments are needed to prove that investment is the lever of progressive formation and positive action for economic processes. They contribute to the emergence of new companies and increase the number of jobs. One of the criteria for solving negative trends in improving the mechanisms of the economy is the involvement of foreign investment. Foreign securities on the St. Petersburg Exchange have opened access to investment in global corporations not only to qualified investors but also to private individuals. No need to be afraid of a global correction in world markets - this is a wonderful way to buy high-quality assets at competitive prices (BUFFETT, 2005).

Bloomberg considers Russia to be one of the most profitable countries for implementing such a process as investing in 2017. Besides, for profitable investment of money, such strange countries as South Africa, Mexico, Brazil, Chile, India, and Indonesia are mentioned. Among

these countries, Russia stands out for a large increase in foreign portfolio investment (PANFILOV & KABANOV, 2016).

2. METHODOLOGY

The main criterion for assessing investment is called the properties in which most of the capture debt mechanisms, mainly not affecting the increase in capital. In addition to the tool of mergers and acquisitions, which serve as the acquisition of already functioning organizations, the structure of foreign investment notes the particular prudence of investors in the Russian economy: most are afraid to be in jeopardy caused by the advent of tight regulation of Russian organizations. Besides, foreign investors are well investing their funds in wholesale and retail sales, as well as investing large sums of money in the extraction of various types of fuel and minerals (KABANOV, 2010).

Currently, investments in the economy of a certain country are not the object of confidence in making a profit - this is the result of a reasonable assessment of a set of criteria that show the potential benefits of investing. The Russian Federation has been and continues to be a country in which the structure of the economy and the monetary unit of the country, as well as the position of industry and the consumer market, depend on export prices. The interest of foreign investors in investing in Russia is associated with maintaining high-interest rates of the Central Bank of Russia, about 7.26% (PANFILOV & KABANOV, 2016).

Everyone knows the action plan for carry-trade profit. The bottom line is that at low rates, investors borrow at a percentage of dollars or euros, then use these funds to purchase assets denominated in rubles. The largest investing countries for our state are Singapore (50.6%), Bahamas (18%), Virgin Islands (3.1%), Switzerland (5.7%), France (6.2%). In fig. 1 shows large investing countries in the Russian economy and recipient countries of direct investment from the Russian Federation.

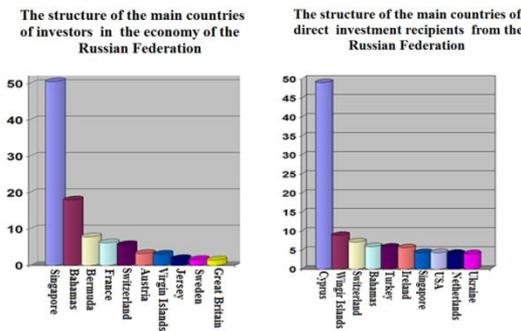


Figure 1: Large investing countries in the Russian economy and recipient countries of direct investment from the Russian Federation

3. RESULT

As you can see, the situation of exporting and importing direct investments converges in many respects. A high percentage of the process of investing in a country is the returning capital of organizations from abroad. Such a structure remains unchanged for a long period. This means that we can conclude that, along with the strengthening of economic integration, mechanisms for the transfer of funds between states appeared that allow investors to find all the

possible advantages and disadvantages in various areas of business. Capital is exported abroad to maximize profits and reduce the threat of investment. Foreign investment in the economic structure of our state allows us to increase the attractiveness of foreign investment (SERGUSHINA, 2019).

The modern Russian economy is such that without an influx of foreign direct investment (FDI) with new technologies and knowledge, it is hardly possible to quickly fix things in its export-forming manufacturing industries, most of which cannot successfully compete in world markets. According to statistics published by the Bank of Russia (BR), foreign direct investment transactions do not look so bad. The balance of FDI in Russia (on the principle of assets/liabilities) amounted to 366.5 billion dollars and the balance of FDI in Russia abroad - 409.7 billion dollars (Table 1).

Table 1: FDI balances to and from Russia, billion dollars

Partner Countries of Russia	Residues by principle assets / liabilities		Directional net residues	
	to Russia	from Russia	to Russia	from Russia
Total by country	366,5	409,7	285,1	328,4
Including:				
Bahamas Islands	21,1	4,3	21,0	4,2
Bermuda Islands	15,5	2,0	15,4	1,9
British Virgin Islands	15,3	45,3	11,6	41,6
Great Britain	8,0	8,8	7,3	8,1
Germany	13,9	11,7	13,8	11,6
Ireland	26,4	2,6	4,6	-19,1
Cyprus	110,6	120,5	101,7	111,6
Luxembourg	39,4	14,3	10,4	-14,7

Netherlands	53,3	68,1	41,9	56,7
France	9,7	3,5	9,6	3,4
Switzerland	11,5	18,8	10,5	17,8

Although the table. 2 is built on the principle of orientation, on its basis, it is easy to switch to the principle of assets/liabilities. To receive the balances of FDI from Russia to the partner country based on the assets/liabilities principle, the assets from FDI from Russia to the partner country and liabilities from FDI from the partner country to Russia should be added. The balances of FDI of the partner country to Russia are determined symmetrically based on assets/liabilities. For example, following the principle of assets/liabilities, the balances of direct investments of Russia in France amounted to 2.4 billion euros ($2.4 = 1.7 + 0.7$), and the balances of direct investments of France in Russia - 9.2 billion euros ($9.2 = 8.9 + 0.3$) (PRIMAK, 2018).

Table 2: Foreign direct investment in the Russian economy, billion euros

Partner countries Of Russia	FDI of partner countries to Russia		Russian FDI to partner countries	
	assets	obligations	assets	obligations
European Union-28	171,2	8,5	123,7	67,3
including the UN	100,1	5,2	78,2	63,1
Germany	15,2	0,7	3,9	0,4
including the UN	0,0	0,0	0,0	0,0
Ireland	0,3	0,0	1,1	0,7
Italy	7,5	0,1	0,5	0,1
including the UN	0,0	0,0	0,0	0,0
Netherlands	56,6	5,2	60,7	9,7
including the UN	53,2	5,2	58,9	9,7
France	8,9	0,7	1,7	0,3
including the UN	0,0	0,0	0,0	0,0
Sweden	6,4	0,3	0,2	0,1

4. CONCLUSION

According to Trofimenko who made a report on the problems of the world economy in Irkutsk Russia needs foreign investment. Therefore, it is imperative to take decisive steps to improve the investment climate. It is necessary to study the opportunities for foreign investors to enter our market, be able to interest them and pursue a flexible, smart policy towards them, improve the legislation in the investment sphere and closely monitor the current situation.

The role of the state in this situation should have a clear character. The development and implementation of a systematic investment policy, including regional one, should take into account not only solving the problems of the country's economy but also solving the issue of improving the welfare of citizens: a competent investment policy can affect the structure of accumulation and savings of citizens, their investment activity. Then the investment climate in our country will gain a new market and effective look in the eyes of the world community. With a decrease in the growth rate of the economy, it is necessary to implement all the acceptable means for its stable growth. However, do not forget about the properties and characteristics of foreign investment, because the circulation of resources is unlikely to bring profit and will be the lever of the formation of the Russian economy.

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