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RISKS FOR INVESTORS IN REGIONS OF THE RUSSIAN FEDERATION

At the level of overall economics investment is required for expansion of reproduction, for the implementation of structural reforms, for improvement the competitiveness of domestic products, for solving social and economic problems in the regions and the country as a whole, for example, the problems of unemployment, environment, health, development, education, etc. At the micro level investments contribute to: the development of enterprises and companies, replacement of fixed assets, increased technical support, stabilize the financial condition, enhance the competitiveness of enterprises and qualifications of personnel, improvement of management practices [Askinadze, Maksimova, Petrov, eds., 2010, p. 13-14].

There are different approaches to the definition of investment appeal in the literature. The number of studies on this topic is growing rapidly, which in turn leads to an increase in the number of definitions. There are two trends for this: the first group of researchers consider the investment attractiveness as “business attraction” (attractiveness for business), which is shown by the number of contacts and deals, aimed not only at obtaining the financial results, but also to create and maintain the image of the entity. Other researchers believe that the investment attractiveness is the resource potential of the company, of the industry, of the country at whole and of any subject of the economic system in particular which to be disclosed and used for the best economic result.

Next, we consider in more detail some of the definitions. The purpose of this research is to characterize the investment risks for different regions of the Russian Federation at the present stage of development.

1. Investment climate as a defining characteristic of the investment

We have already noted that investments provide the dynamic development of both individual companies and the individual regions and the country as a whole.

Most often, the investment climate is characterized as “(...) a set of political, socio-economic, financial, socio-cultural, institutional and geographical factors specific to a country (region), attracting or repelling investors” [*Investment Rating...*, 2007, p. 20].

Under the investment climate is understood the immediate environment in which the investment processes flow. It is noted that the investment climate is shaped by political, economic, legal, social and other factors that determine the conditions of investment activity in the region and determines the degree of investment risk [Bystrov, 2008].

The investment climate is an important indicator for assessing the level of market reforms and competitiveness of the regions, and so the diagnosis of the investment climate is an important task for regional authorities. Investment attractiveness is defined as a combination of attributes, facilities causing the potential payments in the aggregate demand for investment in the region. It is formed of two components: *investment potential* – the objective possibilities of the region and the *investment risk* – operational conditions for the investor [*Investment Rating...*, 2007, p. 20].

Investment potential is considered as a quantitative characteristic that takes into account the main macroeconomic indicators: the saturation area factors of production (natural resources, labor, capital assets, infrastructure) as well as consumer demand. Thus, the figure of the investment potential of each region of the Russian Federation is the aggregate measures, consisting of several component [Fetisov, Oreshin, 2007]. Evaluate the resource-potential, production, consumption, infrastructure, innovation, employment, institutional and financial.

The investment climate and investment attraction is the starting point for the development of regional programs of investment development. Monitoring these indicators in more efficient regulatory functions of regional governments in the investment field. Some authors believe that “(...) to the investment potential include adaptive logical regions for investment, which is a set of economic conditions and the actions of management in the search, recruitment and use of investment resources” [Zhukov, 2006, p. 44-50].

Investment risk characterizes the probability of loss of investments and the income from them. It shows why you should not (or should be) to invest in the enterprise, industry, region or country. In contrast to the investment potential of the investment risk is subject to change in a short period of time. Some factors of the investment risk depends on the policy of regional or federal authorities of the Russian Federation and may vary significantly due to changes in the policy [Guiliano, 2003, p. 103]. As applied to the regions of the Russian Federation the following types of risks are highlighted:

- political, depending on the stability of the regional authorities and the political polarization of the population;
- economic, associated with the dynamics of economic processes in the region;
- social, characterized by the level of social tension;
- criminal, determined by the level of crime according to the severity of crimes;
- ecological, calculated as the integral level of environmental pollution;
- financial, reflecting tensions regional budget and total financial performance of enterprises in the region;
- legislative, characterized by a set of legal rules governing economic relations in the territory: local taxes, benefits, limitations, etc.

Of course, it is not sufficient only to consider separately the investment potential of the region or just risk factors for making investment decisions. For example, the region may have high potential (resource-rich), but due to the high level of criminalization can have high levels of investment risk, and therefore have a low overall attractiveness to investors. Thus, these two measures should be studied in relation to each other.

Considering the investment climate, one can not ignore the concept of *investment activity*. This indicator reflects the intensity of investment in the region. It is an important feature of the investment climate area. Investment activity is measured by a set of volumes and rates of investment. Investment activity is in some way the actual implementation of the existing building with the level of investment risks [Salimov, 2009, p. 83-88].

Regional investment activity reflects the dynamics of the relationship and the stages of the investment process, as well as the range of subjects and the range of mechanisms of influence on the pace of sustainable and balanced development of regional investment, their source material and socio-economic outcomes. At the same time, it should be noted that different types of investments often have a multi-directional impact on the region, which, in turn, makes the study of inherent manifestations of regional investment activity, or function [Polozhihina, 2007, p. 11-34].

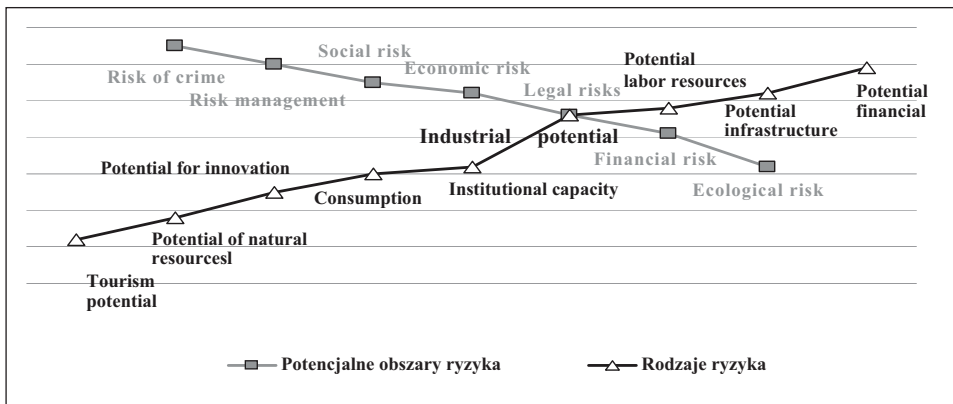
Analysts of the magazine “Expert RA”, published annually analyzes the investment rating of Russian regions, identified the concept of “investment climate” and “investment attractiveness” [*Rating of Investment...*, 2011]. Other researchers believe that the investment climate include investment attraction as a member [Grishina, 2001, p. 5-16]. Opposed to the two previous statements a point of view on the investment climate and investment attraction as equal economic phenomena that interact in the process of the development of the region [Anikeeva, 2005, p. 3-7]. For example, argues that “the investment climate is the result of the interaction of the investment attractiveness and investment in the region., in turn, the investment attractiveness of the region is a combination of investment potential and investment risks” [Salimov, 2009, p. 83-88].

2. Analysis of the investment climate regions of Russia 2009-10

Investment decisions are always based on an assessment of factors. Mechanical transfer of known and proven in the international practice methodological approaches to the assessment of the investment climate for the Russian regions is not possible. Understanding this specificity has led in recent years to the development of a number of different areas of investment climate in Russia, carried out not only domestic but also foreign researchers and companies.

In the analysis of the investment climate regions of Russia the author used ratings compiled by the rating agency “Expert RA”, which consider the investment climate (investment attraction) of the region, as multivariate index characterizing the relationship of investment potential and investment risk. Analyze the ranking prepared by the agency “Expert RA in 2009-2010 [The Rating Agency].

Expert weight factors of the investment potential and the risks are shown in Fig. 1.



- components of risk: criminal, administrative, social, economic, legal, financial, environmental
- △— components of the potential: tourism, natural resource, consumer, innovation, institutional, industrial, financial, infrastructure, labor)

Fig. 1. Expert weight factors of the investment potential and investment risk regions of Russia, 2009-10

Source: The rating agency “Expert RA”, <http://www.raexpert.ru>.

Having analyzed the components of investment risk, we discovered that the corrupted criminal component of the investment process (criminal risk) went ahead. In crisis conditions, conscientious investor and entrepreneur try to save their business by its updating and restructuring, reducing costs, finding new markets and new products. But often, it happened that various commercial struc-

tures formed by regional officials, are inflexible and unsustainable in conditions of the deterioration of external factors. All this urges the regional authority on unscrupulous actions, including criminal methods in the struggle on the elimination of competitors. The number of economic crimes is increased also.

“Fair” system of regional governance is becoming one of the decisive positive factor in attracting investors (second position by weight of risk factors). A significant number of subjects of the Russian Federation has their strategies and programs on development which are already worked out and acting now. Their accessibility allows potential investors to understand the perspectives of development of the area, to understand their role in this process and, therefore, be supported by regional authorities. In some regions of Russia are created the most favourable areas both for investors as federal as regional levels.

Let’s consider regional leaders on the investment potential and more detailed – the investment risk that influence the trend of regional development. Leading regions for investment potential in 2009-2010 in Russia were: Moscow, St. Petersburg, Moscow and Sverdlovsk regions, Krasnodar region, the Khanty-Mansi Autonomous District (area), Republic of Tatarstan, Krasnoyarsk Krai, Perm Krai, Nizhny Novgorod region. Federal cities of Moscow and St. Petersburg are the largest economic centres of the country, concentrating a great labor, financial, innovation and production capabilities, and a powerful consumer market. Moscow region has a third position thanks to its proximity to the richest and most rapidly developing capital. The high level of costs of having business in the capital made a lot of types of enterprises in it simply impossible. Moscow gets rid of the industry, which is shifting to the nearest regions. There in the past were organized enterprises either targeting for providing Moscovites and Moscow or seeking to use the supercentralized arrangement of Russian economics where Moscow is not only the main center of consumption, but also serves as the core transport and logistics structure of the country.

Just four of the region (Sverdlovsk Oblast (region), Khanty-Mansi Autonomous District (area), Krasnoyarsk and Perm Krai) of the top ten were there because of the importance of natural resource factor in their development. In this case, the Sverdlovsk region and the Khanty-Mansi Autonomous District have, in addition the resource component, more powerful consumer, industrial and financial potential. This combination of factors makes the economic development of the region is extremely attractive for investment.

The author would like to point out that in recent years, maintaining the existing distribution of investment attractiveness of the region attracts funds only in certain areas had stable investment climate. Measures to improve the investment attractiveness, taken by regional authorities, should be part of future regional modernization programs. Analyze the RF regions with minimal investment risk (tab. 1).

Table 1

Subjects of the Russian Federation with the minimum investment risk

Region	Rank – investment risk 2009-10	Change of rank – investment risk 2009-10 to 2008-09	Rank – investment potential 2009-10	Change of rank – investment potential 2009-10 to 2008-09
Lipetsk region	1	0	42	-1
Rostov region	2	1	11	0
Voronezh region	3	4	23	3
St. Petersburg	4	0	2	1
Tambov region	5	3	57	-1
Krasnodar Krai	6	-4	5	0
Penza region	7	-2	44	3
Stavropol Krai	8	8	26	-2
Kaluga region	9	8	39	0
Volgograd region	10	3	22	-3

Made on the basis of source: The Rating Agency. "Expert RA", <http://www.raexpert.ru>.

Analysis of the rating of Russian regions by a factor of investment risk 2009-2010. suggests that the competition for investment is increasingly winning new formation regions. Typically, this is a relatively small scale regions that have made real progress in diversifying the economy through the development of non-oil industries and the agricultural sector. It recognized leaders Lipetsk, Voronezh, Tambov and Penza region Rankings Add Kaluga region, moving from 17th to 9th place in the ranking. Improved their position Voronezh and Tambov regions, occupy, respectively, 3rd and 5th place (in the past they were on the ranking of the 7 th and 8 th positions).

Low social risks, calm, coupled with effective management, active and flexible attitude of the regional authorities in the Investor create a comfortable environment for attracting investment. Investor-friendly climate gradually converted into growth potential. Can be expected to increase the representation of the group leading regions for the minimum investment risk around Moscow.

In the past, only the presence of large deposits of minerals or advanced industrial base guarantee region attention from investors. But in the context of the global financial and economic crisis, the situation has changed. Over-dependence of regional economies on business industrial giants turned into serious problems. Prospects appear before the regions, investment attraction which draws on real progress in diversifying the economy, social stability, low crime risks. These factors form a new potential for regional development, and equally highly valued by investors and the federal government.

3. Characteristics of investment risk regions of Russia 2010-11

Initially, it should be noted that the rating agency revised its methodology for evaluating investment risks. There was a change in management practices in the regions of Russia, including in the sphere of regional legislation. Prescribed in the regulations the rules of business in different regions of Russia is almost smoothed out. In such circumstances, to assess the risk of the legislature was pointless. The second major change occurred in the management of risk. The global crisis has shown that all medium-and long-term regional development programs and strategies were totally inapplicable to economic realities. Many programs have remained unfulfilled.

Smaller changes have affected other private risk. The financial risk assessment added debt of the Federation [WWW1]. The adjustment allowed for the first time to estimate the average Russian investment risks (both private and integral). Each the average risk was calculated as the weighted average of the risk on 83 subjects of the Federation, though the weights performed the region's share in the potential. Experts note that the integrated risk investment for Russia as a country and all its components are reduced.

Still the highest risks for investors in Russia are related to governance. According to the assigned rating of investment attractiveness of Russian regions in 2011 were reported to improve conditions for investment. This is most clearly seen in the reduction of the integral index of investment risk of the country (Fig. 2).

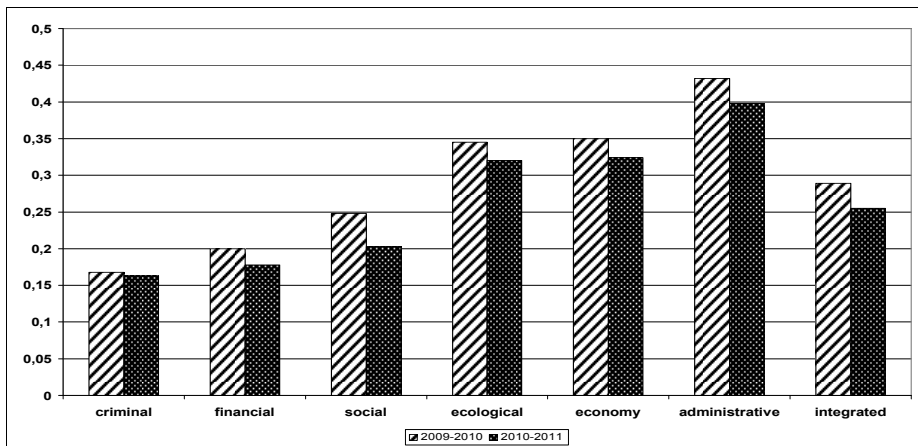


Fig. 2. Components of integrated investment risk (comparison of ratings of 2009-2010 and 2010-2011). Components of the integrated indicator: criminal, financial, social, ecological, administrative; and integrated risks

Source: "Expert RA", <http://raexpert.ru/ratings/regions/2011/> [16.12.2011].

Characterize the main trends. In most regions of the Russian Federation to reduce the investment risk was due to changes in its components. In 2011, the region with minimal risk of investing is Krasnodar, Belgorod, Lipetsk and Moscow region, St. Petersburg, Rostov Region, Leningrad and Kaluga regions, the Republic of Tatarstan and the Tambov region.

It should be noted regions of the Russian Federation with the minimum risks. The best indicators of the minimum environmental risk were noted in the Kaliningrad region (the Baltic Sea has a seaside situation), Kursk region (action for environmental protection) and in the Republic of Adygea (The North Caucasus, absence of the industry). The minimum economic risks showed: Republic of Bashkortostan, Krasnodar Krai and Republic of Buryatia. On administrative risk the best indicators were in Krasnodar Krai, in the Sakhalin region and the Kaliningrad region. Krasnodar Krai is in group of leaders thanks to actions for preparation for the Winter Olympic Games of 2014 in Russia (in the city of Sochi).

It is important to note that if as a whole about the country the administrative risk decreased, the increase in the risks connected with management, mentioned a number of the key centers of investment activity, among which Moscow and St. Petersburg, Tataria, Bashkiria, Sverdlovsk region and some other regions.

The first three regions of Russia with the minimum index of financial risk are the Yamalo-Nenets Autonomous Area (these are the largest natural gas fields in Russia), and St. Petersburg and Moscow (two capital regions). On social risk the best (that is the minimum results) are noted again in two capital regions – St. Petersburg and Moscow, and also in the Moscow region (the considerable which part of the population from this region works in Moscow). The minimum criminal risk is noted in the Republics of Adygea and Mari El and the Kirov region.

It is also interesting to note that in each of eight federal districts of the Russian Federation there are leaders – in which the minimum risk of investment is noted (tab. 2).

Table 2

Regions with the minimum risk of investment in the Federal districts
of the Russian Federation

Federal districts	The territorial subject of the Russian Federation with the minimum indicator of risk for investors	Index Risk of investment	Index Potential of investment
1	2	3	4
Central district	Belgorod region	0.168	1.424
North Western district	St. Petersburg	0.187	2.910
Southern district	Krasnodar Krai	0.155	2.760
North Caucasus	Stavropol Krai	0.235	1.139

Table 2 cont.

1	2	3	4
Volga district	Republic of Tatarstan	0.217	2.388
Ural district	The Tyumen region (including Khanty-Mansi Autonomous Area and the Yamalo-Nenets Autonomous Area)	0.242	1.101
Siberian district	Tomsk region	0.257	0.751
Dalnevostochny (Far East)	Sakhalin region	0.234	0.628

Made on the basis of source data: "Expert RA", <http://raexpert.ru/ratings/regions/2011/> [16.12.2011].

Let's characterize the main tendencies. In the majority of regions of the Russian Federation decrease of the investment risk happened at the expense of change of its components. Following the results of 2011 regions with the minimum risks of investment were Krasnodarskii Krai, the Belgorod, Lipetsk and Moscow regions (oblasti), St. Petersburg, Rostov region, Leningrad and Kaluga regions, Republic of Tatarstan and Tambov region.

Comparison of indicators of investment risk and capacity of regions of the Russian Federation in which the minimum risk for investors is noted, says that, as well as earlier, the highest values of indicators of investment potential were noted in Moscow (3.000), the Moscow region (2.950) and St. Petersburg (2.910). And to regions which have the most adverse conditions for investors (the highest rates of investment risk), belong: Republics Chechen, Tyva, Ingushetia, Kalmykia, Dagestan.

4. Analysis of dynamics of the state investments into regions of Russia

Problem of any state is the prevention of critical crisis social, economic, ecological and other situations in certain regions is reached by means of state regulation of social and economic development of regions. Such regulation, in particular, can be carried out by the budgetary investments into development of regions. Thus, level of investment appeal of the region considerably is defined by in what measure the development of economy of the region at the expense of the budgetary investments is carried out, i.e. the volume of the budgetary investment

in economy of the region is a significant factor of investment activity in this region, especially for unsuccessful regions.

The situation on dynamics of the budgetary investments (investments into fixed capital – investments in fixed assets) in macroregions of Russia and about their specific weight in the all-Russian indicators is illustrated by the data presented in the table (tab. 3).

Table 3

Budgetary investments into economy of the Federal districts of Russia,
2000-2010 (million rubles)

Federal districts	2000	%	2008	%	2010	%
Russia	1165234	100	8781616	100	8392227	100
Central district	303918	26,1	2278329	25,9	1890966	22,5
North Western district	116663	10,0	1040669	11,9	1049637	12,5
Southern district	108941	9,3	704183	8,0	794412	9,5
North Caucasus district	25964	2,2	260241	3,0	287137	3,4
Volga district	206781	17,7	1485341	16,9	1323384	15,8
Ural district	250731	21,5	1482552	16,9	1431313	17,1
Siberian district	98647	8,5	945556	10,8	889719	10,6
Dalnevostochny (Far East)	53589	4,6	584745	6,7	725659	8,6

Calculated by: Regions of Russia. Socio-economic indexes 2011 Statistical collection. Moscow. Federal State Statistics Service (Rosstat), 2011.

In 2000 of 65% of all budgetary investments it was concentrated in three macroregions: Central, Uralsky and Volga. Similar distribution is natural, considering a contribution of these federal districts to industrial development and economic growth of the country. However, by 2010 the share of these regions was reduced to 55% that testifies to some redistribution of investments in the direction of less developed regions of the country.

Distribution of the state investments has ambiguous impact on economy of its regions and the country as a whole. Concentration of means in regions with an increased productivity of factors of production, as a rule, increases growth rates of national economy, but thus strengthens territorial disproportions in social and economic development. Thus, at regional distribution of the budgetary investments the government always faces a choice problem: investment of means to actively developing regions with a potential of growth or support of depressive regions for the purpose of uniform development of all territory of the country. The analysis of data of tab. 3 confirm this thesis.

As a whole growth of the budgetary investments into noted ten-year period is noticeable. Growth of investments after 2008 was caused by the crisis phenomena

in world economy and need of the state support of many branches of a national economy of Russia and less developed regions. Thus many enterprises and the branch centers carried over the state, increasing and without that considerable share of the state in national economy.

Let's distinguish leaders on investments into fixed capital from the state budget from certain territorial subjects of the Russian Federation (tab. 4).

Table 4

Dynamics of the budgetary investments into territorial subjects
of the Russian Federation and (million rubles)

Territorial subjects of the Russian Federation	2000	%	2008	%	2010	%
Russia	1 165 234	100	8 781 616	100	8 392 227	100
Moscow	156 215	13,4	962 468	11,0	630 737	7,5
Khanty-Mansi Autonomous Area	107 173	9,2	482 584	5,5	498 491	5,9
Krasnodar Krai	54 734	4,7	332 532	3,8	492 733	5,9
Yamalo-Nenets Autonomous Area	82 458	7,1	399 611	4,6	387 679	4,6
St. Petersburg	35 891	3,1	372 637	4,2	375 016	4,5
Moscow region	50 729	4,4	481 617	5,5	345 301	4,1
Republic of Tatarstan	44 716	3,8	273 098	3,1	306 020	3,6
Krasnoyarsk Krai	25 457	2,2	204 171	2,3	245 618	2,9
Sverdlovsk region	25 895	2,2	242 634	2,8	217 372	2,6
Primorsky Krai	7 332	0,6	76 970	0,9	201 057	2,4
Total 10 regions	590 600	50,7	3 828 322	43,6	3 70 024	44,1

Calculated by: Ibid.

First of all we will note that the structure of the first ten regions on attraction of the budgetary investments in Russia not so strongly changes. It is possible to claim that the state investment policy concentrates the attention on the developed regions with high rates of investment potential and the minimum indicators of investment risk. Except Moscow, St. Petersburg and the Moscow region, generally it concerns those regions where the resource component of potential of economy is generally used. The state investment of these regions is caused by need of their support for the purpose of further replenishment of the state budget at the expense of operation of resource base of the country and obtaining the income from export of fuel and other resources.

Thus, investment support in a bigger measure of regions from a resource component, results in asymmetry of territorial development of the country and distortions in domestic economy.

5. Analysis of dynamics of foreign investments into regions of Russia

Foreign investments into economy of the Russian Federation it is capital investments by foreign investors, and also foreign branches of the Russian legal entities in objects of business activity in the territory of Russia for obtaining the income. Dynamics of foreign investments substantially reflects a condition of investment climate, and also level of the risk for investors.

The analysis of data of structure and volumes of inflow of foreign investments testifies that it is impossible to call quality of the imported capital satisfactory. The main share of investments is the share of «other» investments (generally in type of loan). For national economy the volume of direct foreign investments is more important. Dynamics of inflow of foreign investments and their structure are illustrated by these tables (tab. 5).

Table 5

Inflow of foreign investments to economy of Russia (billion US dollar)

Foreign investments	2000	2003	2004	2005	2006	2007	2008	2009	2010	2010 (share of total)
total	11,0	29,7	40,5	53,7	55,1	120,9	103,8	81,9	114,7	100%
direct	4,4	6,8	9,4	13,1	13,7	27,8	27,1	15,9	13,8	12,0%
portfolio	0,2	0,4	0,3	0,5	3,2	4,2	1,4	0,9	1,1	1,0%
Other	6,4	22,5	30,8	40,1	38,25	88,9	75,3	65,1	99,9	87,1%

Calculated by: Ibid.

Foreign investments in a “portfolio” form (about 1%) which around the world provide capital movement from the financial sphere in real sector of economy are very small. Volumes of direct investments arriving to Russia also are extremely insignificant. Owing to influence of world financial and economic crisis in 2008-2009 inflow of foreign investments to Russia decreased more than by 30%.

But as a whole over the last 10 years inflow of foreign investments to economy of Russia is characterized by accruing volumes and high dynamics of growth.

Investments almost from 110 countries arrived. Among the main countries investors are: Cyprus, Netherlands, Luxembourg, China, Germany, Great Britain, Ireland, France, Japan, Virgin Islands.

Let's pay attention to the analysis of direct foreign investments (about 30% from the total amount of foreign investments into the Russian Federation). Data on the dynamics of the process are presented below (tab. 6).

Table 6

Direct foreign investments in economy of leading regions, 2000-2010
(thousand dollars of the USA)

Territorial subjects of the Russian Federation	2000	%	2007	%	2010	%
Russia	4 429 319	100	27 797 409	100	13 810 043	100
Moscow	1 472 807	33,3	15 656 092	56,3	3 793 553	27,5
Krasnodar Krai	958 892	21,6	171 567	0,6	208 616	1,5
Sakhalin region	246 131	5,6	3 784 870	13,6	798023	5,8
Leningrad region	205 462	4,6	379 042	1,4	380 910	2,8
Moscow region	204 938	4,6	2 076 474	7,5	2 201 528	15,9
Tyumen region	147 996	3,3	118 569	0,4	68 186	0,5
St.-Petersburg	146 681	3,3	776 374	2,8	538 128	3,9
Kaluga region	74 241	1,7	142 443	0,5	1 055 445	7,6
Sverdlovsk region	73 550	1,7	119 121	0,4	204 212	1,5
Samara region	59 630	1,3	84 156	0,3	70 744	0,5
Total 10 regions	3590328	81,1	23308708	83,9	9 319 345	67,5
Republic of Tatarstan	53 655	1,2	417 923	1,5	146 488	1,1
Arkhangelsk region	1 381	0,03	203 399	0,5	425 292	3,1
Nizhny Novgorod Region	27 513	0,6	136 442	0,5	396 342	2,9

Calculated by: Ibid.

The table illustrates the fact of reducing the volume of foreign investments in Russia as a result of the global financial and economic crisis (about \$ 28 billion in 2007, less than \$ 14 billion in 2010). By 10 leading regions accounts for the flow of foreign direct investment in Russia – about 70-80%. The largest volumes of foreign direct investment is in Moscow – 56% in 2007 (27.5% in 2010). Region's position among the leaders change. So, on the 2nd place in 2000 was the Krasnodar region (21.6%), and in 2010 at the second position went Moscow region (15.9%). In 2010, the leading regions, outside the top ten in terms of foreign direct investment, are: Moscow, Moscow, Kaluga region, Sakhalin Region, St. Petersburg. Shares of all other regions of the Russian Federation in the total investment – remain small.

Thus, analysis of indicators of volume and geographic structure of foreign investment in the Russian economy, suggests that Russia continues to occupy a passive position in global investment flows as a recipient of foreign investment. And it depends on the investment attractiveness of Russian regions. In addition, it indicates a lack of knowledge about the economic situation in Russia and its regions, including the investment risks in some territorial subjects of the Russian Federation.

Analysis of the current situation has shown that not all regions of Russia are equally attractive to investors. This is determined by a number of factors that affect the investment environment in the region, the investment attractiveness and the presence of certain risks to investors.

Summary

Russia (Russian Federation) is a federation composed of 83 independent subjects. And from this point of view, Russia is a country with a very strong regional imbalances of social and economic development, sharp contrasts. Therefore, each potential investor with sufficient information can find a region with a satisfactory investment conditions.

This article is devoted to the analysis of investment risks in the Russian regions according to a rating of investment appeal, and also the characteristic of regional features of distribution of the state and foreign investments in regions of Russia.