

# Foreign Investment in Russia and Other Soviet Successor States

Edited by

**Patrick Artisien-Maksimenko**

*Lecturer in East European Economics  
University of Cardiff*

and

**Yuri Adjubei**

*Member, Secretariat, United Nations Economic Commission for Europe, Geneva*

Foreword by John H. Dunning



# Contents

<i>List of Tables</i>	ix
<i>List of Figures</i>	xi
<i>Foreword by John H. Dunning</i>	xii
<i>Preface</i>	xix
<i>Notes on the Editors and the Contributors</i>	xx
<b>PART I CONTEXTUAL AND THEMATIC ASPECTS</b>	<b>1</b>
1 Foreign Direct Investment in the Transition to a Market Economy <i>John Slater</i>	3
2 Foreign Investment and Economic Development in Tsarist Russia <i>Alexandra Swetzer</i>	23
3 Foreign Investment in Russia: Soviet Legacies and Post-Soviet Prospects <i>Carl H. McMillan</i>	41
4 The Financial Context for Foreign Investment <i>Stephen Lewarne</i>	73
<b>PART II COUNTRY STUDIES</b>	<b>109</b>
5 Russia: A Largely Untapped Potential <i>Yuri Adjubei</i>	111
6 The Russian Far East: The Role of Japan <i>Terutomo Ozawa</i>	157
7 Ukraine <i>Faye Sinclair</i>	177
8 Kazakhstan <i>Yuri Adjubei and Alexandra Swetzer</i>	208
9 The Baltic States <i>Philip Hanson</i>	232

<b>PART III SUMMARY AND CONCLUSION</b>	<b>255</b>
<b>10 Concluding Remarks</b>	<b>257</b>
<i>Patrick Artisien-Maksimenko</i>	
<i>Bibliography</i>	<b>265</b>
<i>Index</i>	<b>272</b>

# List of Tables

1.1	OECD exports of investment goods to the Soviet Union, 1971-92	8
1.2	Soviet Union: growth and productivity indicators, 1970-89 (average annual % change)	9
2.1	Growth of foreign investment stock in Russia, by country of origin, 1830-1917	27
2.2	Foreign investment stock in Russia, by sector of activity, 1916-17	29
2.3	Foreign investment stock in Russian mining and metal processing, by sector, 1916-17	29
2.4	Foreign capital in major Russian banks, 1916-17	30
2.5	Tsarist Russia: main economic indicators, 1897 and 1913	37
3.1	Number of new joint venture registrations in the USSR, 1987-91	56
3.2	Foreign capital investment in the USSR (January 1987 to October 1991)	56
3.3	Sources of foreign direct investment stocks, end 1990 (current \$m)	57
3.4	Distribution of foreign direct investment stocks by republic, end 1990 (current \$m)	58
3.5	Distribution of foreign direct investment stocks by activity, end 1990 (\$m)	59
4.1	Political independence of central banks in Belarus, Russia, Uzbekistan and Kazakhstan	80
4.2	Economic independence of central banks in Belarus, Russia, Uzbekistan and Kazakhstan	83
4.3	Types of banks in Russia and the other successor states (numbers and asset size, billions of roubles)	87
4.4	Commercial banks' assets and liabilities, 1 April 1990 (millions of roubles)	89
4.5	Commercial banks' assets and liabilities, 1 April 1991 (millions of roubles)	92
4.6	Assets and liabilities of special banks, 1 April 1990 (millions of roubles)	98
4.7	Assets and liabilities of special banks, 1 April 1991 (millions of roubles)	99

4.8	Assets and liabilities of Sberbank (all former USSR) January 1990 (billions of roubles)	101
4.9	Assets and liabilities of Sberbank (all former USSR) January 1991 (billions of roubles)	102
4.10	Commercial Banks' Interbank market entries (April 1991, millions of roubles)	104
5.1	Foreign investment projects in the Russian Federation, 1988-93	121
5.2	Major source countries of foreign investment in the Russian Federation	125
5.3	Operational foreign investment projects in the Russian Federation, by industry	126
5.4	Foreign investment projects in the Russian Federation, by region of operation	130
6.1	Japan's pledged economic aid to Russia, at the end of 1992 (\$USm)	171
7.1	Foreign investment projects in Ukraine, by origin of foreign partner	179
7.2	Foreign investment projects in Ukraine, major indicators	182
7.3	Foreign investment projects in Ukraine, by region of operation	184
8.1	Foreign investment enterprises in Kazakhstan, major indicators	213
9.1	The Baltic economies around 1990 (population, wages, and ethnic mix)	233
9.2	Numbers of joint ventures and foreign-owned firms in the Baltic States, and values of foreign investment, 1990-92 (no. of projects and \$m)	244
9.3	Countries of origin of foreign investors in Latvia and Lithuania, mid-1992, excluding FSU (% of all non-FSU projects, by numbers)	245
9.4	Relative importance of FDI in the economy: Estonia, Hungary, Poland and Russia (% shares of FIEs, 1991 or 1992)	245

# List of Figures

6.1	Sequential catching-up development: Japan vs. Russia	162
6.2	Trends in Japan's major exports of manufactures	165