

Why are corporate bankruptcies rising in Russia in 2024?

Corporate bankruptcies in Russia rose sharply in the first two months of 2024. Russia has imposed two moratoriums on bankruptcy in recent years, both of which have now expired. High interest rates and macroeconomic instabilities are adding pressure on the private sector.

What's happening in Russia's corporate bankruptcies?

The uptick in corporate bankruptcies highlights the difficulties faced on the ground in Russia. It also stands in contrast to the rosy official statistics the Kremlin releases, which show that Russia's GDP grew 3.6% in 2023. Thanks to government spending, Russia's wartime economy is resilient -- but high interest rates are biting.

What happened to Russian businesses after the war in Ukraine?

For MORE than two years most Russian businesses carried on unscathed by the war in Ukraine. A surge in defence spending and subsidised loans for consumers and firms propped up spending at home, even as sanctions curtailed access to foreign markets and inflation jumped.

How much will Russia's trade surplus be in 2023?

As a result, Russia's trade surplus will barely exceed \$50 billion in 2023, compared with \$238 billion in 2022 and \$122 billion in 2021, a drop of almost 80 percent year-on-year. Admittedly, 2022 was a record year for Russian exports, but that was before Western oil sanctions came into force.

How many companies are still doing business in Russia?

But even after the mass exodus of major corporations, the Yale researchers estimate that more than 200 companies from around the globe continue to do business as usual in Russia. An additional 178 firms are "buying time," meaning they have suspended new investments and scaled back their operations but still have a presence in the country.

Are Russian companies struggling with refinancing?

"Companies are experiencing problems with refinancing as the effects of monetary tightening are starting to kick in," Bartosz Sawicki, a market analyst at Conotoxia, a Polish fintech firm, told Business Insider. Apart from war-related sectors such as arms production, the Russian economy looks "far from rosy," Sawicki said.

And yet, today, the six Russian factories of the Switzerland-based giant, listed in its annual report, are still operational. They manufacture dairy products, confectionery and dog and cat food.

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For comparison, the total value of assets nationalized in 2023 was about 483.5 billion rubles (\$5.1 billion), while in 2022, it was 280.5 billion rubles (\$2.9 billion). Most of the companies ...

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