Journal of Infrastructure, Policy and Development 2024, 8(6), 3717.
https://doi.org/10.24294/jipd.v8i6.3717

Article

Evaluation of Russian OFDI based on balance of payments and OECD data (before COVID-19)

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CITATION

Tcyrempilova S, Ertugrul C, Hegedűs M, et al. (2024). Evaluation of Russian OFDI based on balance of payments and OECD data (before COVID-19). Journal of Infrastructure, Policy and Development. 8(6): 3717. https://doi.org/10.24294/jipd.v8i6.3717

ARTICLE INFO

Received: 16 December 2023
Accepted: 8 January 2024
Available online: 13 June 2024

Abstract: This article presents an analysis of Russia's outward foreign direct investment based on the balance of payments. The country has been affected by the "Dutch disease," characterized by a heavy reliance on the mining industry and revenues from oil and gas exports. The financial account reveals a consistent outflow of capital from Russia, surpassing inflows. A significant portion of domestic investment goes abroad, often to offshore destinations. This capital outflow has not been fully offset by foreign capital inflows. These findings underscore the challenges faced by Russia in managing its financial position, including the need to address capital outflows, diversify the economy, and reduce dependence on raw material exports. Furthermore, this article aims to identify the presence of Russian capital in OECD countries by comparing data from the Central Bank of Russia and the OECD. The analysis reveals significant discrepancies between the two datasets, primarily due to unavailable or confidential information in the OECD dataset. These variations can also be attributed to differences in methodology and the specific nature of Russian outward direct investments, particularly those involving offshore jurisdictions. As a result, accurately determining the extent of Russian capital in OECD countries based on the available data becomes a challenging task (including for the tourism industry as well).

Keywords: outward FDI; balance of payments; Russia; OECD

1. Introduction

Outward Foreign Direct Investment (OFDI) refers to the investment made by a country's residents or businesses in other countries. In the case of Russia, it has been actively involved in outward FDI over the years. Russia's outward FDI is driven by various motives, including accessing new markets, acquiring strategic assets, diversifying business operations, securing resources, and expanding global presence. Russian companies often engage in outward FDI to gain access to advanced technologies and expertise available in foreign markets. Moreover, it is prevalent in sectors such as energy, natural resources, metals and mining, telecommunications, financial services, and transportation.

The main source of data about foreign direct investment is Balance of Payment (BOP). The financial position of a country on the global market is usually estimated

according to its balance of payments. It is an important indicator that makes it possible to foresee the degree of a country's participation in world trade and establish its solvency. The balance of payments, as defined by Frolova (2005), is a statistical summary of all transactions between residents and non-residents for a specific period, typically a year or a quarter. It serves as a table that records the correspondence of external incomes and expenses. It also captures all foreign exchange earnings received by a country from other states and all funds paid by a country to other countries. The balance of payments plays a crucial role in characterizing the level of production and consumption, as well as the development of foreign trade. It provides valuable data that allows for the analysis of various aspects, such as the forms of attracting foreign direct investment (FDI), the repayment of a country's external debt, and changes in international reserves.

In Russia, the Federal State Statistics Service takes the primary responsibility for collecting the basic balance of payments data. Subsequently, the Central Bank compiles and publishes the information gathered. This collaborative process ensures the availability and dissemination of accurate and reliable balance of payments data within the country. Within the BOP framework, FDI is categorized as a capital and financial account transaction. It involves the acquisition of a lasting interest in enterprises located in another country, with the objective of establishing a lasting relationship and exerting significant influence on the management of those enterprises (Ogutu et al., 2023). By examining the FDI component of the BOP, policymakers, economists, and investors can gain insights into a country's attractiveness for foreign investment, the sectors that receive the most FDI inflows, and the countries from which the FDI originates. This data is valuable for assessing a country's economic performance, competitiveness, and potential for growth.

Thus, this paper attempts to analyze outward foreign direct investment of Russia based on the Balance of Payments. Moreover, as is known, the OECD provides comprehensive data and analysis on foreign direct investment through its databases and publications as well as the Central Bank of Russia. Furthermore, the paper seeks to compare the data on OFDI provided by the Central Bank of Russia (CBR)with the comprehensive data and analysis on foreign direct investment provided by the OECD in order to define real presence of Russian capital in OECD countries.

There are a number of studies on foreign direct investment. Ameer et al., (2017) investigated correlation between OFDI and economic growth with particular focus on Chinese Economy. Ameer and Xu (2017) investigated impact of inward and outward foreign direct investment on economic growth in developing economies. Shah et al., (2020) explored impact of OFDI on private investment in the Gulf Cooperation Council (GCC) countries. Ameer et al., (2020) investigated whether outbound foreign direct investment either augments or impedes domestic public and private investment, incorporating the role of institutional quality into the context of developed and emerging countries. Abdulsalam et al., (2020) explored the impact of China's outward foreign direct investment on the economic growth in Asia and North Africa along the Belt and Road (B&R) Initiative. Durani et al., (2021) investigated nexus between OFDI and domestic investment with evidence based on GCC countries. Additionally, Hasanat and Ameer (2021) also explored the impact OFDI on export and private investment based on comparative analysis of emerging and developed countries.

Ameer et al., (2021) investigated nexus between OFDI and Domestic Investment at aggregated and disaggregated Analys is based on Gulf Cooperation Council (GCC). Halwan et al., (2022) explored whether foreign direct investment outflows augment or obstruct public or private capital in developing countries.

Above mentioned studies explored nexus between OFDI, domestic investment and economic but best to our knowledge, there is not a single study which investigated the impact of Russian OFDI based on Balance of Payments and OECD data (before COVID-19). If we go through above empirical studies, we find that there exists research gap in the existing literature which have not explored the impact of Russian OFDI based on Balance of Payments and OECD data (before COVID-19) and defines our research hypothesis in this study.

2. Literature review

Russia has been an active participant in outward foreign direct investment (OFDI), where Russian companies invest in businesses and assets located outside of Russia. Russia has experienced a significant increase in outward foreign direct investment in pre-covid period. Russian companies have been expanding their global presence and investing in various sectors such as energy, mining, telecommunications, manufacturing, and finance. This took interest of many researchers that led a number of works that provide insights into OFDI of Russia.

In his work, Kuznetsov (2021) considers the specifics of Russian foreign direct investment outflows in 2018—the first half of 2020. He identifies three main reasons for the new stagnation of Russian foreign investment expansion. Firstly, the strengthening of the "sanctions war" with the West after the election of Vladimir Putin for the 4th presidential term. Secondly, the slowdown in the global economy in 2018—2019, which was accompanied by relatively low prices for hydrocarbons and other raw materials exported from Russia. Lastly, the crisis caused by the coronavirus pandemic in 2020. These factors led to a reduction in both outward foreign direct investment stocks by Russian MNEs, partly due to the revaluation of their assets after the collapse of the ruble rate. Additionally, there was a decrease in investments of wealthy Russians in foreign real estate, as well as pseudo-foreign investment due to regular attempts to conduct de-offshorization. The article presents a list of leading Russian non-financial MNEs by the end of 2019, based on a study conducted at INION within the framework of the international program for studying MNEs from emerging markets.

Repousis et al. (2019) examined the relationship between foreign direct investments and round-tripping in the Cyprus-Russia corridor. The researchers concluded, based on evidence, that despite the existence of numerous legislative provisions and initiatives, the movement of substantial capital to or through the Cypriot financial system has not been eliminated. Instead, the illegal outflow of money has been growing rapidly over the years rather than decreasing. Interestingly, after a significant decline in the years 2013–2015, Russian FDI to and from Cyprus returned to pre-crisis levels in 2016, indicating a return to "normal" levels of inflows and outflows. Cyprus holds the top rank in both inward and outward FDIs, accounting for almost 35 percent of the total flows from Russia. A clear indicator of round-tripping

is the simultaneous and rapid increase in inward and outward FDIs. Moreover, the category of total deposits in Cyprus by non-residents, including special-purpose entities, exhibited significant fluctuations due to both the large size of deposits and the short duration they remained within the banking sector.

Since the collapse of the former Soviet Union, tremendous changes have taken place in the Russian Federation's trade relationship with other countries, especially with former allies. Liuhto (2019) evaluates the impact of Russia's global business expansion. The research examines how and why Russian corporations invest outside the country and why, despite the accelerated growth and performance of these companies, most of that money remains abroad.

In conclusion, based on the reviewed literature on OFDI, it is evident that there is a gap in research when it comes to comparing data between the Organization for Economic Co-operation and Development (OECD) and the Central bank of Russia sources. While existing studies have provided valuable insights into various aspects of OFDI, such as trends, drivers, and impacts, there is a need for a comprehensive analysis that compares and reconciles the data reported by different sources. Additionally, there is a need to analyze OFDI based on the BOP.

3. Methodology

This paper provides an analysis of the balance of payment of Russia, which is a comprehensive record of all economic transactions between residents of Russia and the rest of the world. By examining key components such as the current account, capital account, and financial account, we aim to gain insights into the country's international trade, capital flows, and financial position. Utilizing data from official sources, including the Central Bank of Russia and international organizations, this research aims to provide a comprehensive overview of the balance of payment of Russia and its implications for the country's economy.

Additionally, the paper presents a comparative analysis of data obtained from the OECD and the Central Bank of Russia. The OECD is an international organization composed of 38 member countries. Its primary objective is to promote economic growth, improve living standards, and foster global trade. The OECD collects and analyzes data across various economic and social indicators, providing reports, statistics, and policy recommendations to member countries (OECD, 2023). The Central Bank of Russia, also known as the Bank of Russia, is the country's central banking institution. It is responsible for formulating and implementing monetary policy, regulating financial institutions, managing the exchange rate, and maintaining price stability in Russia. The Central Bank of Russia publishes economic data, including statistics on inflation, interest rates, foreign exchange reserves, and other relevant indicators (CBR, 2023).

The objective is to evaluate real presence of Russian capital in OECD countries by comparison of datasets provided by these two sources. To achieve this, we propose visiting the respective official websites of these institutions, utilizing their statistical portals, and accessing the relevant datasets or reports required for analysis. By leveraging the most up-to-date information available, we aim to perform a detailed comparison of the data obtained from the OECD (inward FDI from Russia in OECD

countries) and the Central Bank of Russia (outward FDI from Russia to OECD countries).

4. Results

To assess the financial position of Russia the balance of payments was obtained (**Table 1**). In 2017, against the background of an improvement in the price situation for the main goods of Russian exports, there was a strengthening of the current account. The current account surplus amounted to $ 35.2 billion in 2017. The growth in the current account surplus was the result of a strengthening trade balance. The deficit of the balance of foreign trade in services grew by 29.3% to $ 31.1 billion, because of more substantial growth in the volume of imports of services.

Table 1. Balance of payments of the Russian Federation 2001–2017 (main units), billion dollars.

	2001	**2003**	**2005**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Current account	32.1	33.1	84.4	72.2	103.9	50.4	67.5	97.3	71.3	33.4	57.5	68.8	25.5	35.2
Share in GDP, %	11.1	8.2	11.0	5.9	6.2	3.8	4.1	4.7	3.2	1.5	2.8	5.0	2.0	2.8
Goods	45.2	55.8	116.2	123.4	177.6	113.2	147.0	106.9	191.7	180.6	188.9	148.4	90.3	115.0
Exports	95.6	129.1	240.0	346.5	466.3	297.2	392.7	515.4	527.4	521.8	496.8	341.4	281.9	353.0
Including oil and gas	52.1	73.7	148.9	218.6	310.9	190.7	254.0	342.7	346.8	349.1	324.4	203.4	154.0	192.9
Imports	51.3	73.2	123.8	223.1	288.7	183.9	245.7	318.6	335.8	341.3	307.9	193.0	191.6	238.0
Services	−8.1	−9.2	−11.6	−16.7	−20.4	−17.6	−26.1	−33.5	−46.6	−58.3	−55.3	−36.9	−23.8	−31.1
Exports	12.7	18.4	28.8	43.9	57.1	45.8	49.2	58.0	62.3	65.7	65.7	51.7	50.6	57.8
Including travel	3.6	4.5	5.9	9.4	11.8	9.4	8.8	11.3	10.8	12.0	11.8	8.4	7.8	9.0
Imports	20.8	27.6	40.5	60.6	77.6	63.4	72.3	91.5	108.9	121.0	121.0	88.6	74.4	88.9
Including travel	9.1	12.4	17.0	20.4	23.2	21.0	26.7	32.9	42.8	53.5	50.4	34.9	24.0	31.1
Primary income	−4,2	−13.2	−18.5	−28.8	−46.5	−39.7	−47.1	0.4	−67.7	−79.6	−68.0	−36.9	−34.6	−39.5
Compensation of employees	0.1	−0.1	−1.1	−7.3	−14.4	−8.9	−8.5	−9.5	−11.8	−13.2	−10.1	−5.1	−2.2	−2.3
Investment income	−4,4	−13.0	−17.4	−21.5	−32.1	−31.0	−38.7	−51.0	−58.8	−66.5	−58.0	−31.8	−32.5	−37.3
Rent	0	0	0	0	0	0.1	0.1	0.2	1.0	0.1	0.1	0.1	0.1	0.1
Secondary income	−0.9	0.4	−1.6	−5.7	−6.8	−5.5	−6.3	−5.7	−6.1	−9.3	−8.2	−5.7	−6.3	−9.2
Capital account	−api	−0.4	−.4it	−.4it	−..1	−.4it	−.4i	0.1	−.1i	−.1i	−.1it	−.1i	−.1i	−.1i
Net lending (+) / net borrowing (−) (Balance from current and capital accounts)	23.2	32.8	72.0	61.6	103.8	37.9	67.4	97.4	66.1	33.0	15.5	68.5	24.8	34.9
Net lending (+) / net borrowing (−) (Balance from financial account)	15.1	25.3	67.0	51.8	100.7	31.5	58.3	88.8	55.7	24.1	23.5	71.5	20.2	38.7
Net incurrence of liabilities (‘+’—increase, ‘−’—decrease)	−ecr	−13.2	−3.2e	−3.2e	−3.2e	−3.2e	−3.2e	0.4	−.42e	−.42e	−.42e	−.42e	−.42e	−.42e
Direct investment	−0.3	1.8	2.4	−11.1	−19.1	6.7	9.4	11.8	−1.8	17.3	35.1	15.2	−10.2	10.7
Net acquisition of financial assets	2.5	9.7	17.9	44.8	55.7	43.3	52.6	66.9	48.8	86.5	57.1	22.1	22,3	38.6
Net commitment	2.8	7.9	15.5	55.8	74.8	36.6	43.2	55.1	50.6	69.2	22.0	6.7	32.5	27.9

Table 1. (*Continued*).

	2001	2003	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Portfolio investment	0.7	4.5	11.4	−4.9	35.7	1.9	1.5	15.3	−17.0	11.0	39.9	26.4	−2.4	−8.1
Net acquisition of financial assets	−0,1	2.1	10.7	10.5	7.8	10.6	3.4	9.8	2.3	11.8	16.7	13.6	0.6	1.3
Net commitment	−0.8	2.3	−0.8	15.4	−27.9	8.7	1.9	−5.4	19.3	0.7	−23.2	−12.9	3.0	9.3
Derivative financial instruments	0	−0.6	0.2	−0.3	1.4	3.2	1.8	1.4	1.4	0.3	5.3	7.4	0.5	0.2
Other investments	6.5	−6.7	−8.5	−80.8	121.7	16.3	8.7	47.7	43.1	17.6	50.7	20.7	24.1	13.3
Net acquisition of financial assets	−0.1	16.0	34.0	59.9	185.8	−9.3	19.2	83.4	83.7	80.8	24.0	−15.8	−2.3	−8.6
including Cash foreign currency	2.1	−4.7	1.3	−15.8	29.4	−6.7	−15.0	−3.4	2.2	−0.6	50.7	−19.3	6.3	17.1
deposits	0.3	−2.4	7.3	13.2	55.0	−8.2	−2.9	21.2	15.6	17.1	41.8	−3.1	−18.7	−8.6
loans	−8.7	3.4	−8.4	25.7	40.0	−15.6	9.1	23.9	14.0	21.2	−18.8	−1.2	6.0	−9.2
trade credit and advances	−0.8	3.9	7.6	0.8	8.1	−5.9	0.8	3.5	7.7	7.6	−20.2	5.2	−1.6	−8.4
fictitious transactions	5.9	14.8	27.5	34.5	50.6	24.6	0.9	33.3	38.8	6.5	8.6	1.5	0.8	0.4
Net commitment	−6.6	22.7	42.5	140.8	64.1	−25.6	10.5	35.7	40.6	63.3	−26.7	−34.4	−26.4	−21.9
including Cash domestic currency	0.1	0.1	0.1	0.9	1.5	0.7	0.1	−0.3	0.9	1.8	−1.0	−0.2	0.1	−0.1
deposits	1.8	11.0	17.8	51.7	11.8	−37.7	19.5	20.5	28.7	16.2	−20.1	−32.6	−16.4	−15.2
loans	−6.0	11.3	24.4	86.9	49.1	2.9	−9.9	14.3	8.8	43.6	−8.9	−3.0	−12.3	−7.8
trade credit and advances	0	0	0	0	0	0.6	0.1	0.3	0.5	0.2	0.4	−0.6	0.1	0.5
Reserve assets	8.2	26.4	61.5	148.9	−38.9	3.4	35.8	12.6	30.0	−22.1	−107.5	1.7	8.2	22.6
Net errors and omissions	−8.1	−7.4	−5.0	−9.7	3.1	−6.4	−9.1	−8.7	−10.4	−8.9	8.0	2.9	−4.6	3.8
Reference: Balance from financial account, excl. reserve assets)	6.9	−1.1	5.5	−97.1	139.6	28.1	22.9	76.1	25.7	46.2	131.0	69.8	11.9	16.0
Share in GDP, %	2.4	−0.2	0.7	−7.9	8.3	2.1	1.4	3.7	1.1	2.1	6.4	5.1	0.9	1.3

Source: Bulatov A.S. (2018).

In recent decades, the current account of the country has evolved largely under the influence of the "Dutch disease" that swept Russia. Its symptoms in Russia are obvious: the share of the mining industry has increased, the share of revenues from oil and gas exports in the federal budget during the years of high world prices for hydrocarbons reaches 51% (RBC, 2016), while raw materials and fuel have long been the basis of Russian exports of goods. As a result, the state of both the BOP and the entire economy, which is mainly exporting, is to a large extent determined by fluctuations in world prices for raw materials, materials, semi−finished products, and especially for energy.

The capital account reflects Russia's forgiveness of debts to foreign countries. For example, a large negative balance of 2014 on the capital account was the result of a write−off for political and economic reasons of 42 billion dollars debt to Cuba, the North Korea and Uzbekistan. A such campaign of active debt write-off is likely to end in recent years due to the external economic problems of Russia itself (Bulatov, 2018).

In years before COVID-19, the main trend in investment has been the growth of the positive balance, i.e., Russian investment abroad grew faster than foreign investment in Russia. However, after external shocks, primarily the decline in world oil prices and the introduction of financial sanctions against Russia, this trend has weakened. It happened primarily due to the active repatriation of Russian investments from abroad and foreign investments from Russia. Thus, like the movement of goods and services, the outflow and inflow of investments began to decrease after 2013–2014, with a tendency to some recovery in 2017.

According to Bulatov (2018), in Russia, the outflow of capital systematically exceeds its inflow. It can be seen from the balance of the financial account, if to exclude from it the movement of reserve assets (**Table 2**). Thus, a significant part of potential domestic investment goes abroad, mainly to offshores, not being compensated by the inflow of foreign capital. And after 2014, i.e., during the period of low oil prices, Western sanctions, economic crisis and stagnation, capital outflow exceeded its inflow. Even in 2015 the partial repatriation of Russian assets accumulated abroad was less than the repatriation of foreign assets from Russia, which statistically means the excess of capital outflow over its inflow.

Table 1. Outflows and inflows of Russian capital, billion rubles.

	2001	**2003**	**2005**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Net Inflows/ Outflows	13.6	0.3	0.3	−87.8	133.6	57.5	30.8	81.4	53.9	60.3	152.1	57.0	18.4	24.8
Outflows	20.0	33.6	74.8	128.4	240.6	49.7	73.7	148.1	126.9	174.9	114.4	−7.0	7.3	13.4
Inflows	6.4	33.4	74.4	216.3	107.0	−7.8	43.0	66.7	71.1	114.6	−37.7	−64.0	−11.1	−11.4

Source: Bulatov, 2018

Summing up the data of the CBR on the outflow and inflow of capital for 2001-2017, it can be calculated that during these years 1369 billion left the country, and only a half—791 billion dollars—was invested in the country. The main investors of capital outside of Russia were relatively narrow and as a result of this high-yield industries - mining, chemistry and metallurgy, which is indirectly confirmed by their high profitability and, consequently, a large weight of these industries in the profits received by all Russian organizations. Strong monopolistic barriers to entry into other Russian industries, low profitability of these industries, uncertain prospects of the Russian economy pushed the exporters of raw materials and semi-finished products to export a significant part of their profits abroad in the form of outflow of capital. Thus, from 40 to 60% of revenues from oil and gas exports were used to invest capital out of the country and pay incomes of foreign investors (Manevich, 2017). According to the calculations of the author, the volume of outflow of capital from Russia for 2001–2017 amounted to 6.2% in relation to total GDP for this period.

A solution can be capital controls, which are fairly widespread in the world, especially in developing countries. In modern Russian conditions, this could be the measures proposed, for example, by Glazyev—the introduction of a tax on the capital outflow (Tobin tax); termination of suspicious transactions, especially with offshores; introduction of benefits in the Russian economy for national companies that are not

affiliated with non-residents; expanding the exchange of tax information with offshores (Glazyev, 2016).

From this point of view, the recent proposal of the Center of Strategic Projects to abolish the requirement for the repatriation of the currency earnings of Russian exporters (Center of Strategic Projects, 2018) may result in an increase in the outflow of capital from Russia. The measures to strengthen tax control over Russian investments abroad and amnesty of illegally exported and returned capital to Russia, undertaken by the government in the framework of laws No. 376-FL and No.140-FL from 2012–2013, look more rational. However, these fiscal measures could not significantly increase the income of the Russian budget from capital previously left the country. For the duration between 2015–2017 Russian direct investments accumulated abroad increased by 14%. Also, the results of tax amnesty are insignificant. However, these measures are a movement in the right direction, but they only allow to soften, but not solve, the problem of Russian capital outflow (Bulatov, 2018).

Accordingly, Russian outward direct investment exceeds inward FDI according to the BOP of the country. Moreover, the CBR provides the detailed data of countries-recipients of Russian OFDI which allows to model the geographical structure. Nevertheless, as it was observed before, majority of Russian OFDI goes to offshores, which can be a transition point to other countries. Because of specific features of Russian OFDI the data of OECD countries was obtained in order to compare with the data of CBR and determine the real presence of Russian capital in those countries.

OECD International Direct Investment Statistics 2018, where data related to FDI for each member-country can be found, was the main source for comparison. On the side of CBR, Positions by Instrument and Partner Country (Directional Principle) of direct investment of the Russian Federation abroad was obtained. Thus, **Table 3** contains the comparison of data from both sources.

Table 2. Comparison of CBR and OECD data on Russian OFDI.

Country	**Russian OFDI stock, as of 31 December 2018 (millions USD)**				**Variance (millions USD)**
	according to the CBR	**%**	**according to OECD**	**%**	
Australia	499	0.31	confidential data	-	-
Austria	30944	19.36	31472.8	46.83	528.8
Canada	1758	1.10	not available	-	-
Chile	2	0.00	not available	-	-
Czech Republic	1791	1.12	996.4	1.48	794.6
Denmark	1205	0.75	58.2	0.09	1146.8
Estonia	328	0.21	827.1	1.23	499.1
Finland	3035	1.90	1685.1	2.51	1349.9
France	3006	1.88	not available	-	-
Germany	8411	5.26	not available	-	-
Greece	733	0.46	36.8	0.05	696.2
Hungary	259	0.16	not available	-	-
Iceland	-	-	0.4	0.00	-

Table 3. (*Continued*).

Country	Russian OFDI stock, as of 31 December 2018 (millions USD)				Variance (millions USD)
	according to the CBR	%	according to OECD	%	
Israel	571	0.36	Nil	0.00	-
Italy	2816	1.76	983	1.46	1833
Japan	53	0.03	51.4	0.08	1.6
Korea	28	0.02	not available	-	-
Latvia	1546	0.97	184406	2.74	298.6
Lithuania	315	0.20	313.1	0.47	1.9
Mexico	4	0.00	24.2	0.04	20,2
Netherlands	48493	30.34	1005	1.50	47488
New Zealand	109	0.07	not available	-	-
Norway	506	0.32	105.2	0.16	400,8
Poland	666	0.42	1015.9	1.51	349,9
Portugal	228	0.14	201.5	0.30	26.5
Slovak Republic	161	0.10	not available	-	-
Slovenia	270	0.17	644.8	0.96	374.8
Spain	6382	3.99	8993.8	13.38	2611.8
Sweden	183	0.11	70.1	0.10	112.9
Switzerland	20160	12.61	confidential data	-	-
Turkey	9490	5.94	12717.0	18.92	3227
United Kingdom	9091	5.69	confidential data	-	-
United States	6776	4.24	4157.0	6.19	2619
Total:	159819	100.0	67203.4	100.0	92615.6

Source: OECD (2023), CBR (2023).

According CBR, Austria, Netherlands and Switzerland receive the majority of Russian capital. They accounted for more than 50% of all Russian OFDI in OECD countries in 2017. As per the available information, about 550 companies with Russian participation carry out their activities in Austria. They operate in areas as trade (oil and gas, chemicals, metals and products from them), the chemical industry, including petrochemistry, banking, transport and tourism etc. (Ministry of Economic Development of Russia, 2019a). For example, in 2018, Russian Gazprom and Austrian OMV AG extended the existing gas supply contract until 2040. The parties also signed an addendum to the contract, which provides for an increase in the volume of gas supplies to Austria in excess of the contract amount by 1 billion m^3 per year for the entire duration of the contract. Moreover, Austria plays an important role in the transportation of natural gas. It annually let Gazprom transit about 30 billion m3 of gas to Italy, France, Germany, Hungary, Slovenia and Croatia. Also, the Austrian underground gas storages are important for ensuring the reliability of gas supply in the region (Gazprom, 2019). Thus, Austria is an important gas distribution hub and receives about 85% of its gas from Russia.

As for the Netherlands, it can be said that multinational corporations use complex and diverse structures for tax evasion, but most often take money offshore through

certain countries and the Netherlands is one of them. However, this is not always the case. One of the long-term cooperation projects between Russia and the Netherlands is in the energy sector. An example is Bergermeer, the largest gas storage facility in Western Europe with the participation of Gazprom. It has a strategic location, as well as significant reserves of active gas—4.5 billion cubic meters, of which Gazprom received 1.90 billion cubic meters. The Bergemeer UGS facility will be able to provide stable operation of the Nord Stream gas pipeline and maintain reliable supplies (Ministry of Economic Development of Russia, 2019b). Russia also actively invests in the debt of the Netherlands. In this case, by investing in the capital of the Netherlands, Russia tries to minimize both the geopolitical and financial risks of its investments.

Switzerland is one of the most important banking and financial centers of the world, characterized by a relatively low tax burden for companies, proximity to European market and well-developed infrastructure. The largest Russian investor in the Swiss economy is Renova. The company owns controlling stakes in leading high-tech Swiss companies Zulzer (engineering) and Erlikon (production of special innovative equipment and high-tech materials for various industries) (Ministry of Economic Development of Russia, 2019c).

The CBR uses as a methodological basis in order to compose of the BOP 6th edition of the IMF's Balance of Payments and International Investment Position Manual (BPM6). An OECD database includes the data reported by national experts according to the 4th edition of the OECD's Benchmark Definition of FDI (BMD4). The figures are mainly based on BOP statistics published by central banks and statistical offices in accordance with the recommendations of the BPM6 of IMF and BMD4 of OECD. The data sets on FDI flows, income and positions by partner countries include FDI statistics for OECD countries presented on a directional basis. It is the recommended method for collecting detailed FDI statistics for partner countries. Outward and inward FDI statistics by partner countries are represented by host countries and countries of direct destination.

However, in the dataset of OECD shown in **Table 3** there are many countries of which data is not available or confidential. Due to that the difference in total amount of OFDI in OECD countries between CBR and OECD data is tremendous, 92,615,6 million US dollars. It fair to state that this unavailability of confidential data is one of limitations of the study. For those countries where data is presented, there is still a difference. Perhaps this is due to the peculiarities of Russian outward direct investment associated with offshores. Also, the difference in the methodology for collecting and presenting data between the CBR and the OECD can play a role. Thus, based on the data obtained in the result of comparison, it is difficult to determine the real presence of Russian capital in OECD countries. Further comprehensive analysis is necessary to address these issues.

5. Conclusion

In conclusion, the analysis of Russia's balance of payments reveals several important trends and challenges. Over the years, Russia has been affected by the "Dutch disease", characterized by an increased reliance on the mining industry and

revenues from oil and gas exports. The state of both the balance of payments and the overall economy is heavily influenced by fluctuations in global prices for raw materials and energy.

The financial account reveals that capital outflow from Russia consistently exceeds inflows. A significant portion of domestic investment goes abroad, often to offshore destinations. This outflow of capital has not been fully compensated by foreign capital inflows, particularly during the period of low oil prices, economic crisis, and Western sanctions. Even during the partial repatriation of Russian assets in 2015, capital outflow exceeded inflow.

Overall, these findings highlight the challenges faced by Russia in managing its financial position, including the need to address capital outflows, diversify the economy, and reduce reliance on raw material exports. When comparing the data from the Central Bank of Russia and the OECD, significant discrepancies are observed, primarily due to unavailable or confidential data in the OECD dataset. Differences in methodology and the specific nature of Russian outward direct investments associated with offshore jurisdictions may also contribute to the variations. Therefore, it is challenging to determine the precise presence of Russian capital in OECD countries based on the available data.

Further research and analysis are necessary to obtain a comprehensive understanding of the real extent of Russian capital in OECD countries and to address the discrepancies between the CBR and OECD data.

Authors contributions: Conceptualization, ST, RM and LDD; methodology, LDD, ST, MH, MDA and RM; software, ST,CE, MDA, LDD and RM; validation, ST, LDD, MDA and CE; formal analysis, LDD; investigation, ST, LDD, CE and RM; resources, LDD; data curation, LDD, RM, MDA, CE and ST; writing—original draft preparation, ST and LDD; writing—review and editing, ST, LDD, MH, MDA, CE and RM; visualization, RM, ST and LDD; supervision, LDD, RM and MH; project administration, LDD; funding acquisition, LDD. All authors have read and agreed to the published version of the manuscript.

Acknowledgments: This paper was supported by the Hungarian University of Agriculture and Life Sciences Doctoral School of Economic and Regional Sciences, Hungary.

Conflict of interest: The authors declare no conflict of interest.

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