

# PepsiCo announces US\$1bn investment in Russia

MOSCOW: US soft drink giant PepsiCo said on Monday, 6 July 2009, it would boost investment in Russia by one billion dollars, topping the list of US trade deals expected during President Barack Obama's visit to Moscow this week.

The increased investment will bring PepsiCo's total outlay in Russia to four billion dollars, the company said, adding the investment would be spread over the next three years.

"I am delighted to announce that over three years we expect to invest one billion dollars in our beverage and food businesses in Russia," PepsiCo chief executive Indra Nooyi said. "This investment reflects very clearly our great confidence in Russia and our long-term commitment to this very important market," he added.

PepsiCo is among the US firms to participate in a US-Russian business summit on Tuesday, 7 July, that aims to capitalise on a "reset" of ties expected from Obama's meeting with Russian president Dmitry Medvedev.

"Investors hope to hear some positive comments - the start of a process that 'clears the air' on a number of investment issues, as well as in the political sphere," said Chris Weafer, chief strategist at UralSib bank.

"That being the case, the benefits will be longer term and, currently, more concentrated in private equity and venture capital deals in areas such as technology, agriculture, pharmaceutical and medicare," he added.

At the summit, executives including from US oil majors, US farm machinery maker John Deere and aircraft maker Boeing will discuss the Russian investment climate, which many have criticised as corrupt and overly bureaucratic.

This month, Boeing is also to launch its joint venture with Russia's VSMPO-Avisma, the world's largest titanium producer, for the production at a Ural region plant of components for Boeing's new Dreamliner passenger plane, according to a deal signed in April.

Obama arrived earlier in his first visit as president to Russia on Monday for a two-day summit aimed at reviving a relationship troubled by a string of crises.

Russia saw major ebb in foreign capital investment after its war with Georgia in August and the drop in oil prices amid the economic slowdown shook investor confidence.

*Source: AFP*

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