

# From Moscow to Istanbul

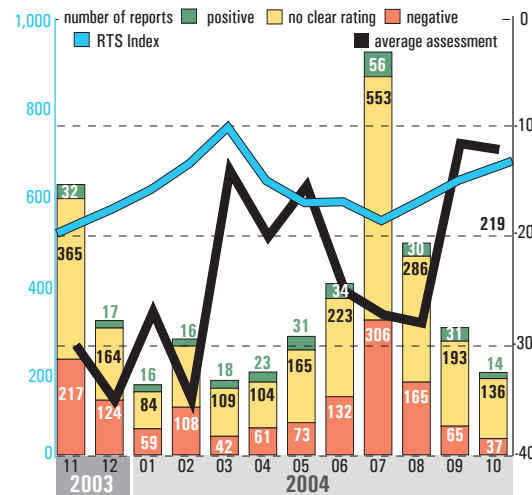
## Business locations over time: China, Russia, Turkey, Argentina

Going by the tone in the German media, China clearly leads in attracting foreign investment. In 2004, the balance of positive and negative passages in company coverage relating to China was almost entirely positive, even if the China hype has most recently been toned down. Among the emerging markets, South America received a particularly erratic media image, with Argentina once again attracting negative coverage at an overall low media presence. Russia, because of the Yukos affair, hit negative records throughout 2004. Only at the end of the year, did its image improve for a short while. Turkey received increasing attention as a commercial location, simultaneously improving its assessment on average. Except for Turkey, the curve of average evaluation by the German media ran more or less parallel to the share indices of the countries in question.

### China

The biggest share of coverage on China in the German media related to automobile and electronics industries. It dealt with establishing production sites, joint ventures, cooperation and the competition for market share. Volkswagen and DaimlerChrysler were associated with positive business results. However, the media also addressed the risks involved in creating excess capacity. The US trade deficit and the upward pressure on the Chinese currency

### 1 Russia: Media assessment returns to less critical in October



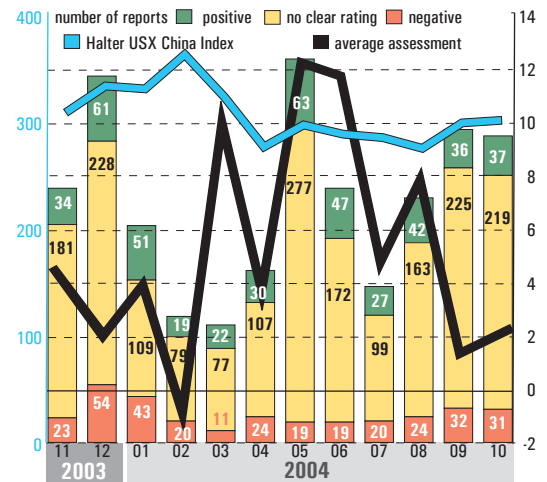
Presence/assessment, share index (blue) and median evaluation

Source: Media Tenor, RTS Index  
11/01/2003 – 10/31/2004

Basis: 4,228 reports  
in 30 media

darkened prospects for export. **The Economist**, on the other hand, remarked at the end of November that the Chinese economy was now also growing strongly domestically. Prominent topics were the sale of the Hanau plutonium factory, a drilling accident, in which deadly gas escaped and killed 190 people, as well as the IPO of China Life Insurance that marked a provisional end to the Chi-

### 2 China: The German media are in a positive mood



Presence/assessment, share index (blue) and median evaluation

Source: Media Tenor, Halter USX China-Index  
11/01/2003 – 10/31/2004

Basis: 2,725 reports in  
30 media

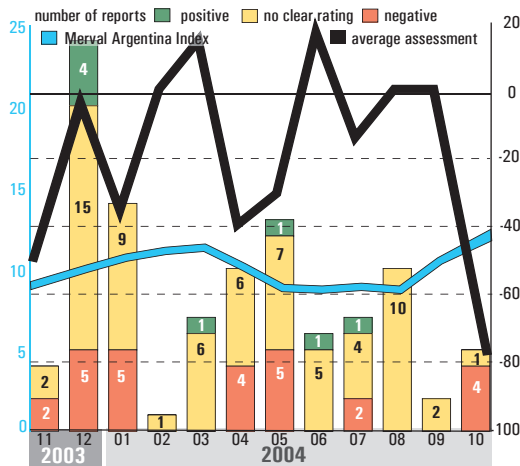
nese stock market boom. Reporting on business activities of Chinese investors in the West focused on their acquisition of ailing companies (Dürkopp Adler, Peguform, Fairchild Dornier, Schneider), in order to profit from technical know-how, brand names or customer databases (i.e. **Frankfurter Allgemeine Zeitung** of May 6th or **Spiegel** of October 11th). Journalists gave a balanced account of successes and failures and appeared to be largely favorable towards China.

### Russia

The median assessment of companies that are active in Russia was clearly negative. Before the Russian government started to prosecute Yukos, Russia had a positive media image. But the Yukos affair resulted in a situation, where journalists working for German media estimated the general situation in Russia as insecure and unpredictable. In September and October, average assessments approached the uncritical again: The excess of negative evaluations was down to 10%. The low point had been at the end of 2003. Since then, Russia's media image has – despite occasional strong coverage – improved on average,

After the Yukos crisis, Russia approached a slightly less negative media assessment on average. The risks of investing in China are on the table, but positive evaluations still predominate.

### 3 Argentina: Energy crisis in May – stock prices and media image fall



Presence/assessment, share index (blue) and median evaluation  
 Source: Media Tenor, Merval Argentina Index 11/01/2003 – 10/31/2004  
 Basis: 103 reports in 30 media

which was reflected in the average performance of the Russian stock exchange. In the case of Russia it is quite likely that the stock market would have correlated with media coverage. Yukos alone made up for more than 42% of coverage. Reports on Russia were dominated by questions about image and the political situation, which exercise a strong influence on stock prices.

#### Argentina

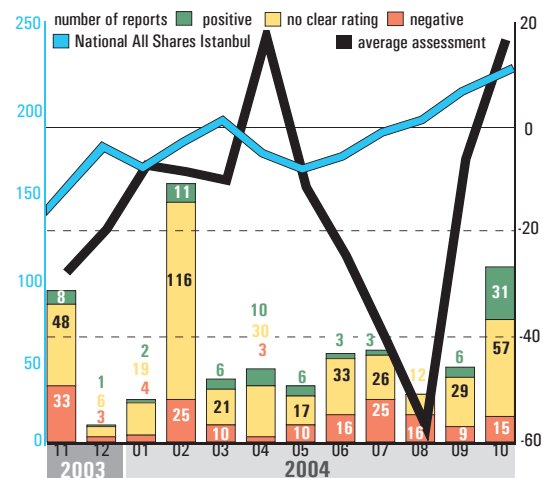
The refusal to service its government bonds has damaged Argentine's reputation. Moreover, coverage was so thin that the media only seemed to be interested in a scandal around former union representatives of DaimlerChrysler. Daimler Benz is supposed to have been involved in abducting its own employees during the time of the military dictatorship. Argentina's President Néstor Kirchner appeared as a populist, who preferably made foreign capitalists responsible for his country's economic problems, receiving loud applause from his compatriots. When electricity and natural gas ran short in May, he branded energy corporations such as Repsol, Total or Wintershall as "money-grubbing blackmailers" that were supposedly boycotting the economy (*Süddeutsche Zeitung* of May 13th). In fact, a slow-down in production was not at fault, but rather state-imposed minimum prices that had led to increased "irrational demand" (*Frankfurter Rundschau* of May 12th).

#### Turkey

In Turkey, the beginning of our analysis period coin-

cided with an attack on the HSBC Bank by Islamic fundamentalist terrorists. The index of the temporarily closed Istanbul stock exchange fell parallel to the average media assessment of tourism-related companies or airlines: News made prices. In February, Turkey profited from the German Chancellor Schröder, who inaugurated the Steag hard coal power plant in Iskenderun, which had been completed for 1,5 billion Euro in November 2003. The Head of Deutsche Bahn, Hartmut Mehdorn, accompanied the Chancellor and revealed the legendary background for the efforts to make Turkey join the European Union: "The Baghdad railway, which once connected Berlin with Baghdad, shall be revived –and the Deutsche Bahn AG would like to participate." (*Süddeutsche Zeitung* of February 25th) Meanwhile, the Turks themselves are on the rise. The *Frankfurter Allgemeine Sonntagszeitung* gave many positive assessments of Turkish companies on October 3rd: In this case, prices made news. While for Russia a turnaround seems possible, Turkey's rise in the media is only just at its beginning. chal

### 4 Turkey: Companies with good news for EU ascension in the end



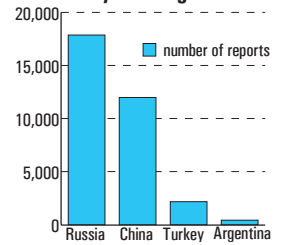
Presence/assessment, share index (blue) and median evaluation  
 Source: Media Tenor, National All Shares Istanbul Index 11/01/2003 – 10/31/2004  
 Basis: 670 reports in 30 media

#### Basis:

**Media:** Die Welt, F.A.Z., Süddeutsche, Fr. Rundschau, Bild, Berliner, Focus, Spiegel, Die Zeit, Rh. Merkur, Stern, F.A.S., WamS, BamS, Super Illu  
 Tagesthemen, heute journal, RTL Aktuell, Sat.1 18:30, Tagesschau, heute, ProSieben, Fakt, Frontal 21, Monitor, Plusminus, Report (BR), Report (SWR), WISO, Berlin direkt  
**Time:** 11/01/2003 – 10/31/2004

**Analysis:** 7,726 reports about companies referring to China, Russia, Argentina or Turkey.

### 5 Presence of Russia, China, Turkey and Argentina



number of reports  
 Source: Media Tenor 11/01/2003 – 10/31/2004  
 Basis: 103 reports in 30 media

Argentina permanently shocked investors with insults and denigration by President Kirchner. Turkey increasingly raised attention as a location for investment. A positive interaction between investor and media interests may quickly raise its weak presence in the future.

#### Open question:

Do investors feel well informed about chances and risks in emerging markets?