**Russia**  

As well-known the Russian economy is very dependent on oil, gas and raw materials. Oil & gas constitutes two thirds of the total export value and about 50 % of the state revenues. The sharp fall in world market prices for oil is now hurting the economy in many ways. The situation is further aggravated by the Western economic sanctions, due to Russia´s annexation of Crimea and involvement in the fighting in Ukrainian Donbass region.

The Rouble (RUB) has depreciated significantly which makes the daily life for Russians harder. Imported goods are now much more expensive, as are of course vacations abroad. Inflation is raising, interest rates are high, private consumption is going down as are investments, bank credits are declining and the level of non-performing loans in the banking system is growing. Still international reserves are holding up at high levels, but continued low energy prices will cause further budget cuts and constraints for the population.

Previously popular “campaign words” like *modernization* and *diversification* is now replaced by *import substitution –* i.e. a push to try to force foreign investments into setting up local production in Russia, including hopefully transferring of modern technology*.* Regardless of what is the favored expression of the day, there is a great need for reforms in many areas, including a continued fight against corruption.

 Key facts: (Sources: IMF, World Bank, The Economist, Business Monitor Int´l, Central Bank of Russia)

 2014 2015e 2016f 2017f

Population (mn) 143,4 143,5 143,4 143,3

GDP (nom.; USD, bn) 1.850 1.310 1.350 1.390

GDP-growth, real (%, y-o-y) +0,6 -3,8 -1,0 +1

GDP/capita (USD) 12.990 9.200 9.500 9.700

Budget balance (% of GDP) -0,6 -3,5 -2,8 -2,2

Inflation (CPI; e-o-p, %) 11,4 13,0 7,0 6,0

Export (USD, bn) 563,6 457 470 490

Import (USD, bn) 429,1 320 336 360

Balance of trade (USD, bn) +134,5 +137 +134 +130

Current account (USD, bn) +59,5 +61,8 +52 +44

Current account (% of GDP) +3,2 +4,7 +3,9 +3,2

Foreign reserves (USD, bn) 339,4 350 360 370

Total external debt (USD, bn) 463,7 407,8 412 420

Total external debt (% of GDP) 25,1 31,2 30,6 30

Exchange rate (RUB/USD) 60,74 62,12 64 65