

Growth Forecast Drops to 4.1%

By [The Moscow Times](#)

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The Economic Development Ministry has trimmed its growth forecast for 2011 to 4.1 percent from 4.2 percent against a backdrop of budgetary spending cuts and growing imports, a deputy minister told reporters Saturday.

Andrei Klepach did not rule out the possibility of a further growth slowdown due to weak data in January-June.

"The first half was quite weak. For the whole year, we may see 3.8-3.9 percent [growth]," he said despite the ministry's move to increase the 2011 oil price forecast to \$108 per barrel from \$105.

GDP growth slowed to 3.7 percent in the second quarter from 4.1 percent in the first three months.

His comments were in contrast to his remarks just a month ago when he spoke of steady growth and a strong ruble.

But the recent turmoil in stock markets and fall in the price of oil, the key driver of the country's commodity-oriented economy, due to a worldwide debt crisis and shaky economic recovery forced the government to review its assessments.

Besides, state coffers are expected to get thinner as public spending ramps up in advance of forthcoming parliamentary polls in December and a presidential election in March.

Klepach said the ministry had cut its industrial production growth projection for this year to 4.8 percent from a previous 5.4 percent, while the ruble was expected to weaken further to 32.2 ruble per \$1 in 2012-14 from some 28.7 now.

The Economic Development Ministry expects capital outflows to reach \$30 billion to \$40 billion this year, with the possibility of no flight in 2012, Klepach said.

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