The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia, CIS Will Grow, EBRD Says

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October 17, 2011



Russia and CIS economies will continue to grow amid a slowdown in Eastern Europe brought on by the euro-zone crisis, according to a report from the European Bank for Reconstruction and Development released Monday.

Output in Russia is expected to grow 4 percent in 2011 and 4.2 percent in 2012. The growth will reverberate through CIS countries, which depend on Russia for exports and remittances.

Meanwhile, Southern and Eastern Europe will grow 1.7 percent in 2011 and 1.6 percent in 2012. The EBRD adjusted earlier predictions for this year's growth in the Baltic states and Central Europe from 3.4 percent down to 1.7 percent. Turkey will slow to 2.5 percent growth because of waning credit growth and capital inflows.

Countries closest to Greece, such as Albania and Serbia, will experience the greatest slowdown, according the report.

The growth in Russia and the CIS is largely due to elevated commodity prices from demand

in emerging markets.

The EBRD also had to revise growth predictions for Europe as a whole, from 4.8 percent to 4.5 percent for 2011 and from 4.4 percent to 3.2 percent in 2012 because of dwindling growth in the Baltic and Eastern European countries.

The bank has invested 18 billion euros in Russia since 1991, including 2.3 billion euros in 2010. Last month, the EBRD invested $20 million into construction of affordable low-rise housing in Russia.

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