

Industry Unable to Lift GDP

By [The Moscow Times](#)

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The main economic indicators of Russian industrial production do not suggest the country is on its way to recovery in the second half of 2013.

Low demand for industrial goods remains the main challenge for Russian business, according to a poll conducted by the Gaidar Institute, with demand in July at its lowest in twelve months, Vedomosti reported Wednesday.

As a consequence, there is no incentive to invest and expand production, undermining the government's hopes that industry will give a boost to the Russian economy in the second half of this year.

The economy will keep stagnating due to the lack of viable small- and medium-sized businesses that could become the driver for further growth, said Sergei Tsukhlo, the author of the Gaidar Institute survey.

Apart from institutional underdevelopment, 40 percent of industrialists in the survey cited

the lack of predictable political development as a reason why they are reluctant to expand.

Sergei Pukhov, who heads the Center for Development Institute at the High School of Economics, cited recent legal proceedings against opposition leader Alexei Navalny, as a factor undermining entrepreneurs' trust.

Navalny was sentenced to a five-year prison term by a provincial court in Kirov on embezzlement and fraud charges that many observers called ordinary market transactions.

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