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Sanctions and China Gas Deal Boost Russia's Industrial Output

By The Moscow Times

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Industrial production in Russia was nearly double analysts' expectations for October, according to figures released this week by state statistics service Rosstat.

Overall industrial production was up 2.9 percent in October, compared with the same period last year, growing for the second consecutive month after flat production in August, the report said.

Analysts cited by news agency Interfax earlier said the growth would be in the 1.5 percent range, while analysts questioned by Reuters predicted a 1.6 percent increase in production output.

Production of meat and poultry were among the biggest contributors to overall growth, rising by 15 percent and 10 percent respectively. Their success was in part tied to a drive for import substitution, after Russia banned some food imports from nations that had sanctioned

Moscow over its role in the Ukraine crisis.

Energy industry production was another strong driver of growth. Pipeline production grew by 30 percent and gas turbines manufacturing surged 91 percent, following a $400 billion gas supply contract Russia concluded with China in May. Construction of the 4,000-kilometer Power of Siberia pipeline started in September as part of the deal.

Analysts questioned by business daily Kommersant, however, said the current output growth will be short-lived and will likely to come to a halt by December. If industrial manufacturing wants to maintain its currently strong growth it will need more support from the state and less reliance on imports, they said.

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