The Moscow Times
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INDEPENDENT NEWS FROM RUSSIA

Russian Economy Minister Expects Up to 0.8 Percent Growth This Year

By The Moscow Times

November 25, 2014



A man walks past a store in central Moscow.

Russia's economy is likely to grow by 0.7 to 0.8 percent in 2014 but next year's 1.2 percent growth forecast may have to be revised, Economy Minister Alexei Ulyukayev said.

In an interview with German newspaper Frankfurter Allgemeine Zeitung published on Tuesday, Ulyukayev defended Russian economic policy, blaming external factors such as the events over Ukraine for starting what he called an "avalanche."

The ministry has officially forecast growth of 0.5 percent this year but ministry officials say this may be an underestimate, given 0.8 percent growth in the first 10 months.

Asked about next year's growth forecast of 1.2 percent, Ulyukayev said: "We, possibly, will have to correct our forecast."

In contrast, the Russian Central Bank expects growth of just 0.1 percent next year, reflecting

the economic damage caused by Western sanctions imposed over the Ukraine crisis and a slump in oil prices.

Commenting on the oil-price slide — a problem for Russia's commodity-dependent economy — Ulyukayev said that he did not believe in conspiracy theories, seeing the fall as the result of changes in global supply and demand.

"Now the market is looking for a new equilibrium. I think that in 12 months it will be found close to $90 per barrel," he said.

Ulyukayev said economic problems facing Russia reflected events abroad including in Ukraine. "Now the avalanche is rolling and it's extremely difficult to stop. We can only try somehow to defend ourselves," he said.

The minister reiterated his opposition to providing state support to oil producer Rosneft, saying it was in a good financial condition. The company has asked for nearly $50 billion from a state fund.

Ulyukayev also opposed selling rival oil company Bashneft to Rosneft, arguing that "if one state enterprise is sold to another this cannot be privatization." He said Bashneft would be included in the government's privatization plan.

Bashneft was recently returned to state ownership as a result of a criminal investigation into its owner, causing investors to fear that the state was using the case to expropriate private property.

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