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Crimean Economy Named Fastest Growing in Russia

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Russian-annexed Crimea has experienced the fastest economic growth in Russia in 2019 so far, the RBC news website reported on Monday.

Crimea has received large cash injections from Moscow since 2014, when Russia annexed the Black Sea peninsula from Ukraine. More than $13 billion in Russian funds will have been spent on the Crimean economy between 2015 and 2022.

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Crimea's growth in January-March 2019 was buoyed by construction and manufacturing, which grew by over 20 percent each, RBC cited research by the Institute for Complex Strategic Studies (ICSS) as saying.

Agriculture, retail and services in Crimea averaged 3 percent growth in January-March this

year.

Construction in the Crimean port city of Sevastopol — Russia's second-fastest growing economy — grew by almost 71 percent in January-March 2019, with agriculture, manufacturing, retail and services averaging 3.4 percent.

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While Crimea and Sevastopol's rapid growth means they are no longer the country's poorest regions, they still rank near the bottom, Natalia Zubarevich, an expert in regional economics and a professor at Moscow State University, was quoted as saying.

"There's an economic term called 'base effect' when, if your base is low, you grow faster; and when it's high, [you grow] slower," RBC quoted Zubarevich as saying. "It's noticeable when you had nothing and it suddenly grows, especially with budget money."

The Leningrad region — with construction up by 130 percent — came in as Russia's third-fastest growing economy. The North Caucasus republics of Ingushetia and Chechnya grew at the fourth and fifth-fastest clips in January-March 2019.

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