

Russia's 'Shadow Economy' Is Nearly 13% of GDP, Reports Say

August 29, 2019



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More than \$175 billion had circulated in Russia's shadow economy in 2017, according to the latest available official data analyzed by the RBC news website on Thursday.

Russia's State Statistics Service (Rosstat) defines the shadow economy as off-the-books salaries, unofficial employment and informal sales, but not criminal activity. Financial authorities [say](#) the shadow economy's share within Russia's gross domestic product (GDP) has been dropping since 2015.

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Informal production in Russia totaled 11.7 trillion rubles (\$175.6 billion) in 2017, RBC [cited](#) newly released Rosstat data as saying.

That reportedly amounts to 12.7% of Russia's 92.1 trillion ruble (\$1.37 trillion) market-price

GDP that year.

Real estate (6.3%), agriculture (1.4%), commerce (1.4%) and construction (0.9%) accounted for the highest share of unreported production.

Russians seek under-the-table earnings because there are no high-paying jobs in the formal sector, RBC quoted Alexei Ponomarenko, a statistics and economic science professor at Moscow's Higher School of Economics (HSE), as saying. They also stay in the shadows to avoid excess regulations and high taxes, Ponomarenko added.

The Federal Financial Monitoring Service, meanwhile, estimated that Russia's shadow economy totaled 18.9 trillion rubles (\$283 billion), or [one-fifth](#) of gross domestic product in 2017. RBC explained that the \$283 billion figure surpasses Rosstat's \$175 billion because the monitoring service accounted for gray-market imports and tax evasion.

Separate from the shadow economy, Russia [spends](#) almost \$73 billion per year on classified weapons and intellectual property expenditures that totaled over 5% of the country's GDP, RBC cited Rosstat data as saying Wednesday.

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