

Russia GDP Growth Almost Halves in 2019

Russian economy grew 1.3% in 2019, its lowest rate since 2016.

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Russia posted GDP growth of 1.3% in 2019. **Sergei Fadeichev / TASS**

The pace of growth in the Russian economy fell by almost half last year, fresh economic data released Monday has [shown](#).

Russia's GDP grew by 1.3% in 2019, the Russian state statistics agency, Rosstat said. That compares with an official expansion rate of 2.5% recorded in 2018, and is the weakest annual growth since Russia emerged from economic crisis in 2016.

Despite the slow-down, the economy did pick up in the final half of the year, managing to beat pessimistic forecasts from organizations such as the World Bank and International Monetary Fund (IMF) that had suggested Russia would struggle to record growth above 1%. Just two months ago, Kirill Tremasov, a former official at the Economy Ministry who has heavily [criticized](#) the quality of Russia's official statistics, said [hitting](#) growth of 1.3% seemed "like a fantasy."

Rosstat said growth in the natural resources industries, including the production of gas and gas condensate — which jumped by more than 10% — was the biggest contributor to growth over the year. Russia's finance and insurance sector also expanded by more than 10%, news agency Interfax [reported](#).

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Economists expect Russia's economy to pick up speed this year. A Reuters poll of analysts also published Monday, found the consensus estimate of growth in 2020 was 1.8% — with the expansion set to be buoyed by higher welfare payments for new mothers [announced](#) by President Vladimir Putin in January.

The economy could grow faster still, should the new government unveil more spending plans in its revised budget, which is currently being drawn up, analysts have said, or if it decides to spend the \$125 billion sovereign fund it has accumulated through oil profits in recent years.

The 1.3% expansion in 2019 was in line with the most recent forecast from the Economy Ministry, which is predicting growth of 1.9% this year. The figures are a preliminary reading and similar statistics have been significantly adjusted in recent years.

President Putin has repeatedly said he wants Russia to grow “faster than the global average,” to ensure Russia's share of the global economy is not shrinking. However, Russia has not hit that level in any of the last seven years, and even the most optimistic predictions for the Russian economy still predict that headline GDP growth will fall below the expected 3% growth of the global economy.

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