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Russian Economy Won't Reach Pre-Coronavirus Level Until 2024

Recovery will be among the world's slowest.

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Russia's economy is around the same size it was in 2012, the Economist Intelligence Unit estimated.
Sergei Bobylev / TASS

The Russian economy will not return to its pre-coronavirus level until the end of 2024, analysts at the Economist Intelligence Unit (EIU) forecast.

Russia will be one of the slowest recovery stories in the world, the EIU predicts, with all the other BRICS nations — Brazil, India, China and South Africa — expected to recover faster.

Of the G7 advanced economies, only Japan — which has seen perennially low growth rates for the last two decades — will match Russia in terms of the weakness of its recovery, with both finally hitting pre-coronavirus levels in the final quarter of 2024.

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“Japan is a rich, developed country that will be able to weather the economic crisis. However, less affluent countries such as Brazil, Russia and South Africa will find themselves in a much more precarious situation,” the report said.

The EIU believes that Russia’s economy shrank by more than 15% in the second quarter of 2020 — more than the Central Bank’s estimate of a 10% contraction.

The Russian government has delayed its flagship $360 billion national economic development plan by six years in the wake of the coronavirus — a signal that goals such as faster economic growth, lower poverty and higher investment were unattainable by the original 2024 target.

A faster recovery could also be thwarted by government frugality. Bloomberg reported Wednesday that the Kremlin is looking to cut spending from around $322 billion in 2020 to $280 billion in 2021, in order to start restoring the government’s balance sheet after the coronavirus hit.

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