

Russia's Economy Shrunk by 3.1% in 2020

President Vladimir Putin had hoped 2020 would present an opportunity to revive a stagnating economy.

By [AFP](#)

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Russia cut its lucrative oil output at the start of the coronavirus pandemic in a bid to stabilize prices.

Vladimir Smirnov / TASS

Russia said Monday that its economy contracted by 3.1% in 2020 as the oil producing nation was hit by coronavirus lockdowns and a plunge in global crude prices.

The drop was less severe than Russian authorities had expected however, as the central bank had forecast a contraction of about 4.0%

The Rosstat statistics agency attributed the drop to "restrictions imposed to combat the coronavirus and the fall in global demand for energy resources."

The 3.1% drop, a first estimate, was also a relatively good result compared with many European countries that reintroduced lockdowns when a second wave of infections surged late last year.

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Spain saw an 11% drop, France 8.3% and Germany 5.0%.

Russian authorities, who imposed a six-week lockdown in the spring, ruled out another lockdown even though the country was battered by a second wave of infections late in the year.

Rosstat said the Russian economy's largest losses were recorded in the hospitality, transport, culture and sport sectors.

Although Rosstat did not publish quarterly figures, the economy is expected to have rebounded by 7.4% in the last three months of the year following a steep drop from April through September.

Before the pandemic hit Russia in March, its economy had grown by 1.6% in the first quarter from the same period in 2019.

President Vladimir Putin had hoped 2020 would present an opportunity to revive a stagnating economy that for years has been bruised by Western sanctions.

But oil prices plunged sharply in early March, slashing Russia's energy revenues.

On Monday, Russia's coronavirus caseload stood at more than 3.8 million, the fourth-highest worldwide.

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