The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia's Economy Hits Pre-Coronavirus Size – Central Bank

As Russia's largest cities start reintroducing coronavirus restrictions, economy hits recovery milestone.

June 15, 2021



Russia's economy contracted by 3% during 2020. **Anton Novoderezhkin / TASS**

Russia's economy has become one of the first in the world to reach its pre-coronavirus size, Russia's Central Bank governor said Tuesday.

In a speech to lawmakers, Elvira Nabiullina said the Russian economy had regained all its losses since the start of the coronavirus pandemic last spring.

"The economy has recovered to its pre-crisis level, and in many industries it has exceeded it and continues to grow," she said.

Russia's economy contracted by 3% in 2020 — knocked by a six-week nationwide lockdown, prolonged closures of service industries and cuts in oil production in a bid to stabilize prices.

Related article: Russia Raises Interest Rates Again as Inflation Persists

Economists say Russia's economy suffered significantly less than others, in part due to the small size of the Russian service economy — which has been hit hardest by the pandemic — and the large role of state in the economy, which has cushioned the economic fallout. It has also bounced back strongly during the first months of 2021, with no significant coronavirus-related restrictions in force and many large companies reporting record profits.

A looming third wave of infections, however, could yet disrupt the recovery. Moscow workers are currently on a week-long paid vacation, designed to keep them out of offices and off public transport networks in order to act as a circuit breaker, with cases having risen exponentially in recent days. Restaurants, cafes and bars will be forced to close at 11 p.m. and companies must ensure at least 30% of their non-vaccinated staff are at home.

A number of other cities and regions, including Euro 2020 host city St. Petersburg, have also reintroduced some coronavirus restrictions.

Nabiullina has joined those criticizing the slow pace of Russia's vaccination campaign, with only around 12.5% of Russians having received a first dose of a coronavirus vaccine. On Friday, she linked the pace of vaccinations with Russia's investment climate, saying foreign investors would look much more favorably on economies with a high rate of vaccinations.

Original url:
https://www.themoscowtimes.com/2021/06/15/russias-economy-hits-pre-coronavirus-size-central-bank-a74219