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INDEPENDENT NEWS FROM RUSSIA

Ukraine's Economy to Halve in 2022 – Forecast

Dramatic forecast predicts the country's GDP will fall by 46% this year and will take at least 15 years to recover.

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A man walks holding bags near a burning warehouse hit by a Russian shell in the suburbs of Kyiv. **FADEL SENNA / AFP**

Ukraine's economy will take at least 15 years to hit its pre-war levels, according to a new forecast which lays bare the economic damage being inflicted on the country.

The country's economy will almost halve this year, the Economist Intelligence Unit said Wednesday in a new report.

"We believe that the Ukrainian economy will register a 46.5% recession this year, amid human casualties, the destruction of infrastructure and bleak prospects for the reconstruction of the country," its analysts said.

Almost 4 million Ukrainians have already fled the country, with around a quarter of the country's population of 40 million being displaced by the war overall. In addition to thousands of civilian deaths, Kyiv estimates Russia has inflicted more than $600 billion of economic damage on the country through aggressive bombing attacks on major cities and infrastructure.

The Ukrainian economy will take at least 15 years — until 2037 — to hit its pre-war level.

Russia's GDP is set to contract by around 10% this year amid heavy Western sanctions and an exodus of Western firms. Its economy will take at least three years to return to its pre-war size, the EIU said.

Other forecasts are predicting Russia's economy could fall by as much as 15%, wiping out 15 years of economic growth.

"Sanctions have made the ruble plunge, fueling inflation and weighing on households' purchasing power," the analyst said. Living standards are set to fall by more than 10% this year, as inflation could surge past 20% in the coming weeks.

"Investment will sink amid huge capital outflows and plunging confidence. Declining oil exports, caused by some traders avoiding Russian oil and some countries imposing a ban on Russian energy imports, will further depress growth,"

"Russia will seek China's support, but this will only partly compensate for the departure of Western firms."

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