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Russia to See Largest GDP Collapse in 30 Years, Official Warns

April 12, 2022



Head of the Accounts Chamber of Russia, Alexei Kudrin. **Moskva News Agency**

Russia's GDP is set to suffer its biggest fall since 1994, the country's top auditor warned Tuesday, as the country reels from Western sanctions and business departures following Moscow's invasion of Ukraine.

"GDP this year will, without a doubt, decrease," Accounts Chamber chief Alexei Kudrin told Russia's Federation Council, according to news service Interfax.

Estimates by Russia's Finance Ministry and Economic Development Ministry speculate that Russia's GDP will likely fall by 8-10%, although there are "more skeptical estimates too," Kudrin warned.

Such a drop would outstrip the shockwaves felt after Russia's invasion of Crimea in 2014, when the GDP fell 2%, according to World Bank data.

Russia's GDP contracted by 5.3% after the country defaulted on its debt in 1998, and by 7.8%

after the global financial crisis in 2009.

Russia's GDP has suffered a double-digit fall only twice in its modern history: after the Soviet Union's collapse in 1992 (when it fell by 14.6%), and in 1994 (when it dropped by 12.6%).

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The World Bank estimates that Russian GDP will contract by 11.4% in 2022, triggering a two-year recession — another first since the Soviet collapse, Bloomberg reported in March.

Meanwhile, inflation rose to 7.6% while retail sales fell by 10% in March, according to Goldman Sachs data. Some Russian banks, including Alfa Bank, VTB Capital and Loko-Invest, project that inflation will hit 20% in 2022, a level not seen in Russia since the early 2000s.

"This inflation growth started on Feb. 24 and will go on, and it will be very high," said Sergei Aleksashenko, senior researcher at the Brookings Institutions and former deputy head of the Central Bank. "This year, the inflation will be around 26-29%. It's a moderate realistic prognosis."

Driven by a lack of goods on the market, inflation could rise as high as 50%, Aleksashenko added.

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