

Russian Economy Faces 10 Years of Recession Without Reforms – Sberbank CEO

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Sberbank CEO German Gref. **Sergey Bobylev / TASS**

The Russian economy will return to 2021 levels in a decade unless the country takes reform measures amid unprecedented Western sanctions over Russia’s war in Ukraine, the head of the country’s largest lender Sberbank [said](#) Friday.

“If nothing is done in the current situation, then... the return of Russia’s economy to the level of 2021 could take about 10 years,” Sberbank CEO Herman Gref said.

Under its so-called “inertia” scenario, Sberbank forecasts Russia’s GDP to fall by 7% in 2022 and 10.3% in 2023 compared with 2021, when it grew by 4.7% to \$1.77 trillion.

The decline would slide back into the single digits in the following years and reach -0.1% by 2030, according to a [slide](#) of Sberbank’s forecast at the St. Petersburg International Economic Forum (SPIEF), Russia’s annual showcase event for investors.

But Gref stressed that Russia has reoriented 73% of oil deliveries to eastern countries in April and May.

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Gref's [comments](#) came a day after the Russian Central Bank chairwoman [dampened hopes](#) for a foreseeable return to pre-invasion indicators.

“External conditions have changed for a long time indeed, if not forever,” Central Bank Governor Elvira Nabiullina said at a SPIEF event Thursday. “It’s obvious to everyone that it won’t be as it was before.”

Gref said 56% of Russian exports and 51% of imports accounted for countries that have imposed sanctions against the country.

“This is a threat to 15% of the country’s GDP.”

The Kremlin has expressed confidence in its determination to ride out Western sanctions.

Sberbank, which holds one-third of Russia’s banking sector assets, suffered financing issues following tough Western sanctions aimed at cutting off Russian banks’ access to capital markets.

Sberbank said in March it was leaving the European market under pressure from EU sanctions, which were tightened in May to include its expulsion from the international payment system SWIFT.

Full blocking U.S. sanctions in April banned business with the bank and froze its assets in the U.S. financial system.

Gref said at SPIEF that Russia’s banking sector will likely suffer losses this year.

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