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World Bank Lifts Russia Growth Forecast on Resilient Energy Exports

By AFP

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The World Bank has significantly improved its outlook for the Russian economy this year due to stronger-than-expected revenues from energy exports to countries including India and China.

The Russian economy is now forecast to contract only slightly in 2023, the bank said in a semi-annual report on the global economy published Tuesday, marking a sharp change from its previous prediction of a more pronounced economic contraction.

The European Union, the United States and others levied heavy economic sanctions on Russia following its invasion of Ukraine in February last year, leading to a significant cut in Russian oil and gas exports to those countries.

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But overall, Russian oil export volumes "have not changed materially," with Russia successfully offsetting this lost revenue by ramping up exports to other countries including India and China, the World Bank said.

Russia's economy is now expected to contract by just 0.2 percentage points this year, according to the updated forecast. This is 3.1 percentage points higher than the bank's previous estimate in January.

The World Bank's revision follows a similar alteration to Russia's short-term growth forecast by the International Monetary Fund in April.

In its report, World Bank also revised upward its prediction for the world economy, and now expects global growth this year to be 2.1%.

The upgrade in the forecast is due to "substantial upgrades to projections for China and, to a lesser extent, Russia," the bank said.

"Nonetheless, for 2023 as a whole, global activity is projected to slow, with a pronounced deceleration in advanced economies and a sizable pickup in China," the bank said.

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