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Russia’s Economy Minister Warns of Looming Recession

By AFP

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A Russian worker at a copper plant owned by Norilsk Nickel. **Sergei Karpukhin / TASS**

Russia's economy is teetering on the "brink of recession," Economy Minister Maxim Reshetnikov warned Thursday, casting a downbeat tone over the annual St. Petersburg International Economic Forum (SPIEF), a key event aimed at attracting investment to the country.

Speaking on the second day of the forum, Reshetnikov said "current business sentiment and indicators" point to a looming downturn.

"Overall, I think we are on the brink of a recession," he told journalists. "Everything else depends on our decisions," he added, urging Russia's Central Bank to show "a little love for the economy."

Russia's economy has been marked by volatility since it launched its full-scale invasion of

Ukraine in February 2022, with growth now slowing after a period when record defense spending led to "overheating."

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While officials reported strong expansion in 2023 and early 2024, economists have warned that war-driven growth is unsustainable and does not reflect real gains in productivity.

Russia's GDP grew just 1.4% year-on-year in the first quarter of 2025, the weakest pace in two years.

Reshetnikov's remarks come amid widespread concern over the country's high interest rates and industrial slowdown. The Central Bank raised its key rate to 21% in October to curb inflation, maintaining that level until earlier this month when it made a modest cut to 20%.

Meanwhile, inflation remains high, driven by state spending and labor shortages. While annual inflation dipped below 10% in May, it has stayed more than double the Central Bank's 4% target for over a year.

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