

Russia Can Manage Its Growing Deficit, Putin Says

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Vladimir Putin delivers a speech at the Eastern Economic Forum in Vladivostok on Sept. 3, 2026. **Sputnik / Vyacheslav Prokofyev / Pool via REUTERS**

President Vladimir Putin said Thursday that Russia's budget deficit, which grew by 40% in the first half of this year to reach 2.8% of GDP, poses no "critical" risk for the economy and remains manageable.

"Considering that we have one of the lowest levels of national debt in the world, there is nothing critical here," the Kremlin leader said at the annual Eastern Economic Forum in Vladivostok.

The costs of Russia's war against Ukraine have gradually risen since Putin ordered the full-scale invasion in February 2022. In recent years, the government has had to raise taxes and increase borrowing to help finance the military.

Russia's official deficit target for this year is 1.6% of GDP.

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The growing budget deficit and new inflation risks are major factors that Central Bank policymakers are weighing ahead of next week's key rate meeting. For months, businesses have pushed for the regulator to lower the key rate, which currently stands at 14%.

Analysts polled by Reuters this week said they expect Russia's Central Bank to hold the key rate.

At the Eastern Economic Forum on Thursday, Putin [said](#) it was important that high borrowing costs not hamper business investment too much, but added that it remains critical for monetary policy to address inflation risks.

Annual inflation in Russia stood at 6.3% as of Aug. 31, according to the Economic Development Ministry.

Countering claims by businesses that credit has become off-limits for some, Putin said the government has developed multiple loan programs to support firms even in the high-rate environment.

Reuters contributed reporting.

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