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Government Submits 3-Year Budget to State Duma as 2026 Deficit Set to Reach $88Bln

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People walk near the State Duma in Moscow. **REUTERS / Anastasia Barashkova**

The Russian government on Wednesday submitted its three-year draft federal budget for 2027-29 to the State Duma, with this year's deficit nearly doubling from previous projections, amid soaring war spending.

Russia's 2026 budget deficit will reach a record 7.345 trillion rubles ($88 billion), up from the previous forecast of 3.785 trillion rubles ($45 billion). The new projection represents 3.2% of GDP compared to the previous target of 1.6%.

Deficits are also expected to reach 5.443 trillion rubles (2.2% of GDP) in 2027, 5.12 trillion rubles (1.9% of GDP) in 2028 and 5.245 trillion rubles (1.9% of GDP) in 2029.

Combined budget deficits over the three years between 2027 and 2029 will total nearly 16 trillion rubles ($192 billion).

Russia is drawing up a three-year budget in an attempt to improve long-term planning, but it has had to revise its figures sharply upwards each year and has repeatedly missed its annual deficit targets.

President Vladimir Putin said last month that the size of the budget deficit poses no "critical" risk for the Russian economy, and that it will be managed. Analysts consider a budget deficit of up to 4-5% of GDP to be manageable.

"The draft budget is balanced, which is an important condition for maintaining macroeconomic stability and reducing inflation," the government said in a statement on Wednesday.

Related article: Russia Has a Budget Problem. Borrowing Its Way Out Won't Be So Simple.

Nominal GDP is forecast to rise by 1.4% and reach 248.3 trillion rubles ($2.98 trillion) in 2027. By 2029, it will rise by 2.4% and reach 281.7 trillion rubles ($3.38 trillion).

The budget targets an annual inflation rate of 4% and sets a baseline oil price of $50 per barrel.

Russia's budget situation has gradually deteriorated throughout the four and a half years since the full-scale invasion of Ukraine began, as the country has had to tap its fiscal reserve fund, increase borrowing and raise taxes to keep up with growing military spending.

Earlier reports said 2027 defense spending would rise by 27% to a record 17.1 trillion rubles ($210 billion), representing more than a third of total federal spending. Exiled outlet Vyorstka reported that only 2.3 trillion rubles ($28 billion) are itemized in public documents, while the remainder are classified as "top secret."

A record 34.9% of total budget spending will remain classified in 2027, according to the outlet.

The State Duma will hold its first of three readings of the draft budget bill on Oct. 29, Budget Committee chairman Andrei Makarov said Thursday.

Reuters contributed reporting.

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