

# The Russian Economy and its Likely Evolution

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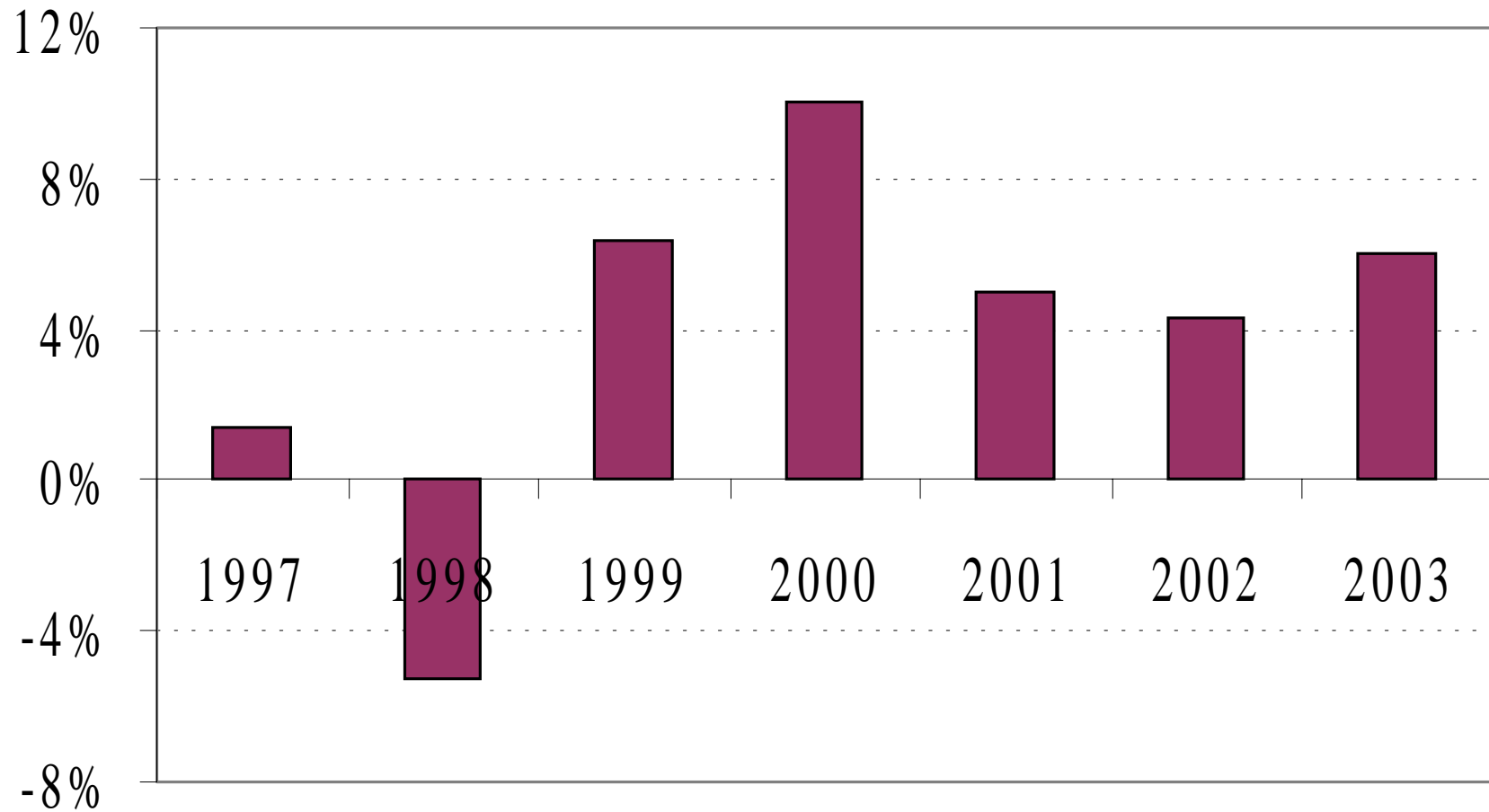


**ECONOMIC EXPERT GROUP**

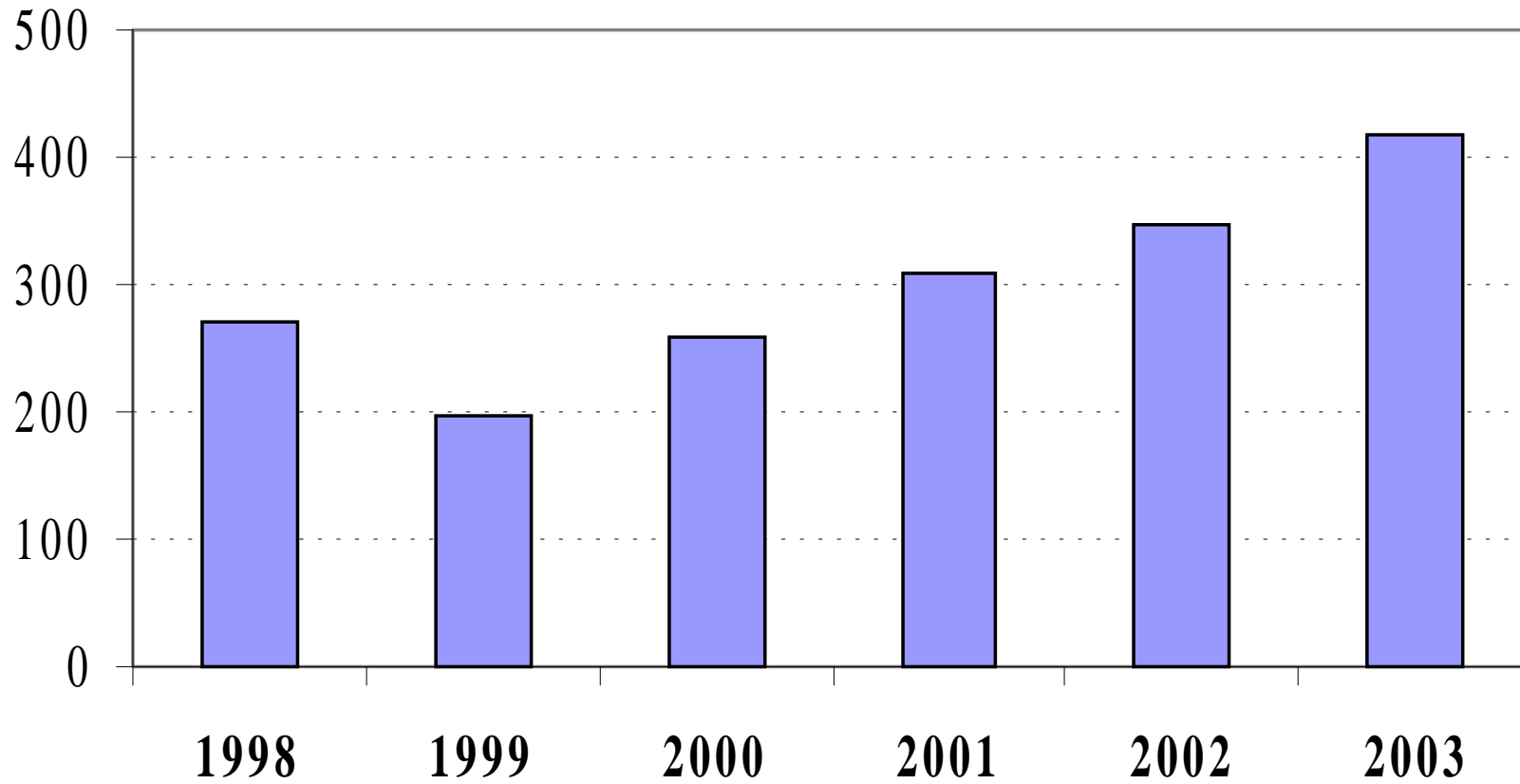
## **PROGRESS IN RUSSIA'S MACROECONOMIC STANDING**

	<b>1999</b>	<b>2003</b>
<b>Anticipated GDP growth</b>	<b>-8%</b>	<b>6%</b>
<b>Public debt (% of GDP)</b>	<b>94%</b>	<b>34%</b>
<b>Federal budget revenues (\$ bn.)</b>	<b>26</b>	<b>80</b>
<b>International reserves (\$ bn.)</b>	<b>12</b>	<b>64</b>

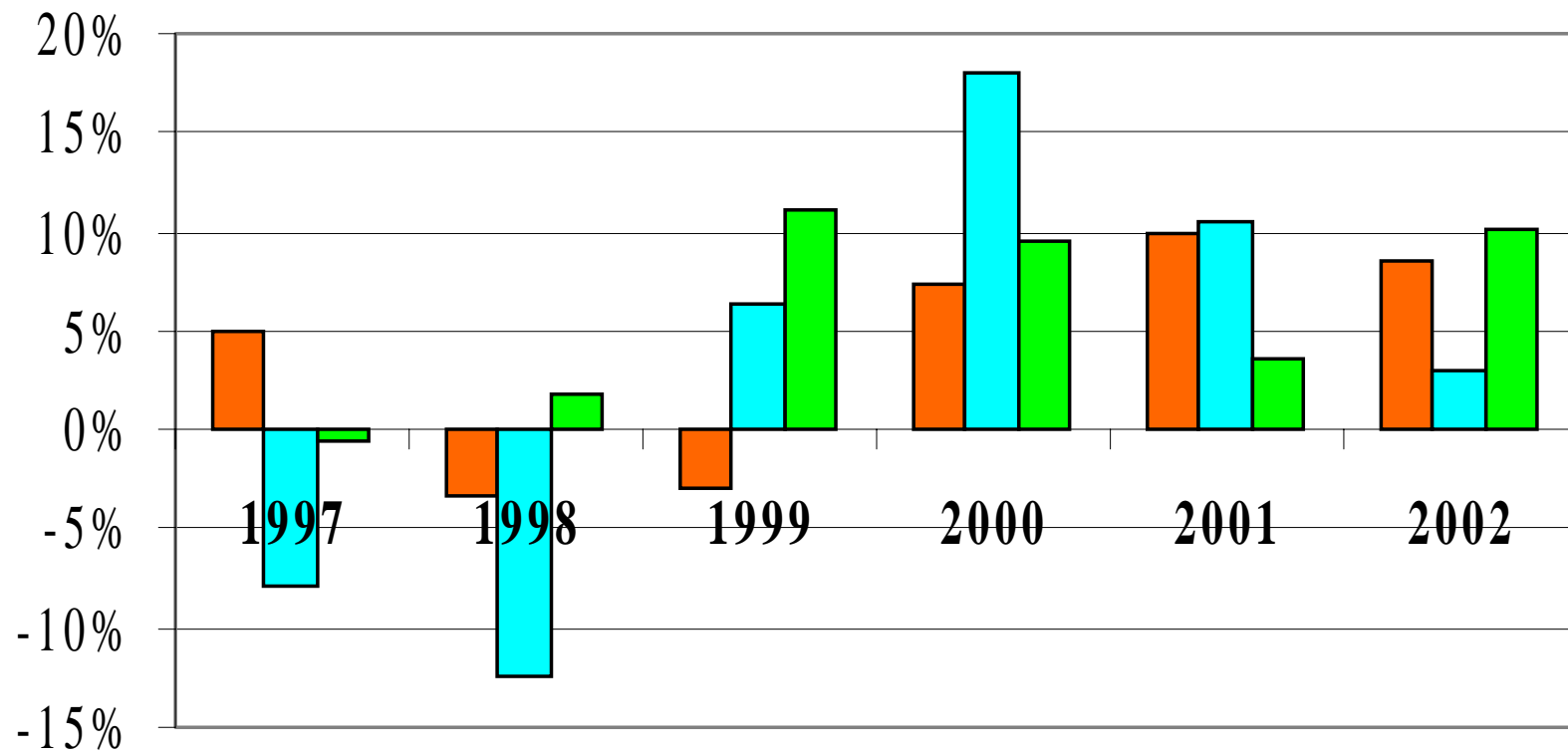
# GDP GROWTH RATES



## GDP in US\$ (billion)

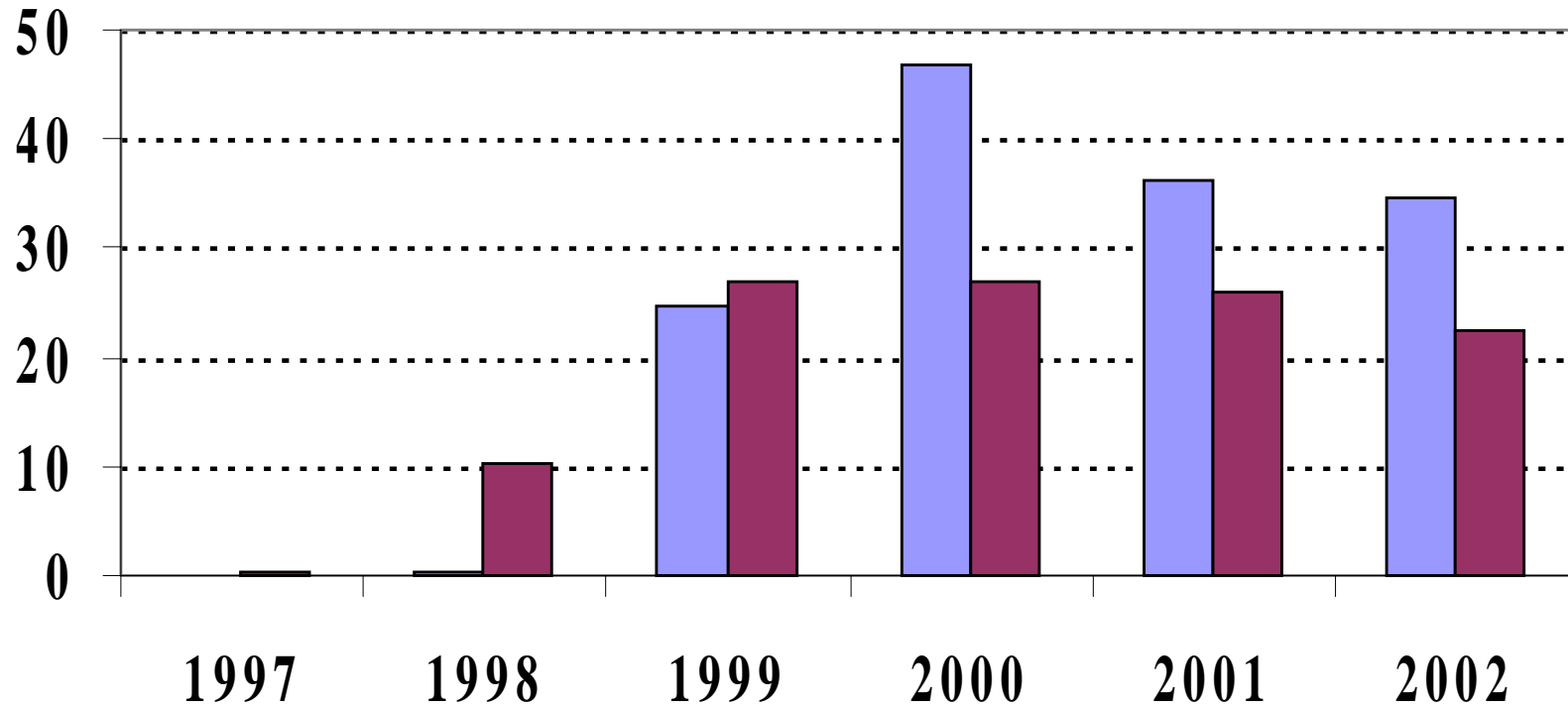


## GDP BY USE (% CHANGE)



■ Private Consumption ■ Fixed Investment ■ Exports

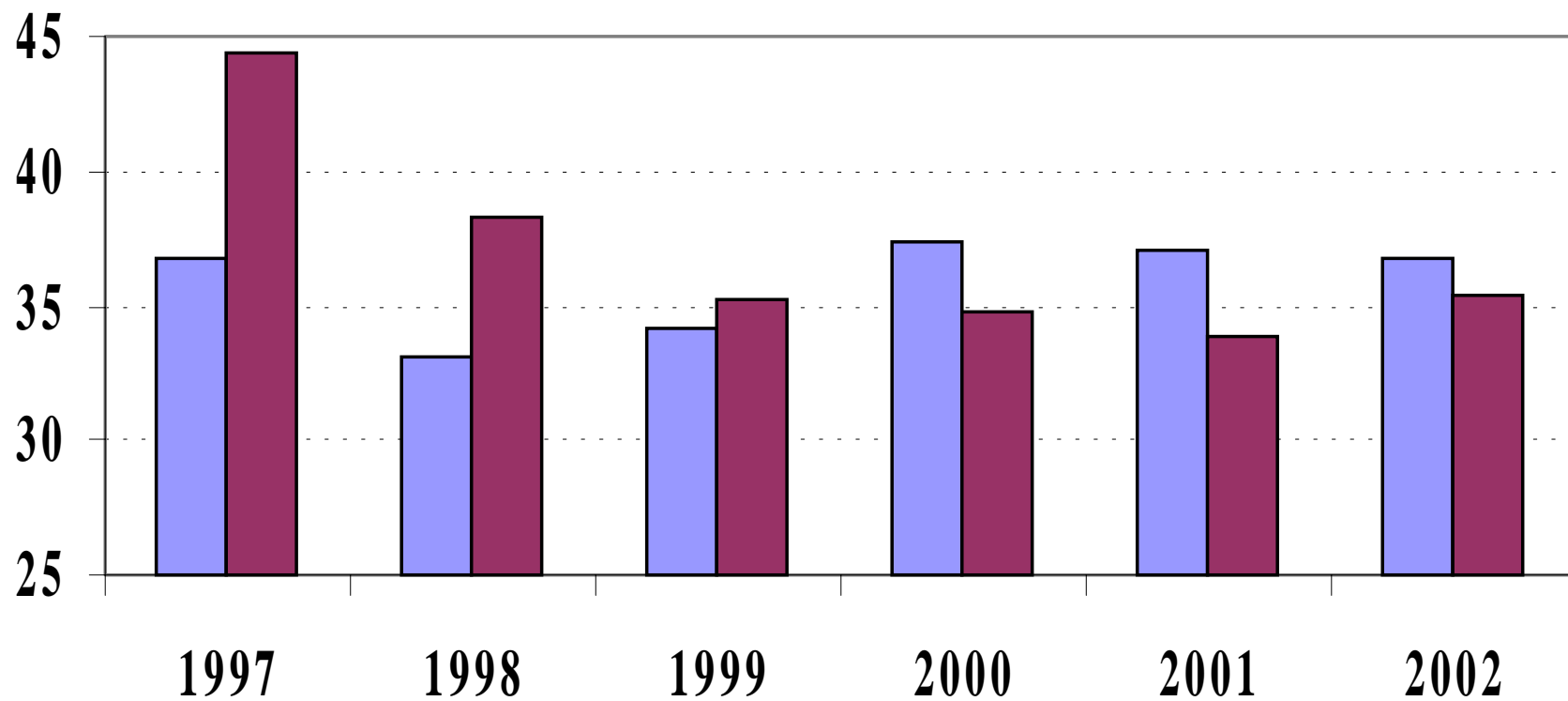
## Current Account (\$ bn.)



■ Crude

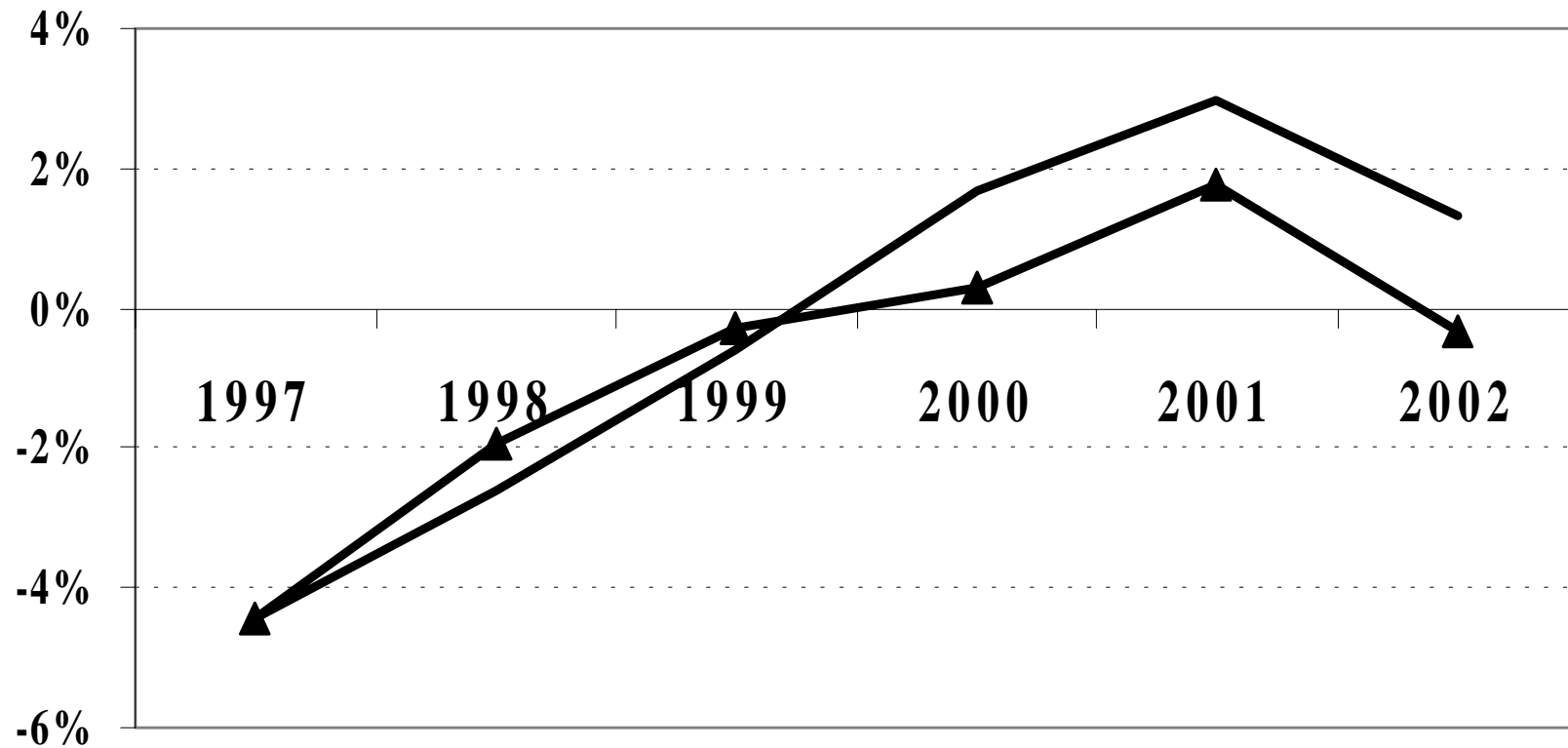
■ Oil-Adjusted

# General Government Budget (% of GDP)



■ Revenues ■ Expenditures

## FEDERAL BUDGET BALANCE (% of GDP)

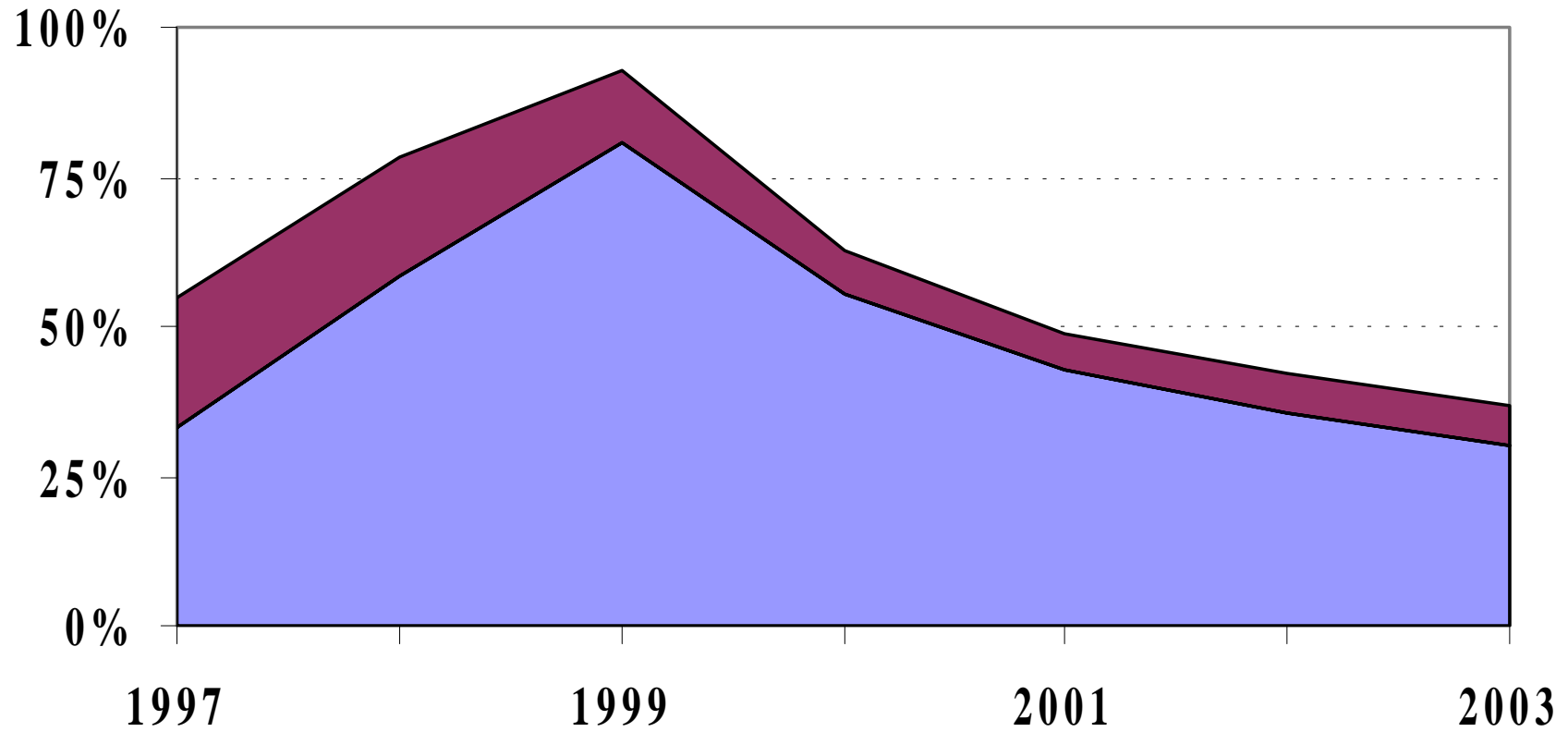


— Balance

▲ Oil - Adjusted Balance



## Public Debt Stock (year end, % of GDP)



External Domestic

# Effective Tax Rates by Tax Base

	<b>Consumption</b>	<b>Labour</b>	<b>Capital</b>
<b>Russia-2002</b>	15.9	19.6	20.4
<b>Czech Rep.</b>	25.7	39.6	23.1
<b>Hungary</b>	25.7	39.6	n.a.
<b>Poland</b>	19.8	42.9	n.a.
<b>OECD</b>	17.1	33.4	26.6
<b>EU</b>	18.7	36.8	25.1
<b>G-7</b>	13.2	29.8	30.7

# SUSTAINABLE MACRO ENVIRONMENT

	INDICATOR	2002
<b>HIGH SAVING RATE</b>	<b>DOMESTIC SAVING RATE</b>	<b>32</b>
<b>ADEQUATE EXCHANGE RATE</b>	<b>REAL EFFECTIVE ER (1997=100%)</b>	<b>85%</b>
<b>STRONG BALANCE OF PAYMENT</b>	<b>CURRENT ACCOUNT (\$ BN.)</b>	<b>35</b>
<b>LARGE STOCK OF INTERNAT. RESERVES</b>	<b>MONTHS OF IMPORTS</b>	<b>7</b>
<b>MODERATE INFLATION</b>	<b>DEC.-ON-DEC.</b>	<b>15%</b>
<b>MODERATE TAX LOAD</b>	<b>% OF GDP</b>	<b>34%</b>
<b>RESPONSIBLE FISCAL POLICY</b>	<b>PUBLIC DEBT / GDP</b>	<b>42%</b>
<b>LOW INTEREST RATES</b>		

## **STRUCTURAL PROBLEMS TO ADDRESS:**

- **DEPENDENCE ON COMMODITY EXPORTS,**
- **DEPENDENCE OF BUDGET AND BOP ON VOLATILE TERMS OF TRADE**
- **WEAK FINANCIAL SECTOR,**
- **EXCESSIVE SCOPE OF ‘NATURAL MONOPOLIES’,**
- **WEAK GOVERNANCE,**
- **WEAK ENVIRONMENT FOR COMPETITION.**

# **PRIORITIES OF THE NEW GOVERNMENT** **MEDIUM-TERM PROGRAM**

- **ECONOMY DIVERSIFICATION,**
- **RAISING EFFICIENCY OF THE PUBLIC SECTOR  
(INCLUDING ADMINISTRATIVE REFORM)**
- **CUTTING TAXES AND OUTLAYS.**