

# EBRD Cuts Growth Forecast for Russia

By [The Moscow Times](#)

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Economic growth during the second half of 2012 is likely to be dampened by higher inflation and poor harvests, the EBRD said.

The European Bank for Reconstruction and Development has cut its gross domestic product forecast for Russia as the euro-zone crisis and lower commodity prices dampen growth in emerging markets.

The EBRD said in a report released Wednesday that, provided there is no major pickup in oil prices or global demand, it expected the country's economy to grow 3.1 percent in 2012, compared with the previous forecast of 4.2 percent.

In 2011, Russia's economy expanded 4.3 percent, according to the State Statistics Service. The GDP growth prediction for 2013 now stands at 3.3 percent, down from the 4.3 percent forecast earlier.

Economic growth during the second half of the year is likely to be negatively affected by higher inflation and an expected poor agricultural harvest, the EBRD said.

The bank also said that Russia and most Central Asian economies continued their recoveries from the 2009 global crisis through 2011, but growth in most countries has now started to slow down, driven by a combination of global and domestic factors.

In Russia and Kazakhstan, the recovery had mostly been supported by higher oil prices and large-scale fiscal stimulus packages, the EBRD said.

However, economic growth is now slowing down in most countries as a result of the euro-zone crisis and associated drop in commodity prices, combined with domestic and regional factors (such as one-off problems in the Kyrgyz mining sector and continued tensions between Tajikistan and Uzbekistan), the bank said.

Net capital outflows reached \$43.40 billion in the first half of the year, mostly due to large outflows during the first quarter, according to the bank. Inflation picked up to 4.3 percent in June, and could exceed the Central Bank's inflation target of 6 percent by December 2012 as a result of regulated tariff increases in July and the impact of ruble depreciation on import prices.

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