

IMF Mission Chief Says Russia is in Recession, Hurt by Ukraine Sanctions

By [The Moscow Times](#)

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The International Monetary Fund's mission chief to Moscow said Russia was "experiencing recession" and that a resolution of the Ukraine crisis would significantly reduce Russia's own economic uncertainties.

Mission chief Antonio Spilimbergo said Russia, which grew 1.3 percent last year, was already experiencing recession.

"If you understand by recession two quarters of negative economic growth then Russia is experiencing recession now," Spilimbergo told reporters Wednesday, adding that international sanctions imposed on Moscow over the crisis in Ukraine were hurting the Russian economy.

"The difficult situation and especially the uncertainty surrounding the geopolitical situation and follow up of sanctions and escalation of sanctions are weighing very negatively on the

investment climate," Spilimbergo said.

The economy contracted quarter-on-quarter in the first three months of this year and Spilimbergo's comments made clear he expected further contraction. He said the IMF forecast was for 1 percent growth in 2015.

The Fund's projection for capital outflows was in line with the Russian government's own forecast. The Central Bank has said nearly \$64 billion left Russia in the first quarter of 2014.

Spilimbergo said the Central Bank's decision to raise interest rates last week would reduce inflation but would not be enough. The IMF said depreciation in the ruble would put pressure on inflation but forecast consumer prices would rise more than 6 percent in 2014.

Spilimbergo said Russia needed to ensure macroeconomic stability to offset the impact of geopolitical tensions.

He said the country also needed a flexible exchange rate and tighter fiscal policy to overcome economic hurdles, but the government had been right to stick with a budget rule limiting government spending.

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