

IMF Chief Says Ukraine Crisis Damaging Russian Economy

By [The Moscow Times](#)

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International Monetary Fund Managing Director Christine Lagarde waits before a meeting with German Chancellor Angela Merkel in the Chancellery in Berlin, Germany.

International Monetary Fund chief Christine Lagarde warned Russia that its economy, already facing lower economic growth because of the crisis in Ukraine, would face still further decline if tension with the West is allowed to continue.

"Clearly the situation is already having consequences," she said Tuesday after meeting German Chancellor Angela Merkel and the heads of other multilateral bodies, including the World Bank.

"We have revised growth projections for Russia. That is provided that the situation is resolved. If it was not ... that would clearly deteriorate the situation," Lagarde told a news conference in Berlin.

The IMF has already cut its 2014 growth forecast for the oil- and gas-based Russian economy to just 0.2 percent from an earlier 1.3 percent, which was the rate of growth last year. The fund says sanctions over Ukraine, imposed by the U.S., the European Union and Japan, are scaring off investors.

The IMF is providing a \$17 billion bailout for Ukraine but has warned that it would need re-designing if the country loses territory in the east to pro-Russian separatists, after already seeing its Crimean territory annexed by Moscow.

"Without political stability, stabilizing the economy will be difficult," said Lagarde. She added that low inflation and the geopolitical risks "in the heart of Europe" pose a threat to global growth, which the IMF currently sees at 4.7 percent this year.

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[IMF Mission Chief Says Russia is in Recession, Hurt by Ukraine Sanctions](#)

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