

Russian Tech Exports Up Threefold Since 2018

With sales booming, the country's technology trade deficit has reached its lowest level since 2001.

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Russia has mounted an aggressive drive to reduce its dependence on foreign-made technology. **Sergei Fadeichev / TASS**

Russia's earnings from tech exports have jumped more than threefold over the last two years, according to a new report from Moscow's Higher School of Economics (HSE).

Russia sold more than \$4.5 billion of technology goods and services overseas in 2020 — up 30% from 2019 and more than three times the \$1.4 billion of exports recorded in 2018, researchers found.

The Kremlin has been on an aggressive drive to reduce Russia's dependence on foreign-made technology since the imposition of Western sanctions following Moscow's 2014 annexation of Crimea.

Russia <u>fears</u> its reliance on Western technology — ranging from payment cards to computer operating systems — is a potential vulnerability should the West decide to levy more penalties on the country. It is also concerned foreign intelligence services could gain access to crucial Russian systems running on foreign software.

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The Russian government Wednesday introduced new <u>rules</u> banning the purchase of foreign-made laptops, tablets, servers and circuit boards in government contracts.

Imports of foreign-made technology were stagnant in 2020 at \$4.6 billion, bringing the technology trade deficit — the difference between Russian exports and imports of tech goods and services — to its lowest level since 2001.

Despite the jump in exports, the global competitiveness of Russian-made technology is difficult to assess. The largest market for Russia's technology exports in 2020, accounting for almost \$1 billion or a quarter of all sales, was the Netherlands — a low-tax jurisdiction where a number of Russia's top digital companies, including Yandex and X5 Retail Group, are registered.

The U.S., Germany, Switzerland, China and Belarus also accounted for more than \$250 million of Russian exports each.

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