

# Structural reforms in Russia and prospects for acceleration of economic growth

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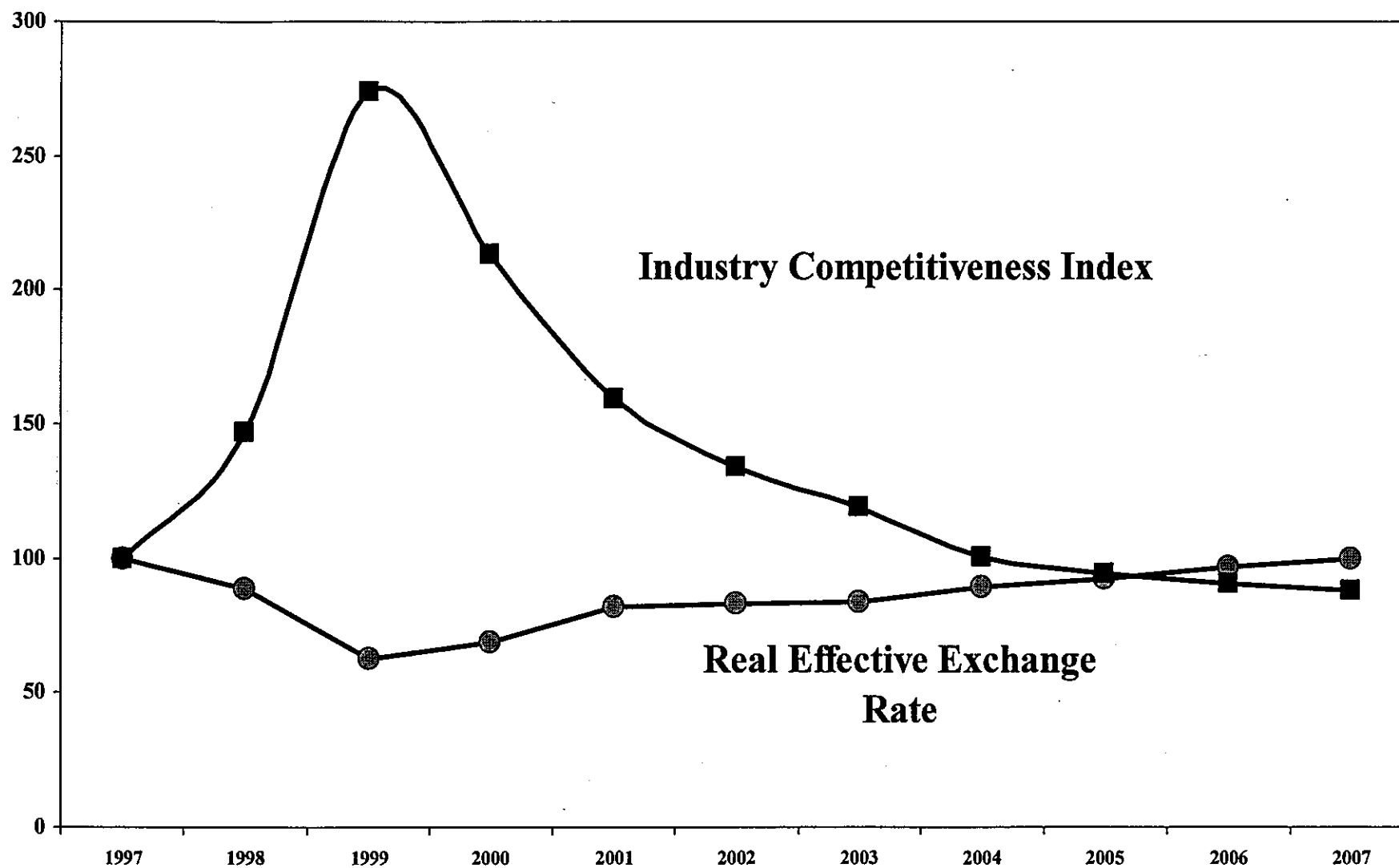
# Structural Reforms Agenda

- Complete the reforms of natural monopolies – RAO UES, Gasprom and Russian Railways.
- Liberalization of Capital movement.
- Progress in Pension Reform
- Forest Code
- Mortgage law and Housing sector Reform
- New approach to Banking sector Reform:  
transparency of capital control and property;  
implementation of Basil II rules;  
deposit insurance and better banks selection.

# Barriers to Growth

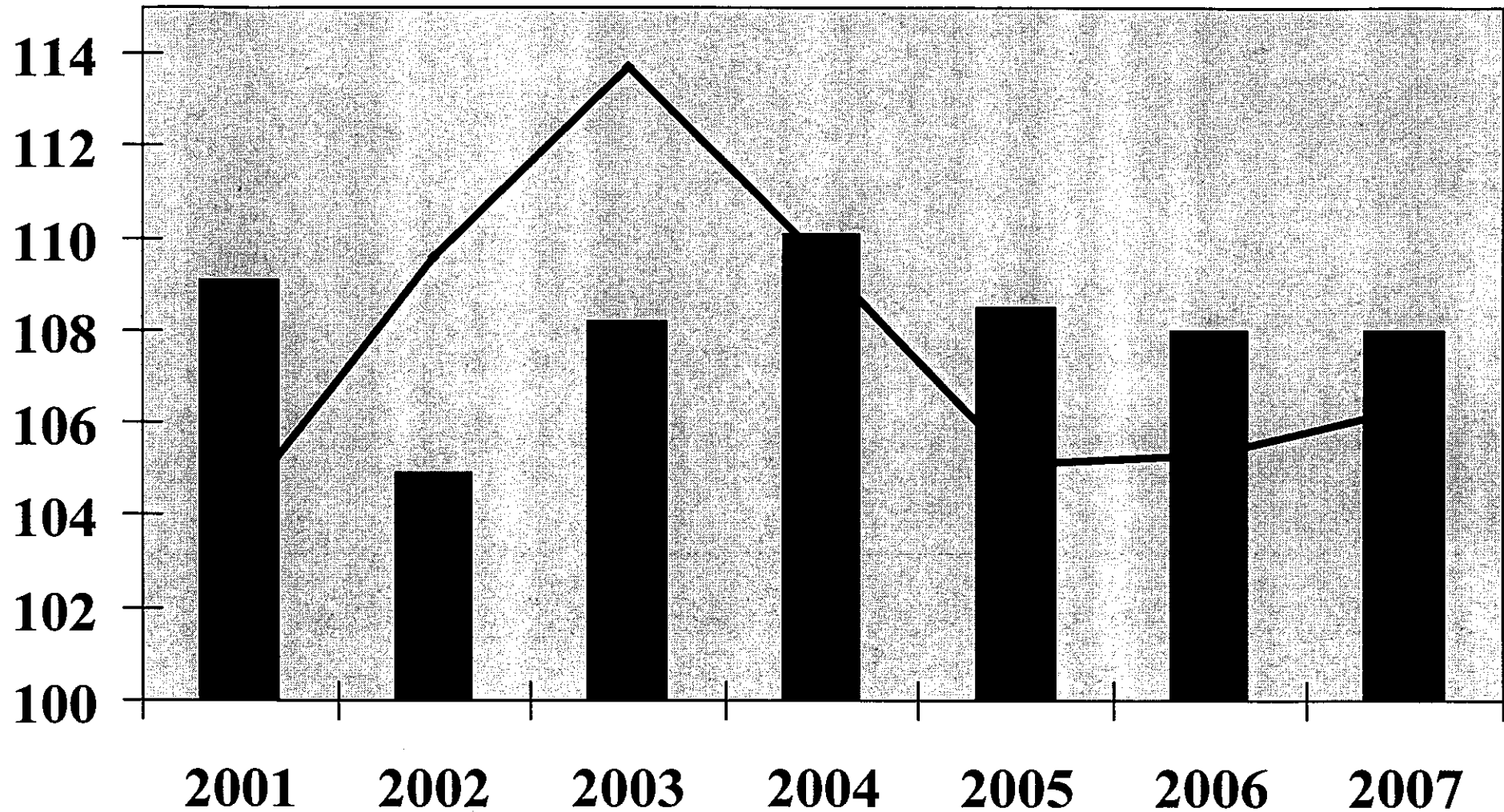
- The threat of decreasing rate of growth from actual level at 7% to 3-5%.
- About half of GDP growth achieved is created by the export, while the contribution of oil prices factor proper is assessed to be 2 percentage points or about 30% of GDP growth.
- The bottlenecks in the export of oil and raw materials.
- The exhaustion of the effect of low exchange rate of rouble created by 1998 crisis.
- The underdevelopment of high-tech sector.

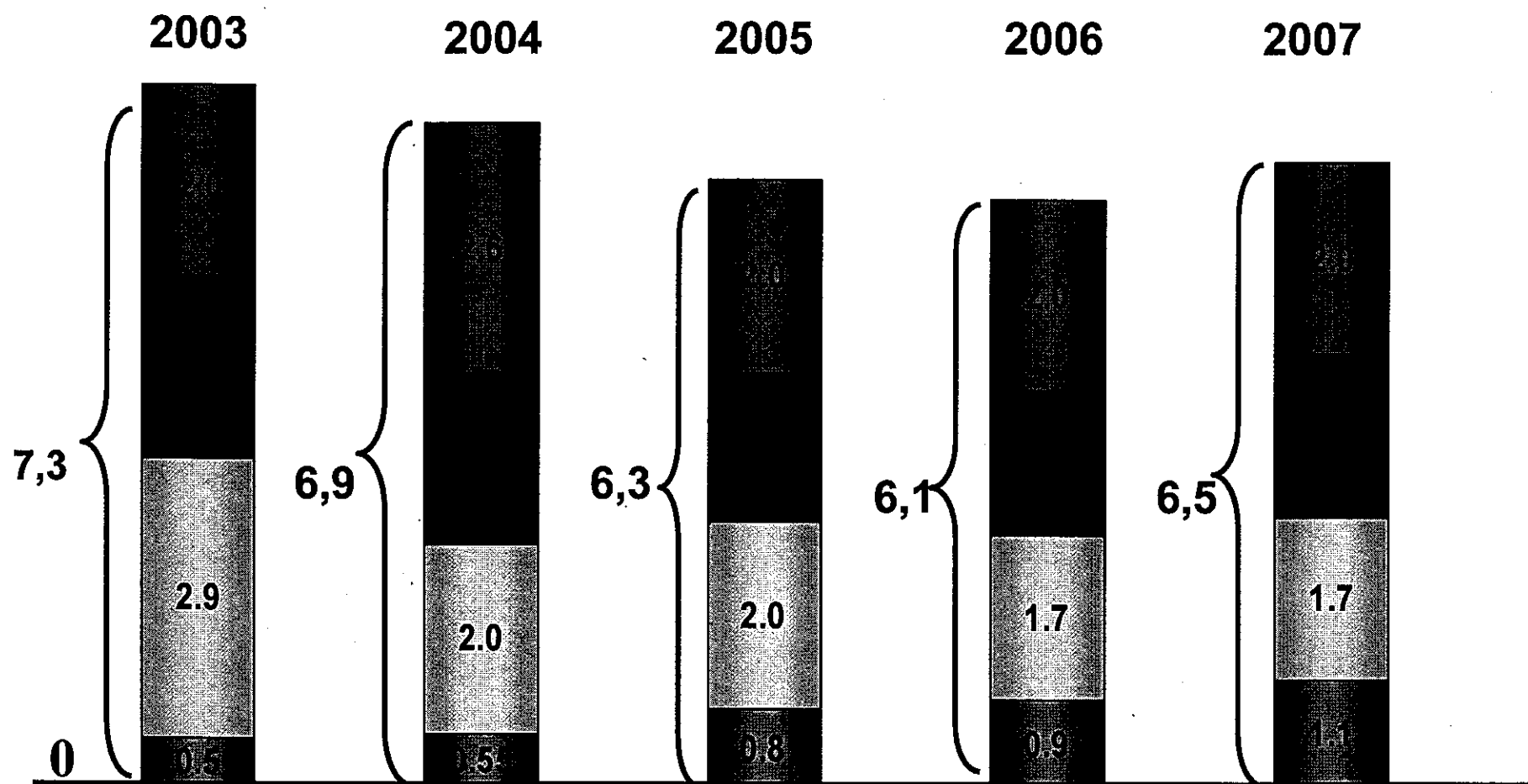
## Index of Industrial Competitiveness and Real Effective Exchange Rate



# Domestic and External Demand, %

■ domestic — external





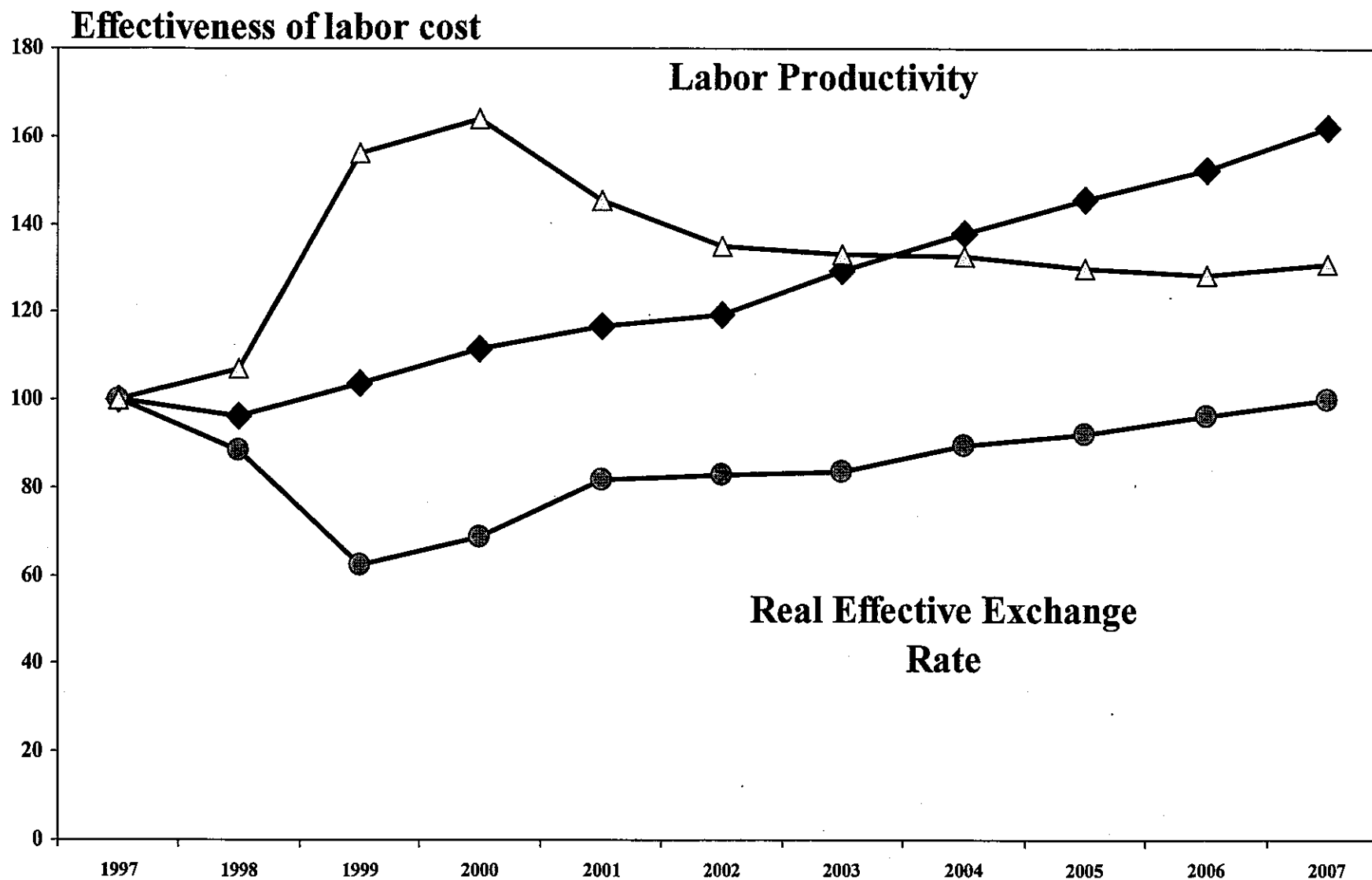
 Oil Price Influence

 Household Real Demand Factor

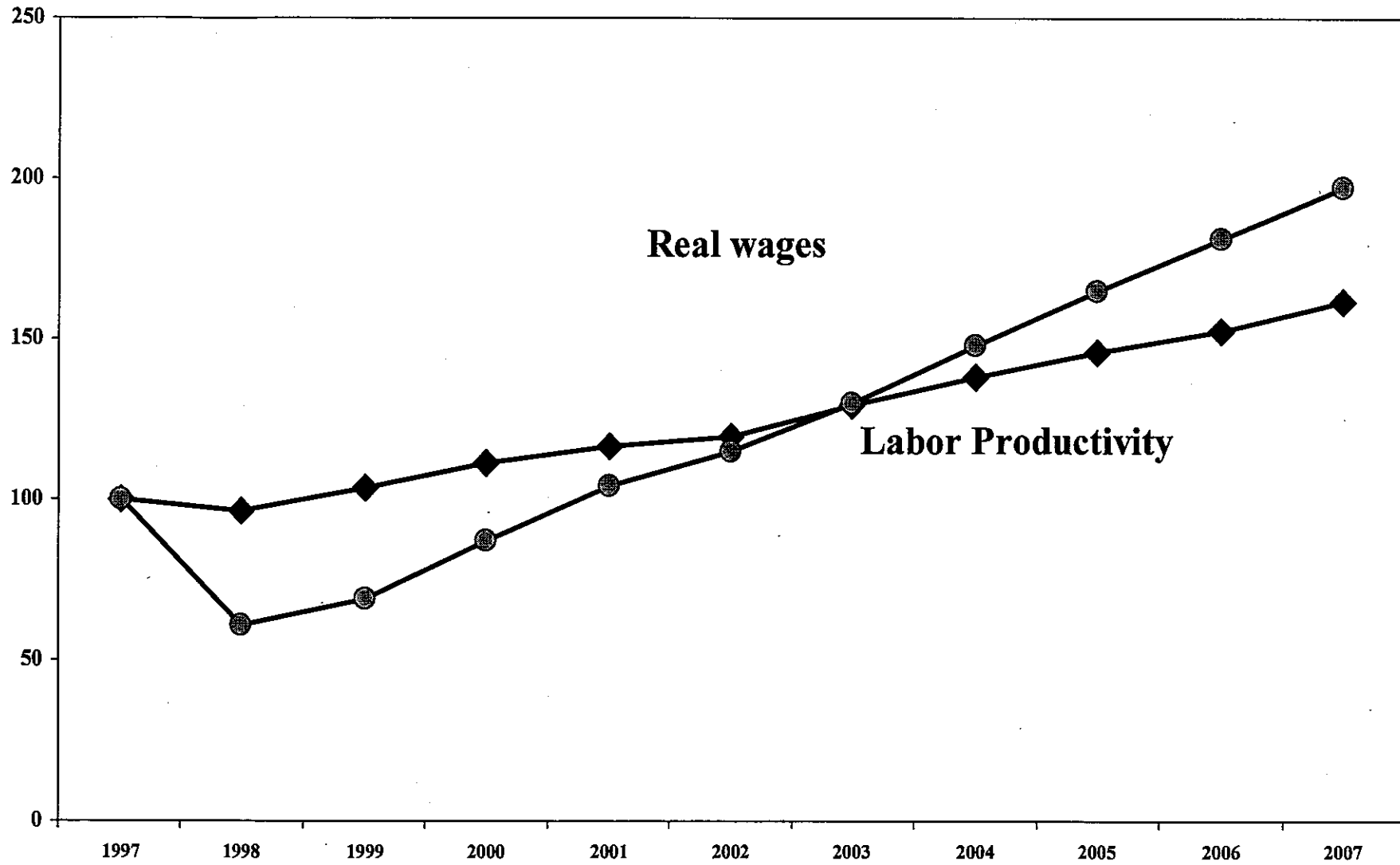
 Investment Factor

 Aggregate Efficiency Factor

## Dynamics of Labor Productivity and Exchange Rate

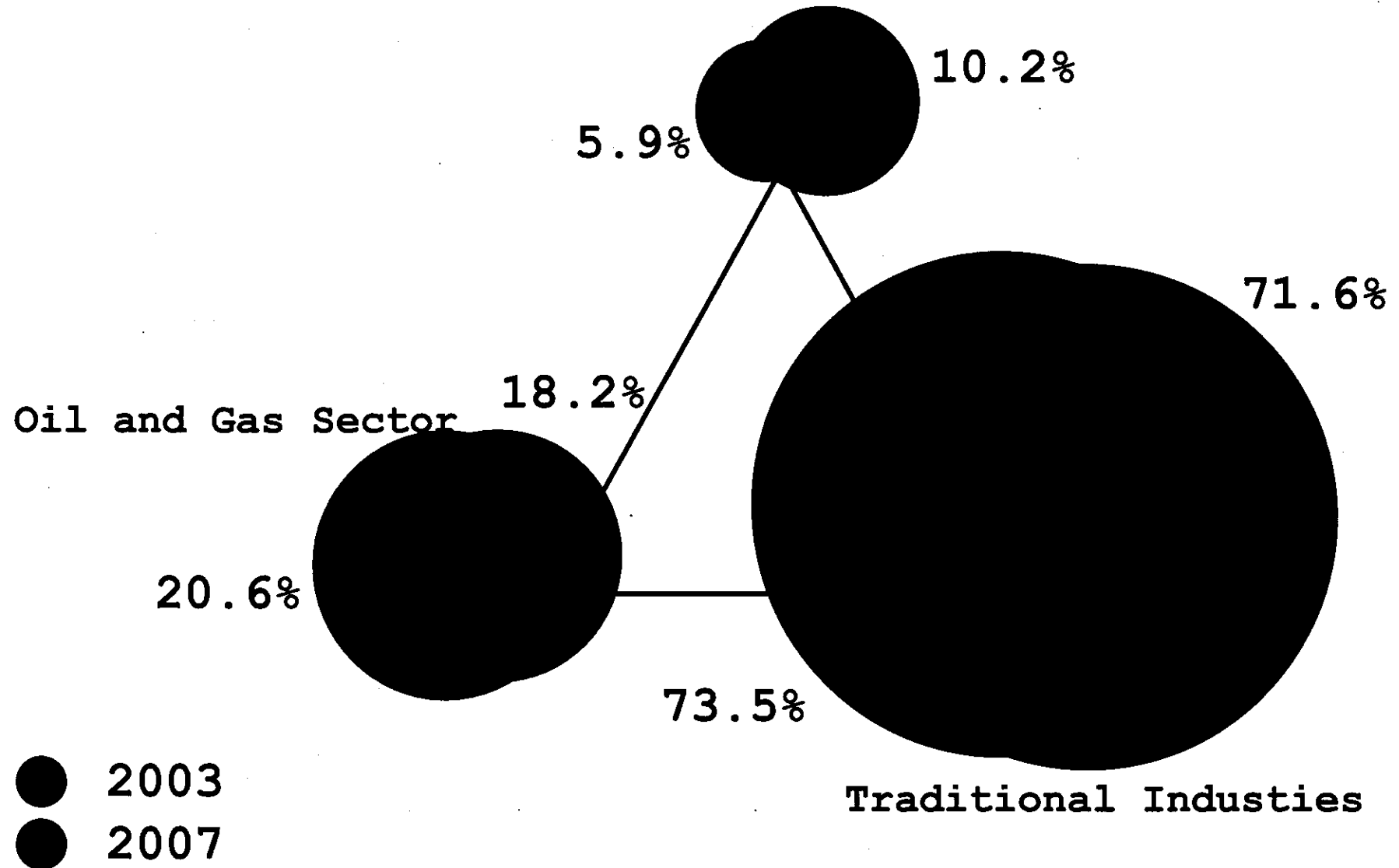


## Labor Productivity and Real Wages



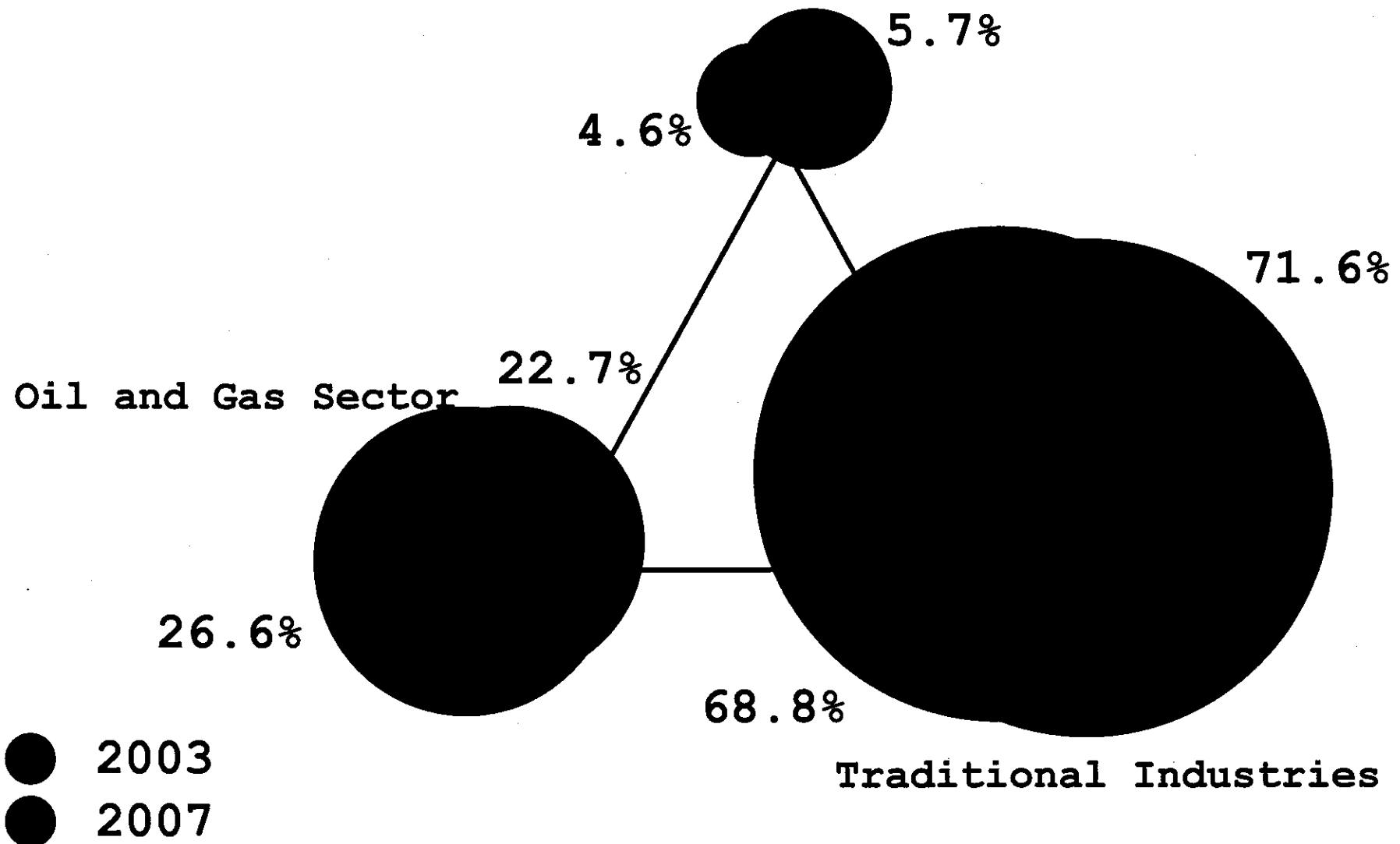
# Structure of Investment

## High-Tech Industry, Science & Communication



# Contribution of Key Sectors to GDP

High-Tech Industry, Science & Communication



# From Structural Reforms to Structural Projects

- Special Economic Zones as tools of innovative development.
- The conception of stat-supported projects, both in transport infrastructure and oil and gas sector as well as in the sphere of innovations and high technologies.
- The potential contribution of projects in the sphere of fuel complex, infrastructure, high technologies, agriculture and housing construction can add to the traditional dynamics of GDP from 2.1 to 4 percentage points.

## Annual indicators of national projects implementation (US\$ billion)

	Investments		Production		Export		Contri- bution in GDP growth rate
	2003	2010	2003	2010	2003	2010	%
<b>Projects in Fuel and Energy Complex *)</b>	<b>16.6/3.6</b>	<b>25.0/5.6</b>	<b>33.5</b>	<b>59.0</b>	<b>65.2</b>	<b>77.6</b>	<b>0.7-1.3</b>
<b>Infrastructure projects and transit**)</b>	<b>7.62</b>	<b>25.9</b>	<b>41</b>	<b>103.5</b>	<b>6.1**)</b>	<b>12**)</b>	<b>0.6-1.0</b>
<b>Science-intensive high-technology spheres and informatics</b>	<b>3.1</b>	<b>9.1</b>	<b>17.8</b>	<b>51-52</b>	<b>6.0</b>	<b>11.5</b>	<b>0.7-1.3</b>
<b>Mortgage and housing construction</b>	<b>10.1</b>	<b>45</b>					<b>0.1-0.4</b>
<b>Total</b>	<b>37.4</b>	<b>105</b>	<b>91.9</b>	<b>214</b>	<b>77.3</b>	<b>101.1</b>	<b>2.1-4.0</b>

\*) Fuel and Energy Complex – investments: numerator – total US\$ billion/denominator – pipeline transport;

\*\*\*) as a whole for infrastructure projects in US\$ billion