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RUSSIA
KLEMS

Recovery experiences of the Russian economy

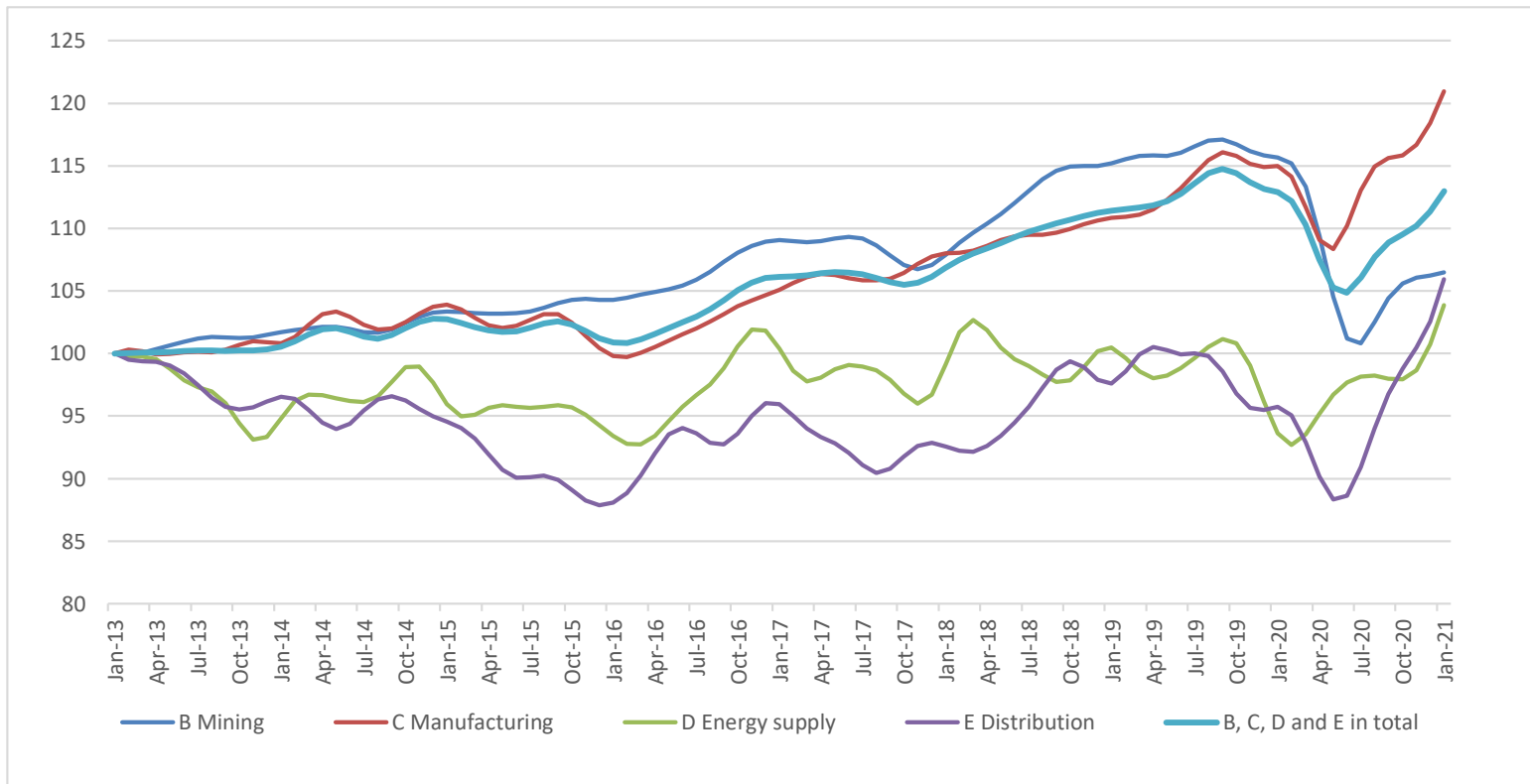
The patterns of the post-shock growth after 1998 and 2008 and future prospection

Ilya B. Voskoboynikov, Eduard F. Baranov, Kseniya V. Bobyleva, Rostislav Kapeliushnikov,
Dmitri I. Piontkovski, Aleksandr A. Roskin, Anton E. Tolokonnikov

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The Russian economy recovers after the COVID shock

Monthly Industrial Production, Jan 2013 – Jan 2021 (Jan 2013 = 100)



Source: Higher School of Economics; Bessonov, Baranov 2020; Centre of Development Institute



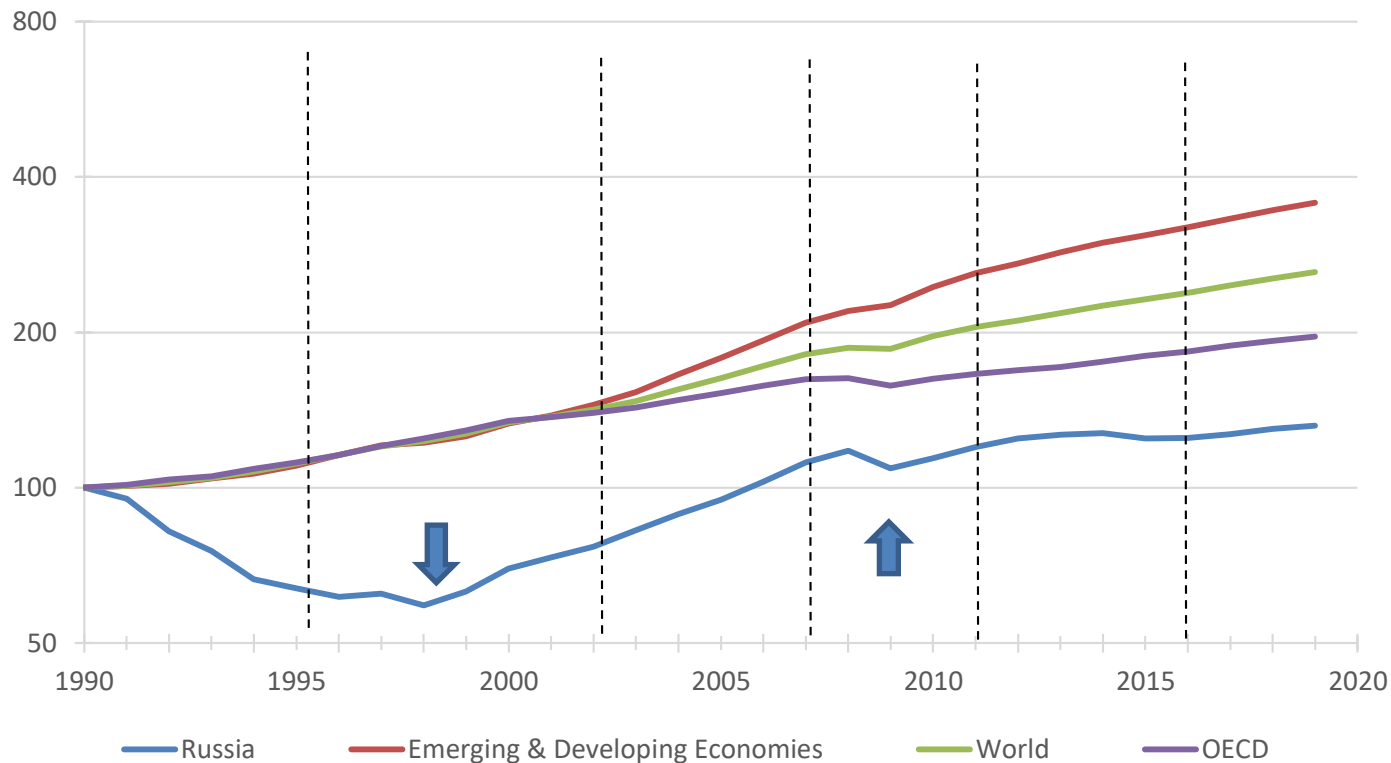
Outline

- 1. Russia and the Global Economy**
- 2. Structural change and productivity growth in Russia**
- 3. Endogenous sources of intra-industry growth**
- 4. Summary: growth prospects for Russia after the COVID shock**



Economic growth of the global economy and Russia in 1990-2019 rr.

GDP in comparable prices, 1990 = 100; logarithmic scale



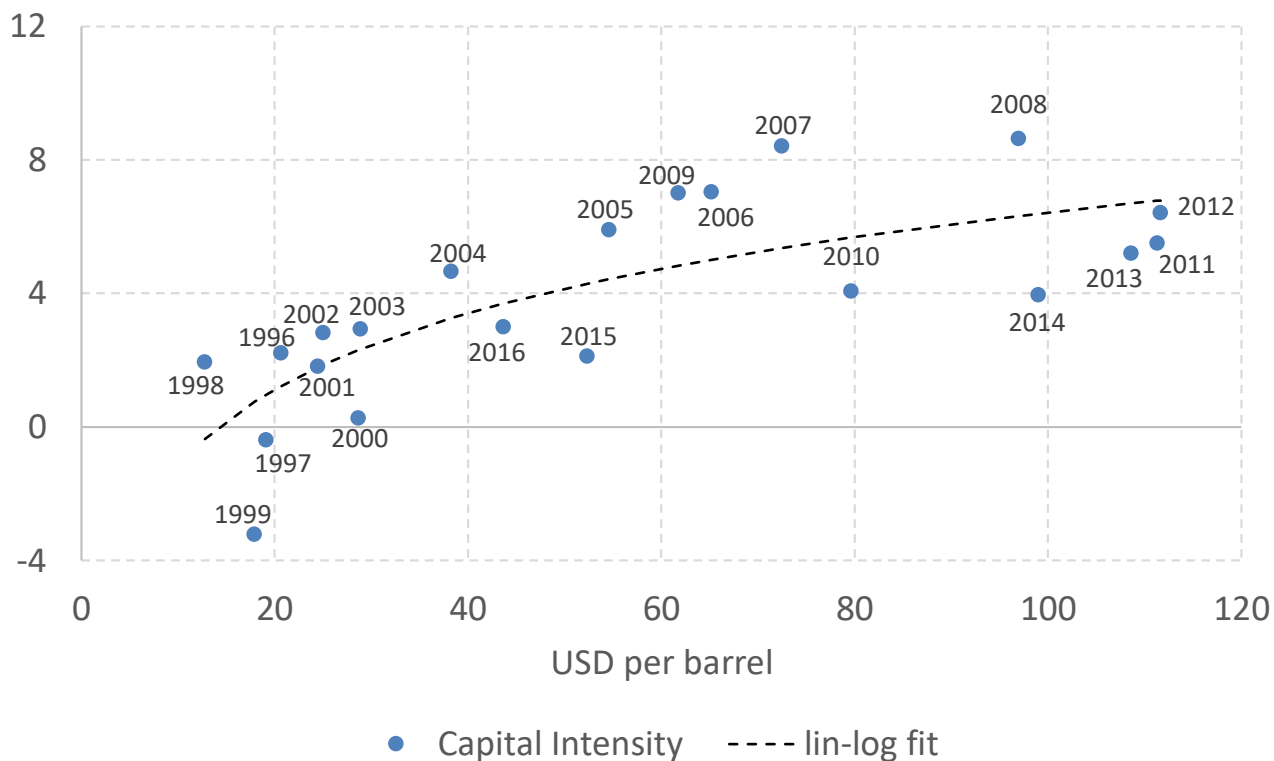
Source: The Conference Board Total Economy Database™ (Adjusted version), April 2019

Comments: Emerging and Developing Economies include China, India, developing economies in Asia, Latin America, Middle East, Africa, Central Asia and South-East Europe.



Extensive growth: capital intensity growth & oil prices

Capital intensity growth rates (per cent per year) and the average level of oil prices



Data: Russia KLEMS; IEA



Technology catch-up stopped in early 2010-s

Labour productivity level of the Russian economy relative to **Germany** (Germany = 100)

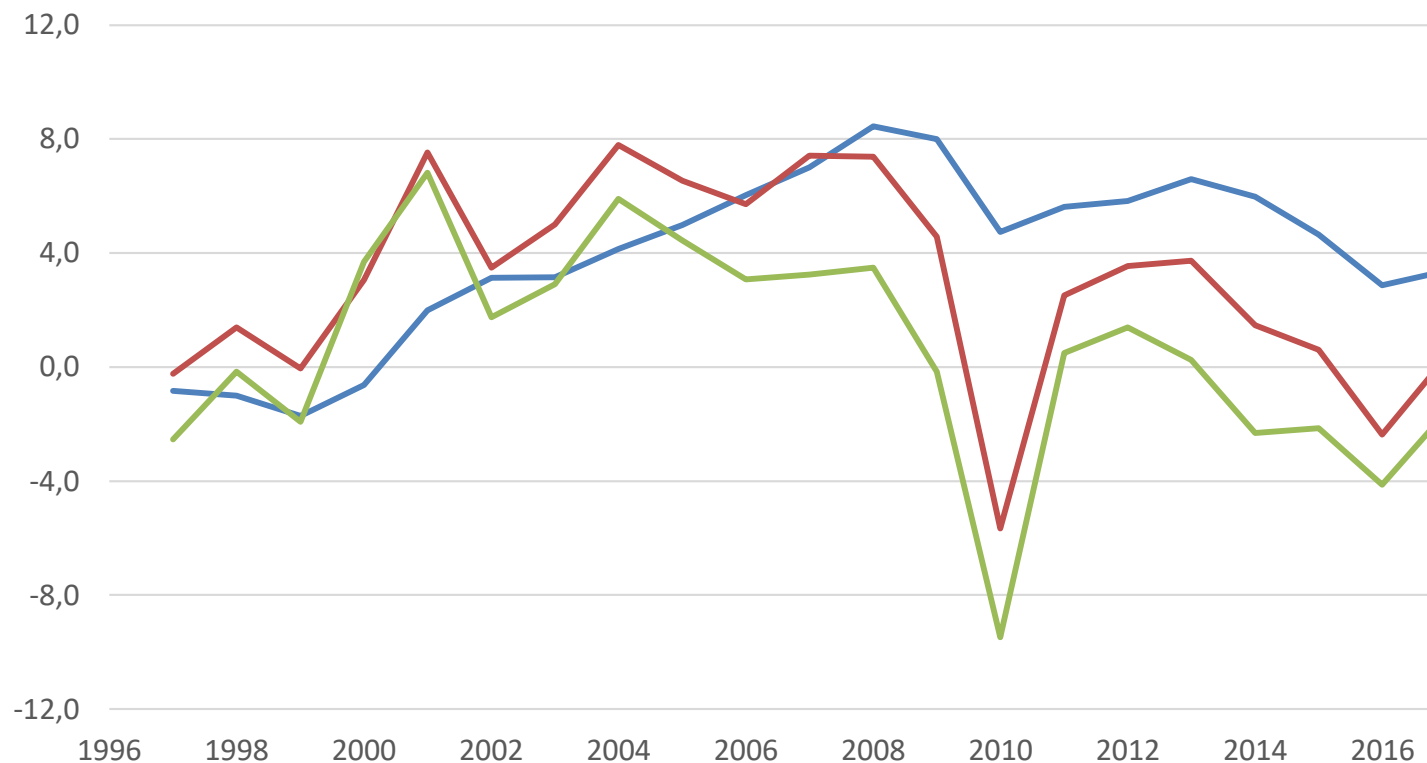


Source: The Conference Board Total Economy Database™ (Adjusted version), April 2019



Russia: labor productivity and TFP growth differ

Labour productivity (red), capital intensity (blue), total factor productivity (green) (percent per year)

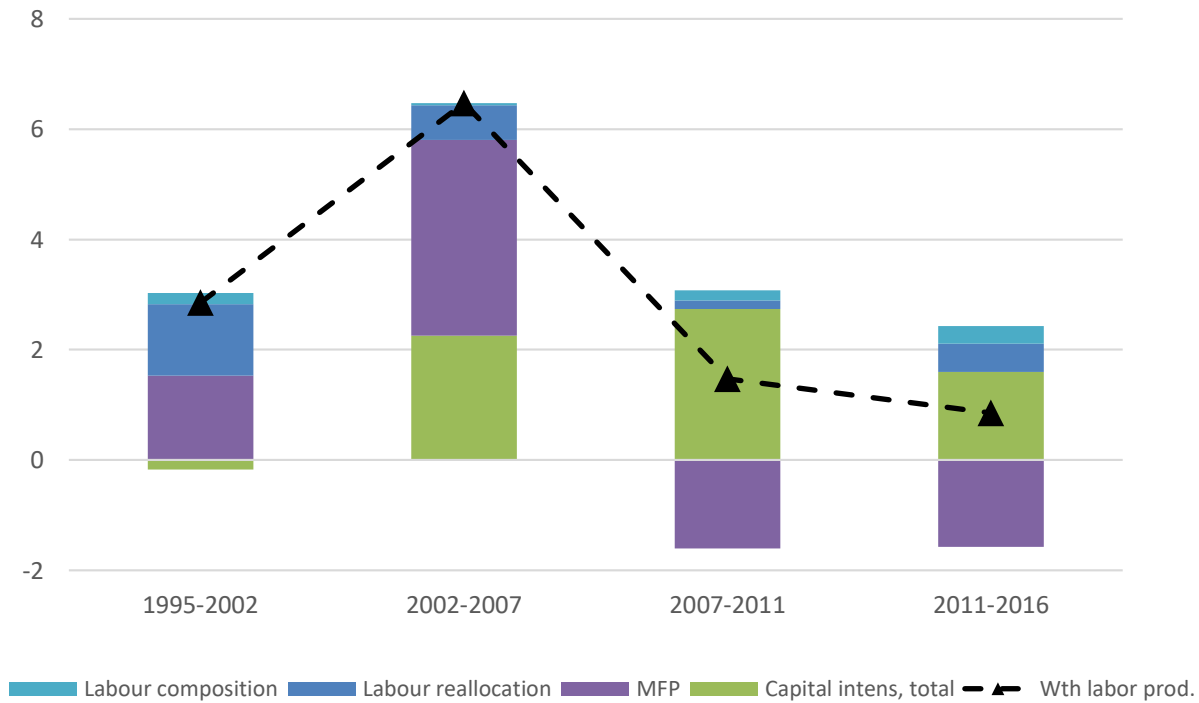


Источник: Russia KLEMS 2019



Sources of labour productivity growth in Russia

Components of labour productivity growth (p.p.)

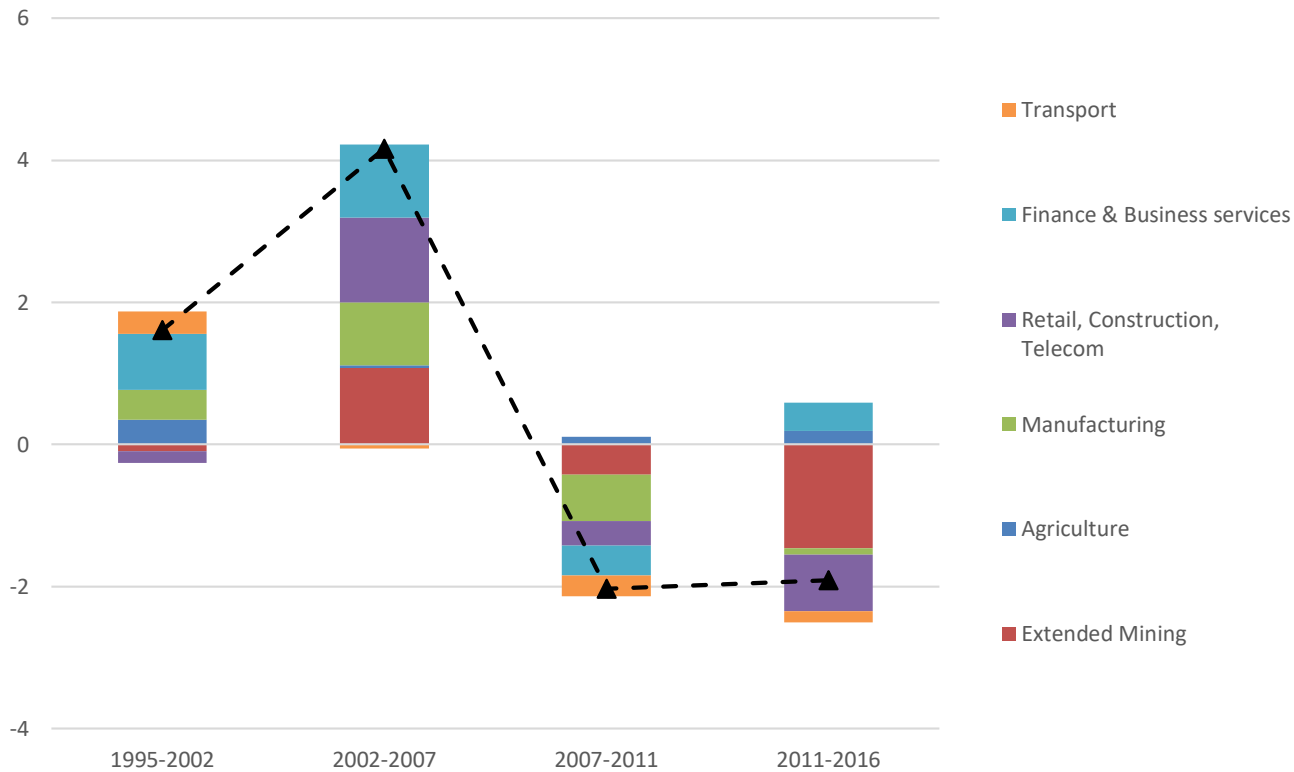


Source: Russia KLEMS 2019



Sectoral contributions to aggregate TFP growth

Aggregate TFP growth of the Russian economy and sectoral contributions (p.p.)



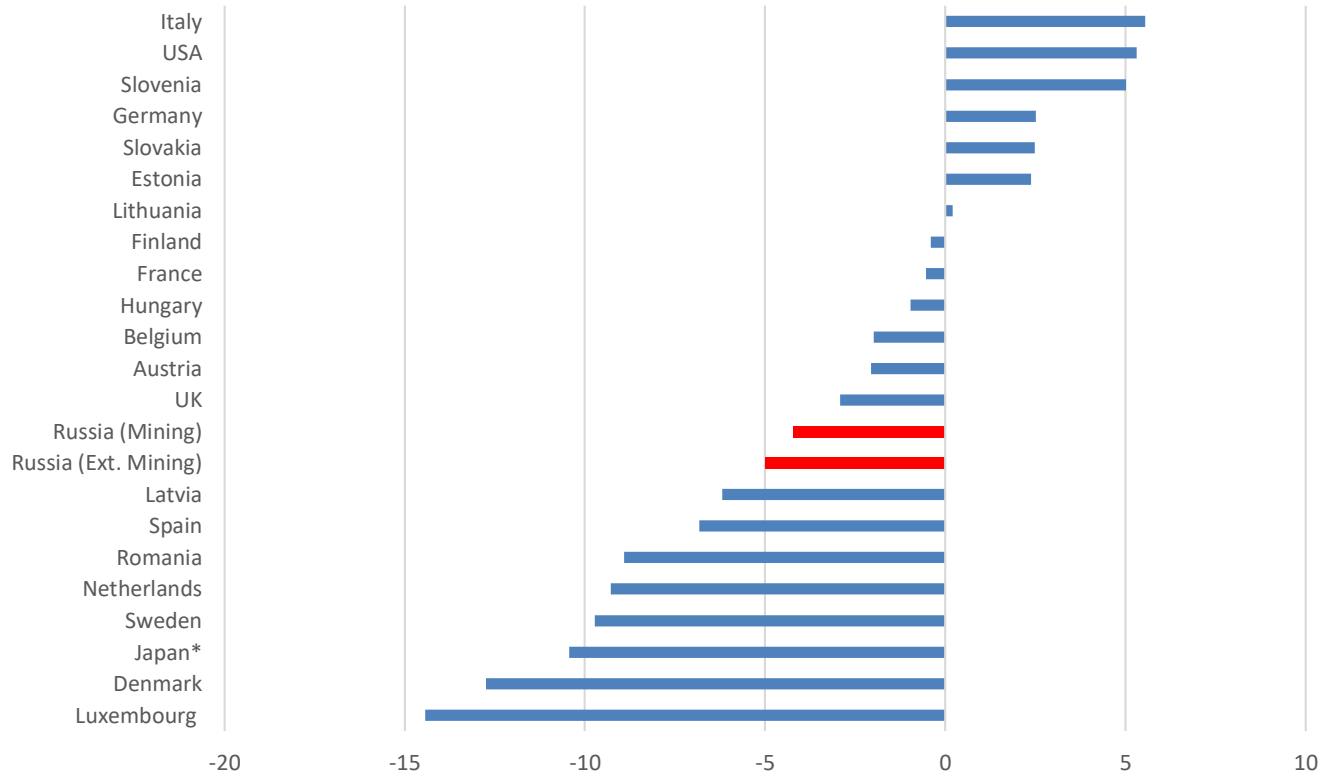
Источник: Russia KLEMS 2019



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TFP fall in Russian Mining is NOT outstanding

TFP growth in Mining in OECD economies and Russia in 2011-2016, growth rates



Sources: EU KLEMS 2019, Russia KLEMS 2019

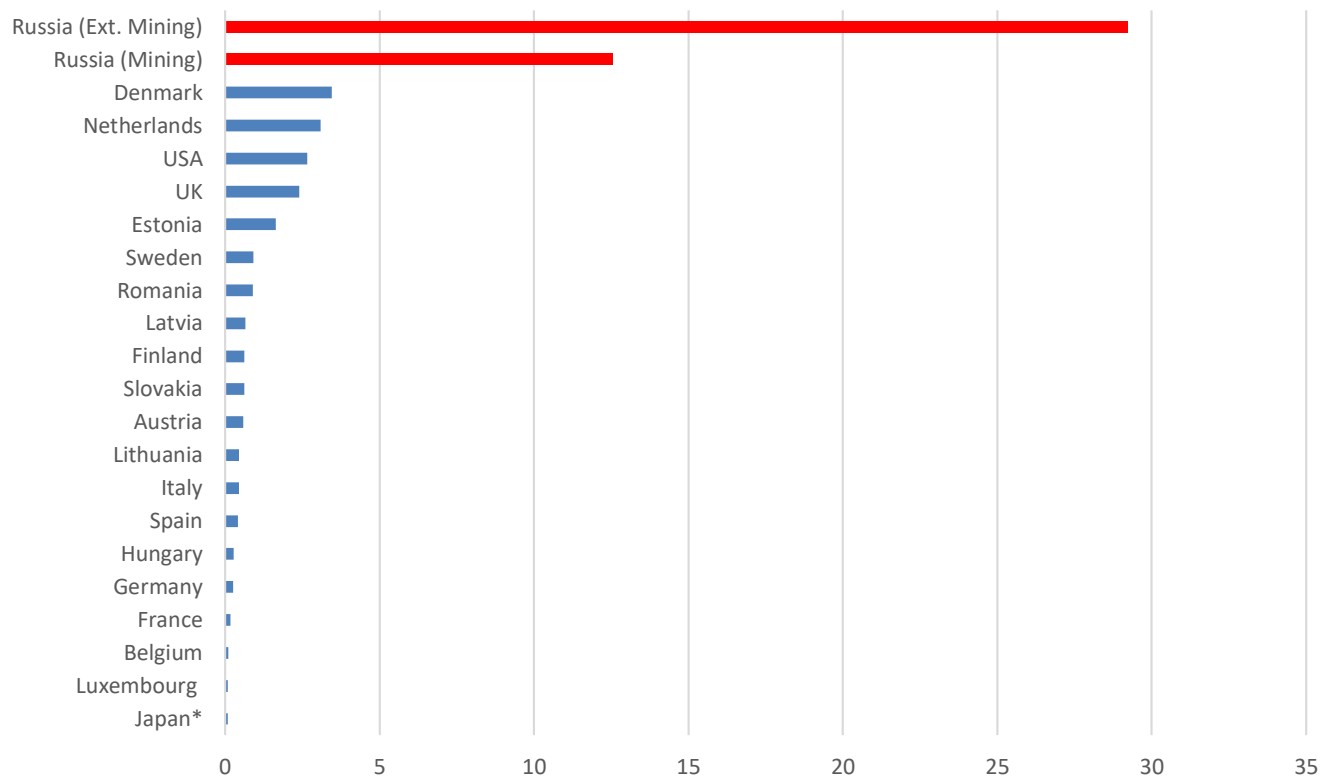
Comment: * Japan – 2011-2015



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... however, the share of Mining in Russia is large

Average share of value added of Mining in OECD countries and Russia in 2011-2016, %



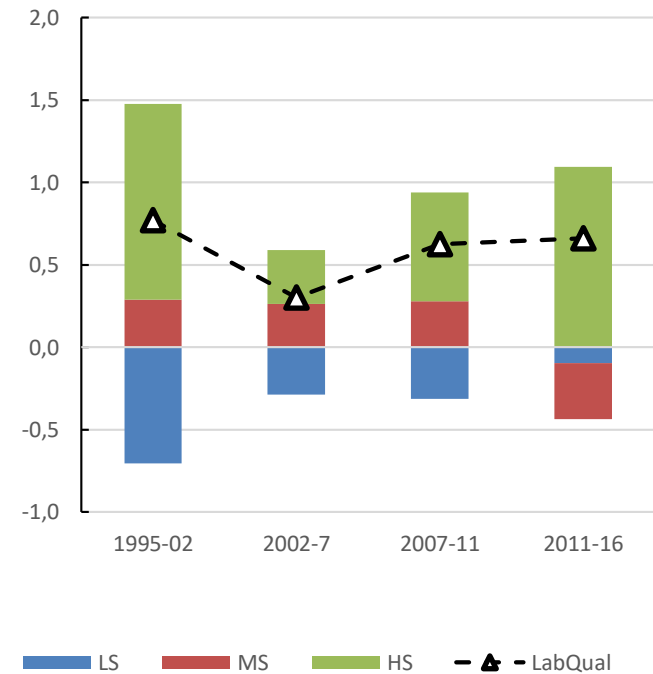
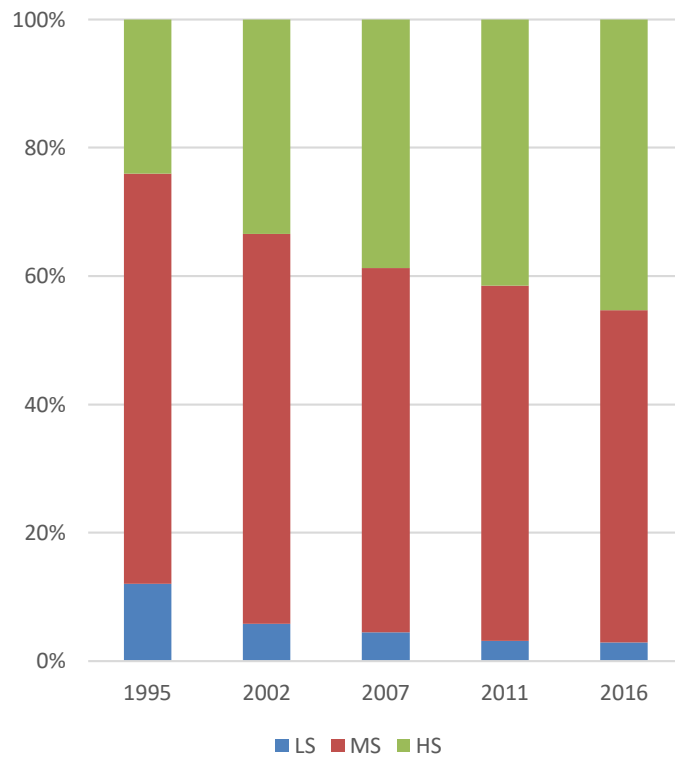
Sources: EU KLEMS 2019, Russia KLEMS 2019

Comment: * Japan – 2011-2015



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Labour Composition: Education



Source: Russia KLEMS 2019



Where do we expect growth for Russia after 2020?

| Proximate Source | 1999-2007 | 2011-2020 | After 2020 - ? |
|---|---|---------------------------------------|---|
| Capital intensity growth as the response to the positive demand of global markets | Extended Mining, Retail | Extended Mining | Extended Mining in response to the recovery of the global economy |
| Technology catching up and efficiency growth | Manufacturing, Agriculture, Business services, Retail | Agriculture, Business Services | Agriculture: TFP growth is expected, but its contribution to the aggregate is negligible |
| Growth Enhancing Structural Change | Labour reallocation from Manufacturing and Agriculture | No | Probably, no |
| Labour composition | Yes | Yes | Yes, but the effect of its contribution will be limited |
| ICT capital and Intangibles | Yes | No | Most probably, no |



Thank you!