



Economy of Russia

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The economy of Russia is the eleventh largest economy in the world by nominal value. Russia has an abundance of natural gas, oil, coal, and precious metals. It is also rich in agriculture. Russia has undergone significant changes since the collapse of the Soviet Union, moving from a centrally planned economy to a more market-based and globally integrated economy.



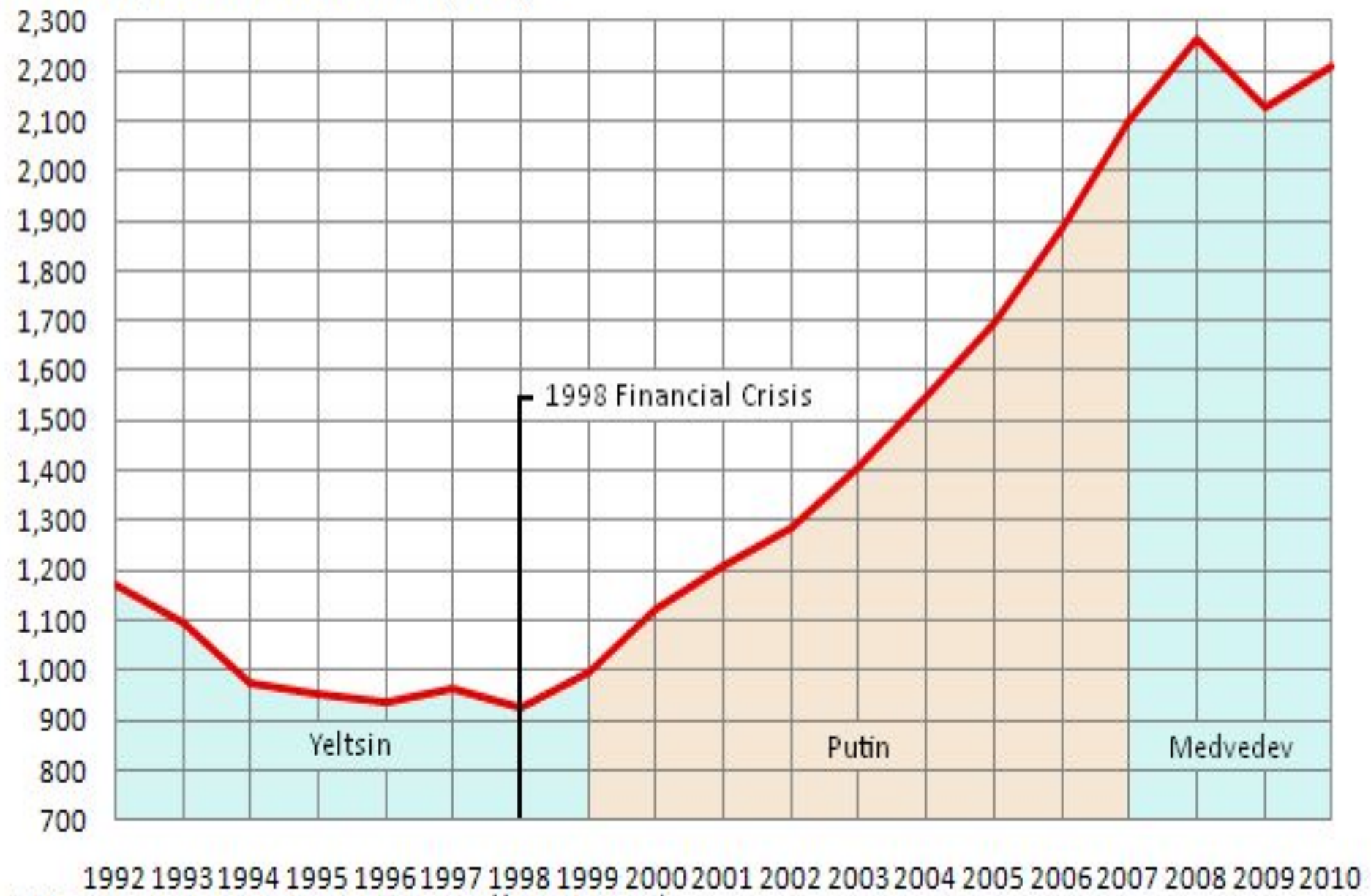


Putin years

Under the presidency of Vladimir Putin Russia's economy saw the nominal Gross Domestic Product (GDP) double, climbing from 22nd to 11th largest in the world. The economy made real gains of an average 7% per year (1999: 6.5%, 2000: 10%, 2001: 5.7%, 2002: 4.9%, 2003: 7.3%, 2004: 7.2%, 2005: 6.4%, 2006: 8,2%, 2007: 8.5%, 2008: 5.2%), making it the 6th largest economy in the world in GDP(PPP).

Russian GDP (PPP) Since Fall of Soviet Union

Billions of International Dollars (2008)



Source: International Monetary Fund (<http://www.imf.org>)



Natural resources

The mineral-packed Ural Mountains and the vast oil, gas, coal, and timber reserves of Siberia and the Russian Far East make Russia rich in natural resources. However, most such resources are located in remote and climatically unfavorable areas that are difficult to develop and far from Russian ports. The petroleum industry in Russia is one of the largest in the world. Russia has the largest reserves, and is the largest exporter, of natural gas. It has the second largest coal reserves, the eighth largest oil reserves, and is the largest exporter of oil.



Natural resources, especially oil and gas, dominate Russian exports. Oil and gas exports continue to be the main source of hard currency. Russia is also a leading producer and exporter of minerals and gold. Ninety percent of Russian exports to the United States are minerals or other raw materials.

Primary Russian Oil and Gas Pipelines to Europe (U)

- Oil pipeline
- - - Proposed oil pipeline
- Gas pipeline
- - - Proposed gas pipeline
- Russian-dominated pipeline^a
- Tanker terminal

0 500 Kilometers
0 500 Miles

^aAll or most of the oil or gas moving through a given pipeline is from Russia.



Boundary representation is not necessarily authoritative.

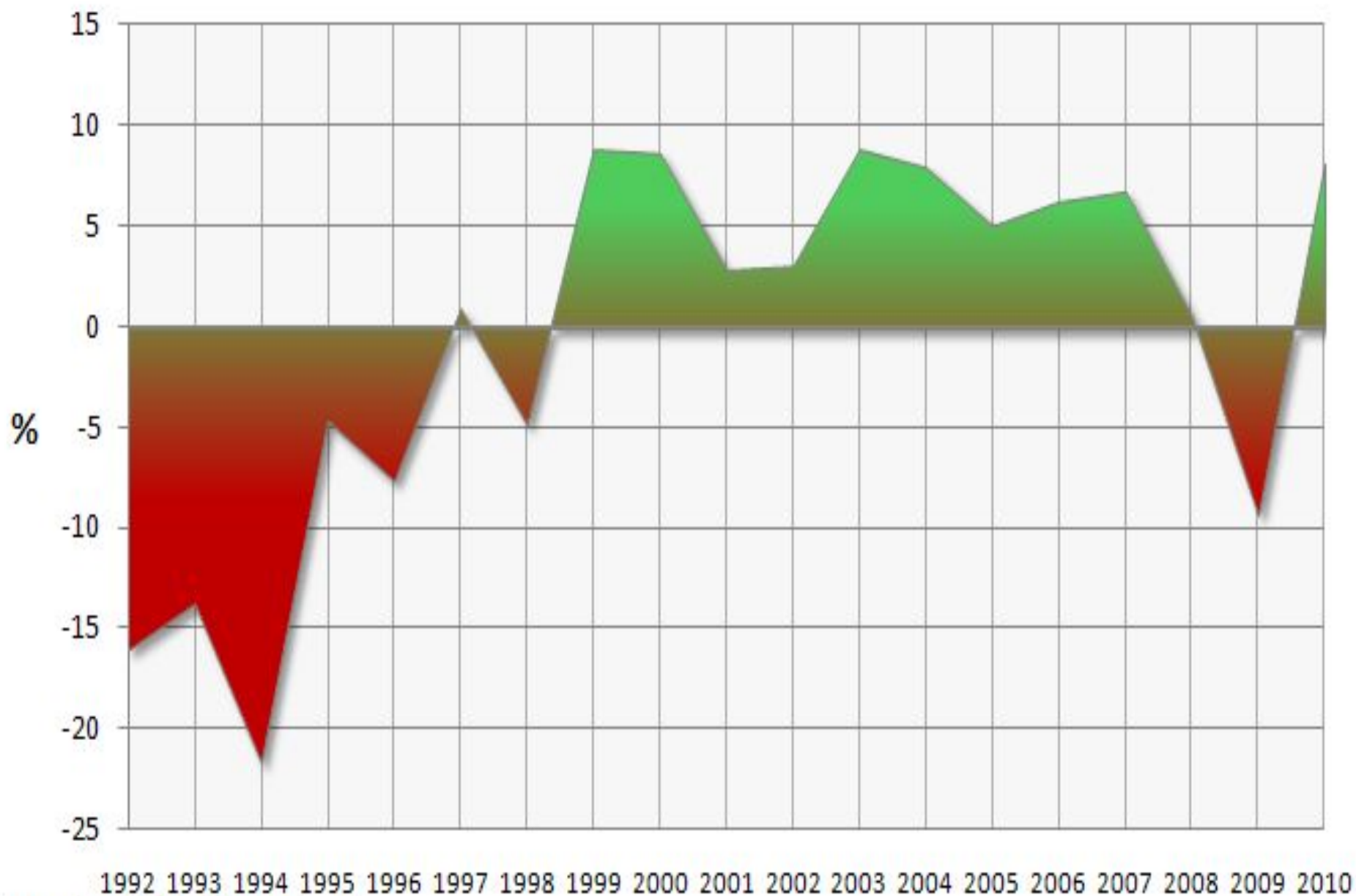




Defense industry

Russia's defense industry employs 2.5 – 3 million people, accounting for 20% of all manufacturing jobs. Russia is the world's second largest conventional arms exporter after the United States. The most popular types of weaponry bought from Russia are Sukhoi and MiG fighters, air defense systems, helicopters, battle tanks, armored personnel carriers and infantry fighting vehicles. The research organization Centre for Analysis of Strategies and Technologies ranked the air defense system producer Almaz-Antey as the industry's most successful company in 2007, followed by aircraft-maker Sukhoi. Almaz-Antey's revenue that year was \$3.122 billion, and it had a work force of 81,857 people.

YoY Industrial Growth of Russia



1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010

Source: Rosstat (<http://www.gks.ru>)



Space industry

Space industry of Russia consists of over 100 companies and employs 250,000 people. The largest company of the industry is RKK Energia, the main manned space flight contractor.

Leading launch vehicle producers are Khrunichev and TsSKB Progress. Largest satellite developer is Reshetnev Information Satellite Systems, while NPO Lavochkin is the main developer of interplanetary probes.



Information technology

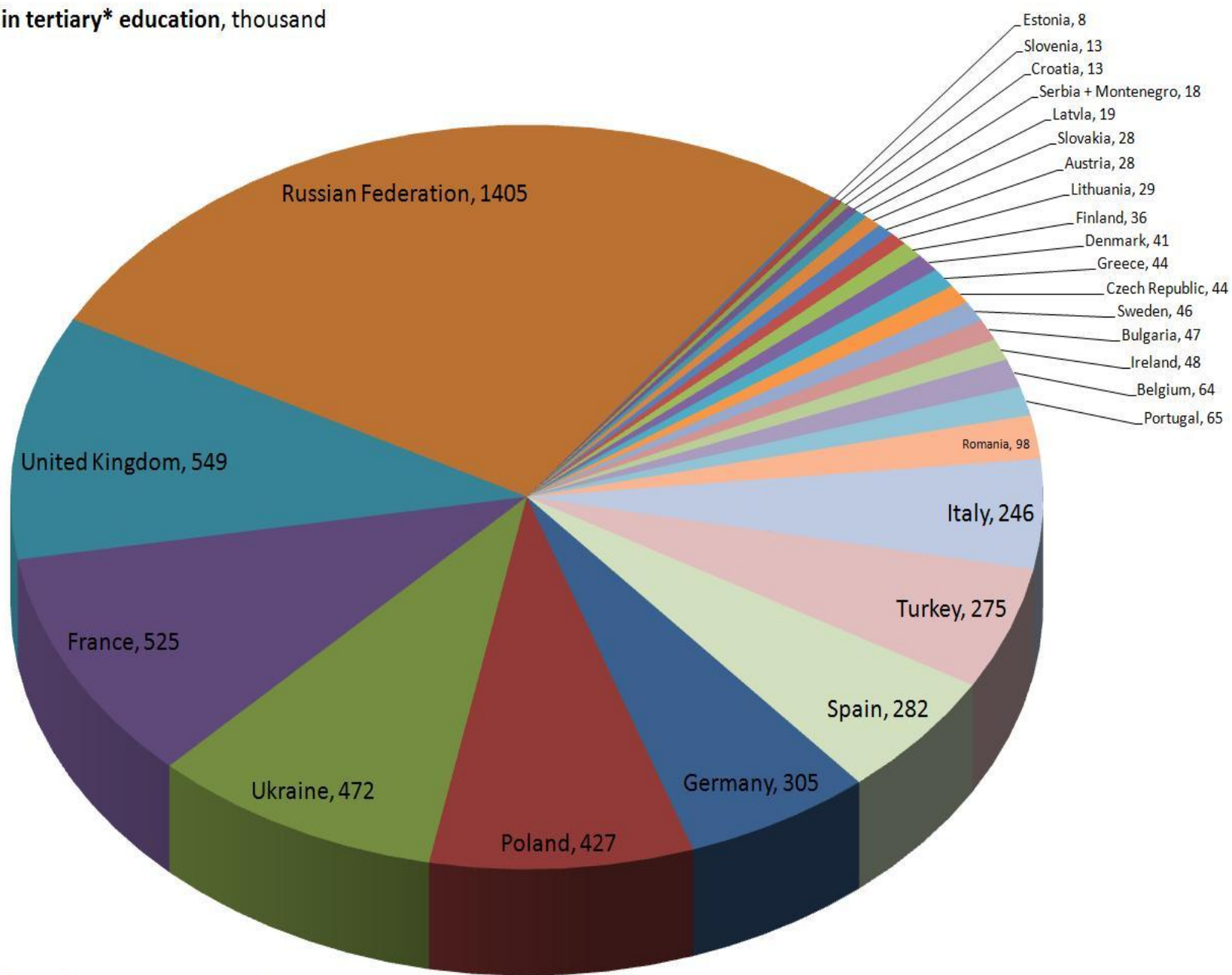
The IT market is one of the most dynamic sectors of the Russian economy. Russian software exports have risen from just \$120 million in 2000 to \$1.5 billion in 2006.

Since the year 2000 the IT market has demonstrated growth rates of 30–40 percent a year, growing by 54% in 2006 alone. The biggest sector in terms of revenue is system and network integration, which accounts for 28.3% of the total market revenues.

Chart 2. Graduates in tertiary* education, thousand

Memoranda

| | |
|--------|------|
| CEE-10 | 773 |
| EU-27 | 3054 |
| USA | 2244 |
| China | 1843 |
| Japan | 1067 |
| Brazil | 431 |



*tertiary = International Standard Classification of Education (ISCED) level 5+6: first stage of tertiary education (not leading directly to an advanced research qualification), level 6: second stage of tertiary education (leading to an advanced research qualification)
 Source: UNESCO Institute for Statistics, UniCredit New Europe Research Network



Strategic sectors

In the Russian law as in the law of many other civilized countries, there are sectors of the economy who are considered to be crucial for national security and foreign companies are restricted from owning them.

Investments in the so-called Strategic Sectors are defined in a law adopted by the Federal Assembly of Russia.



Retail sales in Russia

| Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|-------|
| Total retail sales (RUB tr) | 3.77 | 4.53 | 5.64 | 7.04 | 8.69 | 10.76 |



Exchange rates

| Year | 2008 | 2009 | 2010 |
|----------------|-------------|-------------|-------------|
| EUR/RUR | 41.44 | 43.39 | 40.33 |
| USD/RUR | 29.38 | 30.24 | 30.48 |





Timofeev, Aleksey (Duke Mouse)

