APEC MEMBERS

THE RUSSIAN FEDERATION

Current Economic Situation

Over the last two decades Russia has transitioned from a centrally planned communist state to a market driven economy. Russia is the largest country in the world by area but only 7 percent of its land is arable due to poor soil and improper climate. This has not prevented it from becoming the world’s largest exporter of natural gas, second largest exporter of steel, and third largest exporter of aluminum. The strong export industry has kept Russia competitive and allowed for economic growth and the emergence of a middle class.

Russia has experienced consistent growth averaging 7.2 percent GDP from 2000 to 2008. However, growth was severely affected by the global economic crisis, which caused GDP to contract by 7.9 percent in 2009.

As the second largest oil producer in the world, Russia was adversely affected by the collapse of oil prices. Unlike other economies, Russia did not focus on stimulus packages but lobbied for an international regulatory framework. Also, the government has stressed technological innovation and modernization as a means of job creation and economic development. Its economy is expected to grow 4.3% this year and 4.1% in 2012; with rates strongly tied to the price of oil in the markets.

In terms of the Ease of Doing Business World Bank rankings, Russia currently stands at number 123 out of 183. As one of the ‘BRIC’ countries, world outlook on Russia generally regards the country as an important emerging economic power.

APEC Relations

Russia will host the 2012 annual APEC summit on Russky Island, off the eastern port city of Vladivostok. It will be the first time the Russian Federation hosts the summit since its accession to the APEC organization in 1998.

APEC members account for 13 percent of Russia’s total exports, or $62 billion. Imports from APEC members represent 33 percent, or $88 billion, of total merchandise imports. Major APEC trading partners include China, Japan and the U.S., although the majority of its global trade is with Europe.

While Russia is not yet a member of the World Trade Organization (WTO), its membership in APEC has allowed the economy to liberalize trade and engage in negotiations. Such changes will help Russia conform to WTO standards for admission. Prime Minister Putin said, “Our key task is to make use of APEC’s possibilities so that Russia could join the Asia–Pacific integration mechanisms in a most effective and efficient way. This naturally complements Russia’s national plans for social and economic development.” Within APEC, Russia currently serves as Deputy Chair for the Mining Task Force.

Energy and Environmental Policy

Russia’s Energy Strategy document sets the direction for energy policy up to 2020, with the government acting as a regulator. Focusing on the environment and sustainable development, the policy recognizes that Russia is more or less dependent on its natural gas and oil exports and must cooperate with other countries to ensure foreign investment in developing gas fields and pipeline projects.

Free Trade Agreements under negotiation:
- Russia–Commonwealth of Independent States (former Soviet Republics)
- Russia–New Zealand
- Russia–Georgia
- Russia–Kyrgyz Republic
- Russia–Armenia
- EU–Russia Common Economic Space
- Russia–Switzerland

KEY FACTS

- Population: 141.9 million
- GDP: $1.2 trillion
- GDP per capita: $8,676
- Balance of payments: $49.5 billion
- Services BOP: -23 billion
- Government: Federation

Photo courtesy of State Department