



**EUROPEAN
DEPARTMENT**

Prospects for EU/UK/Russia economic relations

JUNE 2020

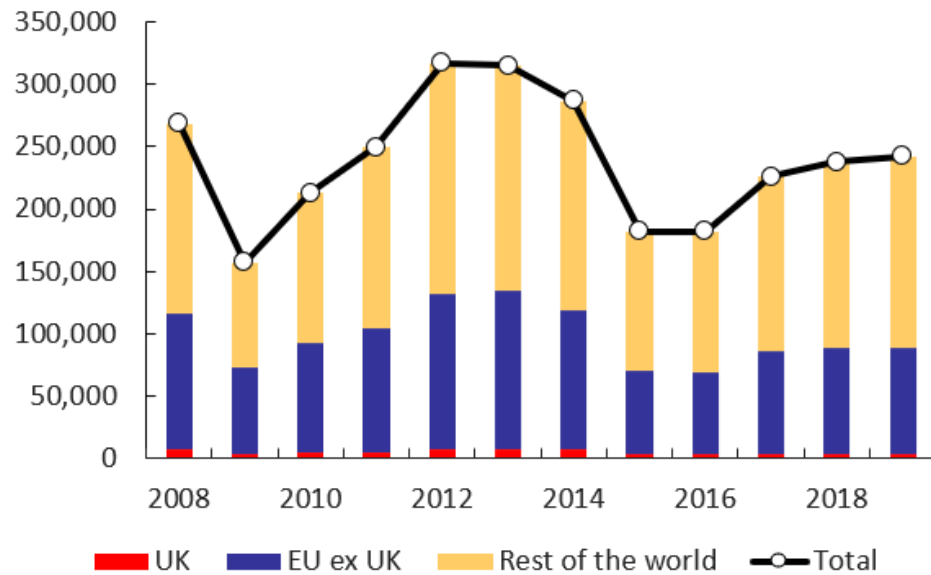
Annette Kyobe

Resident Representative, Russian Federation

Trade

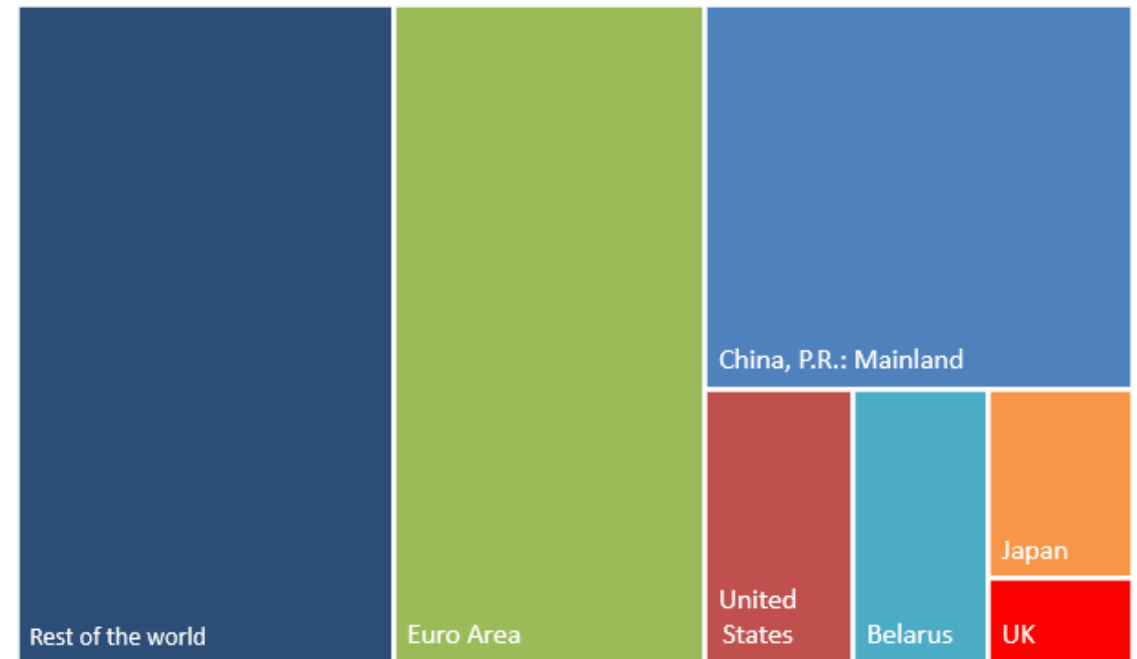
Merchandise Imports to the Russian Federation

(CIF from Partner Countries, USD million)



Sources: IMF Direction of Trade Statistics, staff calculations.

Merchandise Imports to the Russian Federation, 2019

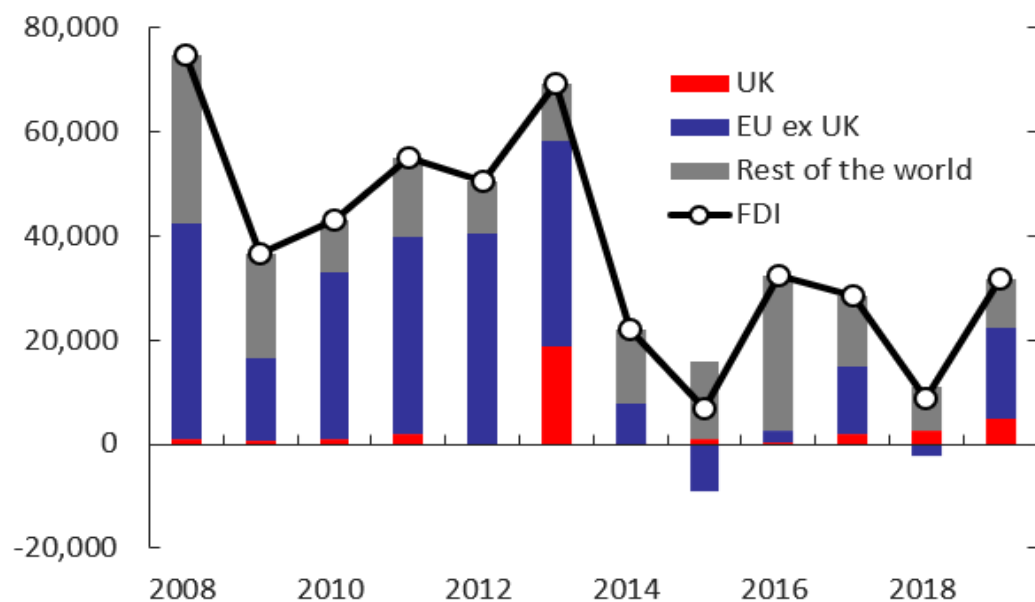


Sources: IMF Direction of Trade Statistics, staff calculations.

Foreign direct investments

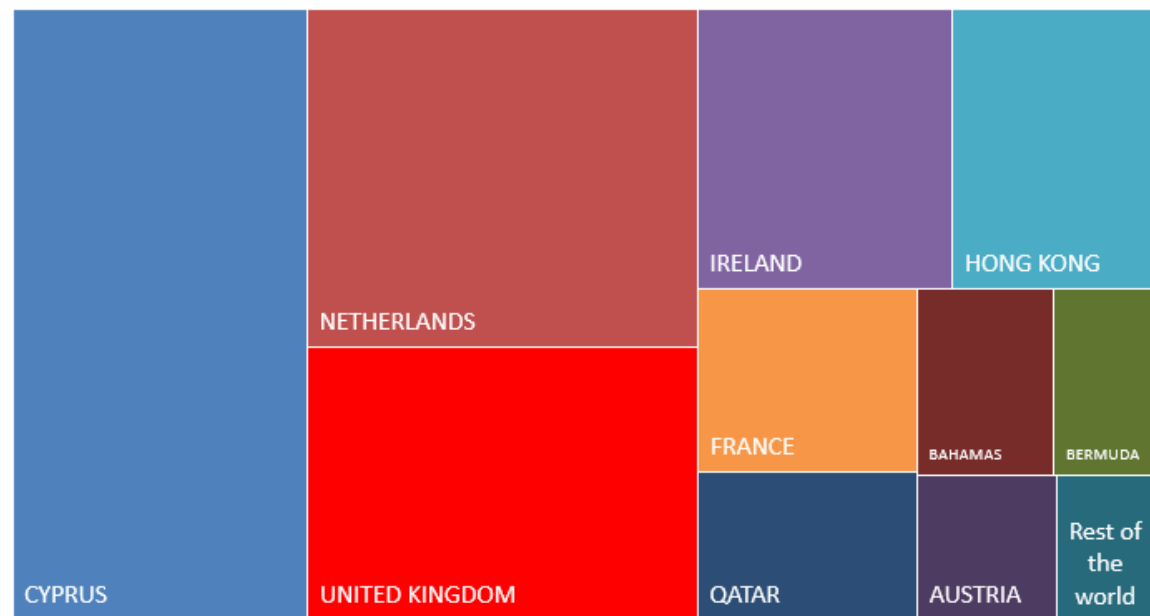
Net FDI inflows to the Russian Federation

(BoP, USD Million)



Sources: Bank of Russia, IMF staff calculations.

FDI to the Russian Federation, Allocation by Country, 2019



Sources: Bank of Russia, IMF staff calculations..

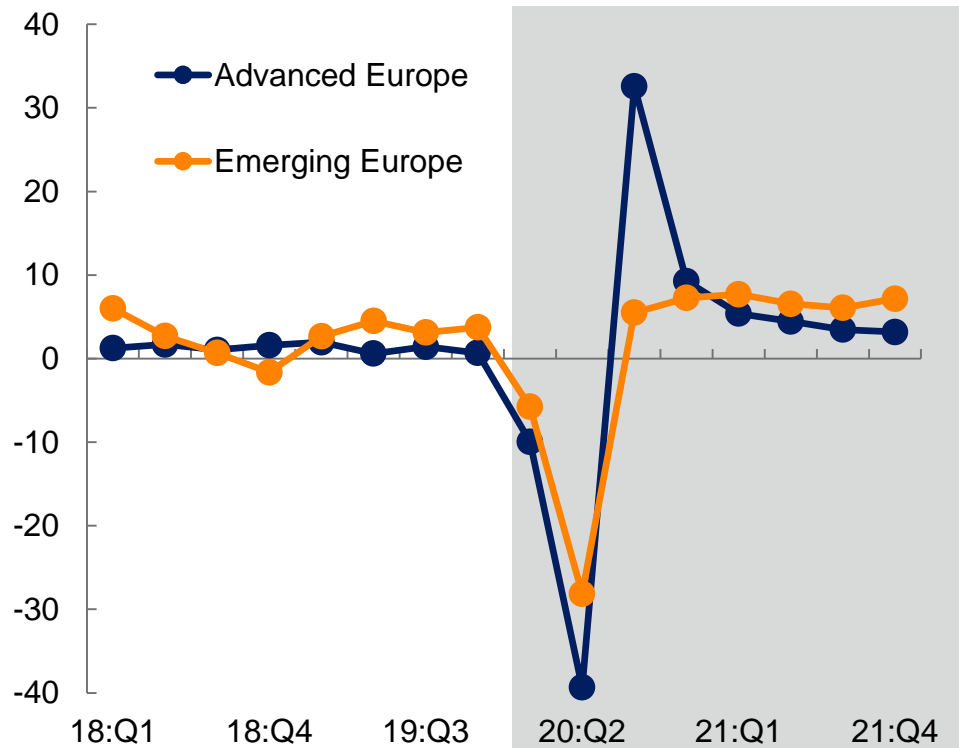
Conjuncture

Outlook

Policies

The world economic outlook is grim

Real GDP Growth
(Quarter-over-quarter percent change, annualized)



Real GDP Growth Projections
(Year-over-year percent change)

	2019	2020	2009	2021
Europe	1.6	-6.6	-4.7	4.5
Advanced Europe	1.4	-7.3	-4.3	4.7
Euro area	1.2	-7.5	-4.5	4.7
Emerging Europe	2.1	-5.2	-5.7	4.2
Emerging Europe ex. Russia & Turkey	3.8	-5.0	-3.4	4.4
Russia	1.3	-5.5	-7.8	3.5
Turkey	0.9	-5.0	-4.7	5.0

Sources: Haver Analytics; IMF, *World Economic Outlook*; and IMF staff calculations.



Trade and FDI flows will slow

- Dislocations from China's supply interruptions dominated initial drop in global trade. Now, aggregate demand and the collapse in cross-border tourism.
- In Russia, the shock will dampen consumer import demand, with many to vacation domestically this summer.
- Imports of goods and services will shrink by about 18% in 2020 and increase to about 8% in 2021.
- Global FDI flows are expected to fall by more than 30% in 2020 even under the most optimistic scenario for the outlook (OECD).