

# Russia in better shape than before 2008 crisis - IMF

By Ksenia Nekhorosheva

MOSCOW, Aug 3 (PRIME) -- A more flexible currency policy and lower foreign debt has made Russia better prepared to handle the spillover from a global economic crisis than it was in 2008, International Monetary Fund Moscow representative Odd Per Brekk said Friday.

"The Russian economy is less vulnerable than it was in 2008 and 2009," Brekk told reporters. "The flexible exchange rate should act as a shock absorber as it did, for instance, when oil prices dropped this spring; and the positive net foreign asset position of banks means that they are less vulnerable to exchange rate swings than they were in 2008."

The financial system has been recovering, as indicated by a higher profitability and lower Non Performing Loan ratios, Brekk also added.

Brekk also said that the authorities were better prepared for a crisis than in 2008, referring to recent amendments allowing the cabinet to tap the Reserve Fund without amending the budget and providing for the recapitalization of banks using public funds.

"It is encouraging that the authorities are more alert to the risks and potential spillovers than they were in 2008, and have been planning accordingly," he added.

The IMF maintained its gross domestic product (GDP) growth forecast of 4% for Russia in 2012 and 2013 on the back of domestic demand, especially private consumption, Brekk explained, adding that the IMF has not forecasted a contraction similar to 2008.

However, the IMF is concerned about Russia's high non-energy deficit, or a shortfall excluding revenue from oil and gas exports, which stands at 10% of GDP, with little prospect for reduction, Brekk said.

Another worry is inflation, with the IMF forecasting the consumer price index (CPI) growth at 6.5%, above central bank's 5–6% target, in both 2012 and 2013.

"The Russian economy has now recovered from the 2008–2009 downturn and is running at close to - if not above - its capacity, which means that underlying inflationary pressures are building up," he said.

End

[http://www.1prime.biz/news/ Russia\\_in\\_better\\_shape\\_than\\_before\\_2008\\_crisis\\_- IMF/0/%7B9773C76E-63E7-4897-850C-A63F69295572%7D.uif](http://www.1prime.biz/news/ Russia_in_better_shape_than_before_2008_crisis_- IMF/0/%7B9773C76E-63E7-4897-850C-A63F69295572%7D.uif)

03.08.2012 14:25