Introduction

Russia is a country located in northern Eurasia bordering the Arctic Ocean between Europe and the North Pacific Ocean. Neighboring countries include Azerbaijan, Belarus, China, Estonia, Finland, Georgia, Kazakhstan, North Korea, Latvia, Lithuania, Mongolia, Norway, Poland, and Ukraine. The geography is diverse and includes vast forests and tundra in Siberia and mountains along the southern borders. The government system is a federation; the chief of state is the president, and the head of government is the premier. Russia has transitioned from a centrally-planned economy to a more market-based economy in which many state-controlled firms have been privatized and sectors of the economy are liberalized. Russia is a member of the Asia-Pacific Economic Cooperation (APEC) and the Eurasian Economic Union (EAEU).

Location: Eastern Europe
Capital City: Moscow (+3 GMT)
Chief of State: President Vladimir Putin
Head of Govt.: Prime Minister Dmitry Medvedev
Currency: Rubles (RUB)

Primary Religions: Russian Orthodox 15-20%, Muslim 10-15%, other Christian 2% (2006 est.)

Calling Code: 7
Voltage: 220

Key Economic Facts

Income Level (by per capita GNI): High Income
Level of Development: In Transition
GDP, PPP (current international $): $3,986.06 billion (2018)
GDP growth (annual %): 2.25% (2018)
GDP per capita, PPP (current international $): $27,147.33 (2018)
External debt stocks, total (DOD, current US$): $492,763,094,324.60 (2017)
Manufacturing, value added (% of GDP): 12.31% (2018)
Inflation, consumer prices (annual %): 8.83% (2018)
Labor force, total: 73,613,697 (2018)
Unemployment, total (% of total labor force) (modeled ILO estimate): 4.74% (2018)

GDP Composition %

<table>
<thead>
<tr>
<th>Agriculture</th>
<th>Services</th>
<th>Industry</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.

Rankings

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>135 / 178</td>
</tr>
<tr>
<td>EY Globalization Index</td>
<td>48 / 60</td>
</tr>
<tr>
<td>Global Competitiveness Index</td>
<td>43 / 139</td>
</tr>
<tr>
<td>Global Enabling Trade Index</td>
<td>111 / 136</td>
</tr>
<tr>
<td>Global Manufacturing Competitiveness Index (GMCI)</td>
<td>32 / 40</td>
</tr>
<tr>
<td>Global Services Location Index</td>
<td>23 / 55</td>
</tr>
<tr>
<td>Index of Economic Freedom</td>
<td>98 / 179</td>
</tr>
<tr>
<td>International Logistics Performance Index (LPI)</td>
<td>75 / 160</td>
</tr>
<tr>
<td>Inward FDI Potential Index</td>
<td>20 / 139</td>
</tr>
<tr>
<td>KOF Index of Globalization</td>
<td>48 / 185</td>
</tr>
<tr>
<td>Networked Readiness Index (NRI)</td>
<td>41 / 139</td>
</tr>
<tr>
<td>Open Budget Index</td>
<td>15 / 115</td>
</tr>
</tbody>
</table>

Risk Assessment (Provided by Coface)

Country rating: B - Political and economic uncertainties and an occasionally difficult business environment can affect corporate payment behavior. Corporate default probability is appreciable.

Business Climate rating: B - The business environment is mediocre. The availability and the reliability of corporate financial information vary widely. Debt collection can sometimes be difficult. The institutional framework has a few troublesome weaknesses. Intercompany transactions run appreciable risks in the unstable, largely inefficient environments rated B.

Strengths

- Abundant natural resources (oil, gas and metals)
- Floating of the ruble since November 2014
- Market size and skilled labor force (but shrinking population)
- Sound public and external accounts
- Efforts to clean up the banking sector

Weaknesses

- Dependent on hydrocarbon prices
- No trade agreements beyond immediate neighbors
- Dependent on foreign technology
- Poor infrastructure and lack of investment
- Heavy social security contributions favoring informal economy
- US and European sanctions hindering offshore field development and innovation
- Institutional and governance weaknesses (insolvency treatment, property rights, corruption)

U.S. Embassy

U.S. Embassy Moscow
Bolshoy Deviatinsky Pereulok No. 8
Moscow 121099
Russian Federation
Phone: +7 (495) 728-5000
https://ru.usembassy.gov

Country Memo Provided by: globalEDGE.msu.edu and EXPORT.GOV