

# Influence of liberalization of Russian foreign economic relations on living standards of Russians

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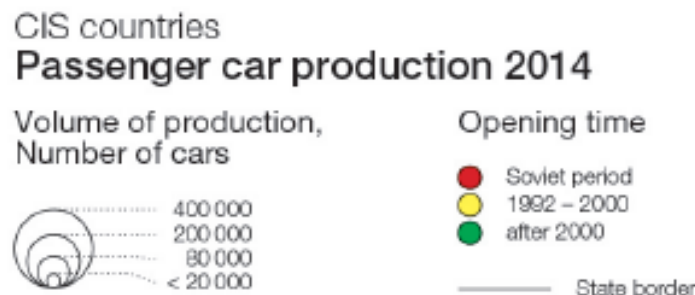
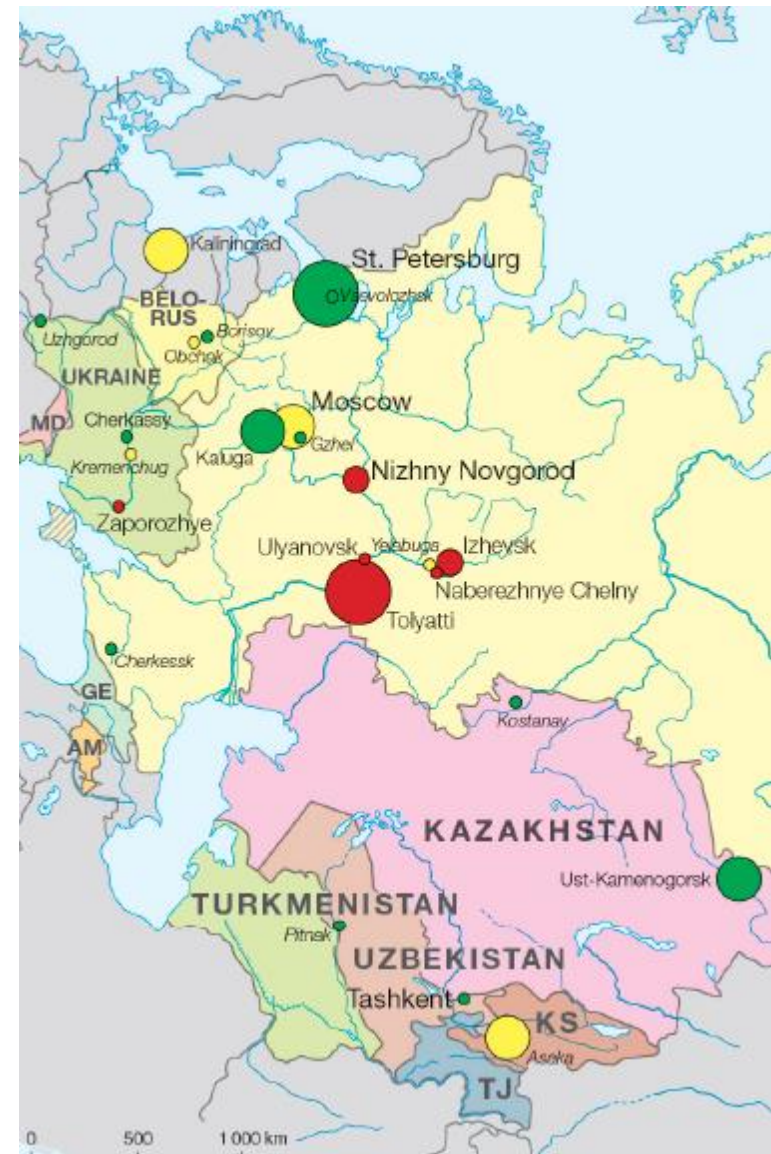
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# Example of direct positive influence – motor car production (the same situation can be seen in consumer electronics)

Motor-cars per 100 families in some CIS and other countries  
(Rosstat, different statistical books)

Country	1990	2005	2013
Kyrgyzstan	21	19	19
Moldova	15	17	20
Ukraine	20	16	22
Kazakhstan	19	34	30
Azerbaijan	18	26	32
Belarus	18	26	37
<b>Russia</b>	<b>14</b>	<b>33</b>	<b>57</b>
<i>Czech Republic</i>	62	71	73
<i>United States</i>	153	119	105 (in 2011)
<i>Japan</i>	108	145	141 (in 2009)

**FDI of Renault, Ford, Toyota, Nissan, PSA, General Motors, Volkswagen, Huindai, etc.**



Source: project of  
Leibniz-Institut für  
Länderkunde and  
IMEMO-Institute

# Examples of indirect positive influence

- The significant increase in competition in *retail* led to increase in standards of this industry and support local production (IKEA, Auchan group, Metro Cash&Carry, and Media Markt, etc.)
- The engagement of foreign investors helped Russian *telecom* firms to accelerate the diffusion of technologies in Russian peripheral regions although than Russian captured control over companies
- Russian entrepreneurs develop their business in prospective niches of import substitution (*traditional products, organic agriculture, cosmetics, footwear, etc.*) – like VkusVill, 1reshenie, Ralf Ringer
- Great modernization of the Russian *steel industry* in the 2000s was based on private investment of large exporters

# Agriculture – the need in market economy with protectionism against the EU and the USA

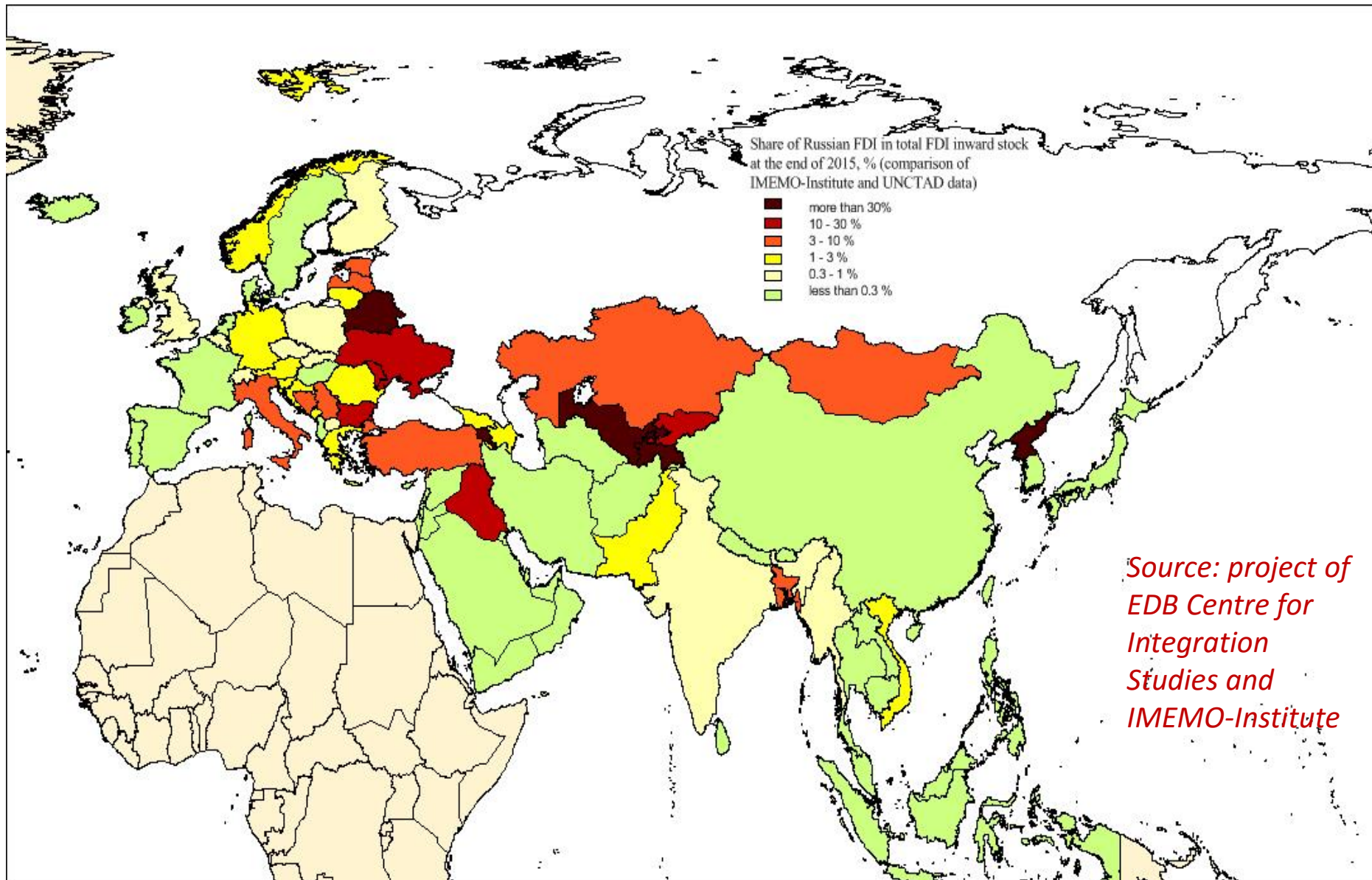
*The success of meat and milk import substitution (level of 2015):*

- pork = 217.0% of 2010 (still less than 90% of 1986-1990)
- poultry meat = 156.5% of 2010 (more than 200% of 1986-1990)
- milk products = 107.3% of 2010 (still less than 60% of 1986-1990)

## **Large contrasts between Russian regions:**

- small Belgorod region produced 13.2% of meat in Russia in 2014
- milk yield per cow was 7582 kg in Leningrad region in 2014 in contrast to 4841 kg in the Russian Federation on average

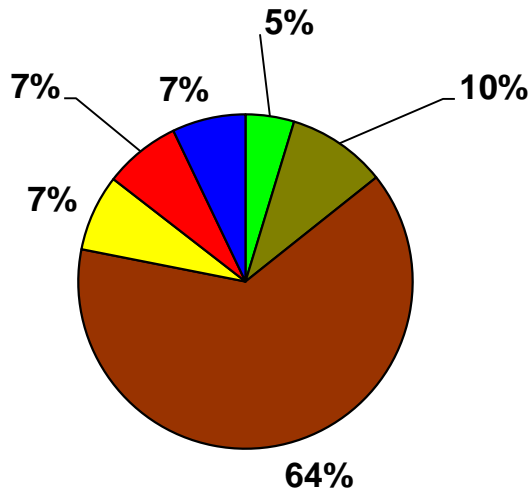
# Russian direct investment expansion abroad – only political influence or also positive impact on the national economy?



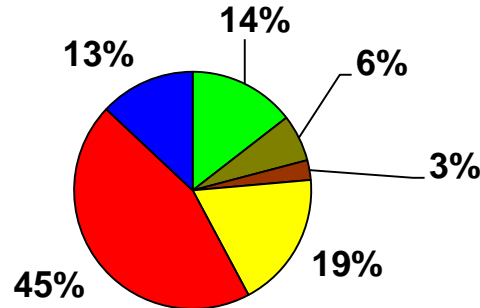
*Source: project of  
EDB Centre for  
Integration  
Studies and  
IMEMO-Institute*

# Liberalization has not changed Russian specialization in the world economy

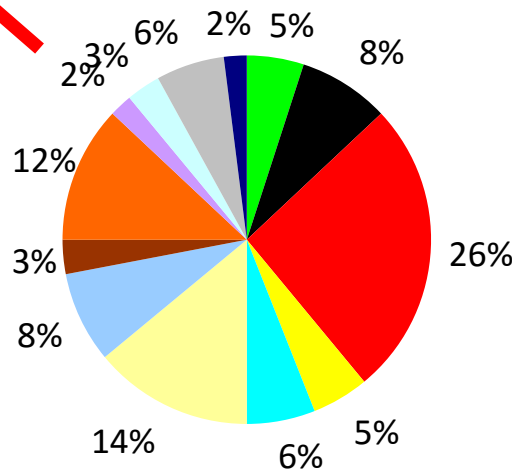
Exports (2015 = \$343.5 billion)



Imports (2015 = \$182.7 billion)



Share in value added, % (2015)



- Food & agricultural goods
- Metal products
- Mineral products
- Chemical goods
- Motor vehicles, machines & equipment
- Other products

- Agriculture, forestry and fishing
- Mining and quarrying
- Manufacturing
- Electricity, gas and water supply
- Construction
- Wholesale and retail trade
- Transportation and communication
- Financial and insurance activities
- Real estate activities
- Education
- Human health and social work activities
- Public administration and defence; compulsory social security
- Other services

# Gaidar's misconception of modern market economy and models of liberalism has produced additional problems for human capital in Russia

*(including exodus of Russian middle classes abroad in the 90s although their representatives were among main supporters of reforms but then they found themselves often among losers)*

- Life expectancy at birth = 70.8, including **65.1** for men (2013) although against 67.8 in 1992 (61.9 for men) and 65.3 in 2000 (59 for men)
- Average housing stock per inhabitant = **23.4 sq. m** (2014) although against 16.8 sq. m in 1992 and 19.2 sq. m in 2000
- Approximately **17.5%** earned **less than \$200** a month in 2014 (although about 19-21% in 2009-2010)
- PISA-Maths = **38<sup>th</sup> place** (26.7% of Russian children at proficiency level 1 or below) – data for 2009 survey (65 countries and territories);
- PISA-Reading = **43<sup>rd</sup> place** (35.3% at proficiency level 1 or below);
- PISA-Science = **39<sup>th</sup> place** (22.2% at proficiency level 1 or below)