Introduction. From the editors

In 2022, the Russian economy encountered a major negative shock, the fourth one in the past 15 years, which determined the downward dynamics of GDP and households' real incomes and a rise in inflation. In 2022, this shock was mainly caused by unprecedented sanctions against the financial and economic sectors after the start of the special military operation on February 24, 2022. At the same time, it is worth mentioning that unlike previous crises of 2009, 2015 and 2020 prices for oil and petrochemicals produced no negative effect. Further, prices for oil and particularly gas were at multi-year highs for almost a year (though in case of gas there was an effect from the reduction in physical export volumes of pipeline gas).

In H1 2022, shortly after the first packages of sanctions were introduced by the US, the European Union and other unfriendly countries, most foreign and Russian forecasts predicted that Russia would repeat the fate of Iran and Venezuela which found themselves after sanctions imposed against them in a deep crisis coupled with a multi-year decline in GDP, dramatic decrease in the level of households' incomes and consumption, growth in unemployment, spiraling inflation and a rapid fall of the national currency. However, for Russia the results of 2022 were quite favorable: a decrease in real GDP did not exceed 2.1% (less than in 2009 or 2020), instead of growth the unemployment fell to historic lows, real incomes decreased by 1 p.p. (mainly owing to inflation), the consumer price index increased by 11.9% (less than in 2015) and the rouble strengthened against the dollar after a fall in February-March and by the end of the year the nominal exchange rate of the rouble to the dollar was 4.7% higher as compared with the end of 2021.

In our view, in 2022 the main factors explaining a moderate reaction of the Russian economy to external economic and financial sanctions are the following:

1) external demand for Russian export goods continued after sanctions were declared; the actual introduction of sanctions into force was postponed to the end of 2022 or 2023. In particular, throughout 2022, except for

December, prices for oil were markedly above the level of prices in 2021. Eventually, the current account surplus reached historic highs;

2) the Russian economy was weakly integrated into global value-added chains and there was a lack of relevant critical links between Russian and foreign companies for mass production. At the same time, the accumulated reserves of spare parts and intermediate goods helped all sectors support the output of their products in 2022 despite restrictions on imports to Russia, particularly in respect of critical goods (which were not produced in Russia, nor were available in neutral countries) and technologies;

3) Russia pursued a competent macroeconomic policy (monetary and fiscal policies) responding to challenges and maintained a macroeconomic stability. The Russian government kept from "light" populist decisions which, as seen from the experience of Iran and Venezuela, could become the factors aggravating the crisis, rather than instruments of protection of the population. The adopted measures quickly calmed financial markets and maintained the functioning of the organized forex market, while economic agents' confidence in the anti-inflation policy remained at the pre-crisis level. Simultaneously, despite growing budget expenditures the federal budget deficit remained under the RF Finance Ministry's control and the debt policy was in compliance with the principles of maintaining a safe level of the debt burden on the budget.

So, the results of 2022 form a good base for the development of the Russian economy even with the sanctions pressure continuing in future. In particular, as regards the 2023 prospects, if not taking into account extreme scenarios such as leading developing economies' (China, India, Turkey and other) joining anti-Russian sanctions, a breakout of the global financial crisis similar to the Great Depression or the 2008 crisis or serious faults in the internal economic policy, the chances for the situation to get better (that is, a return to real GDP positive growth rates) are higher than those of a further fall in GDP and deeper recession than in 2022. This is evidenced by the IMF's and the World Bank's revised outlook for Russian GDP. The positive outlook is based on the following factors: Russia still receives high revenues (above the base ones under the fiscal rule) from its exports (despite the fact that in the first few months of 2023 prices for oil markedly declined, while a discount on Russian oil increased), the economic sectors and companies have adapted their activities under sanctions, new chains and logistics routes for import supplies have been formed and investments and sales of goods and services increased on the domestic market.