Section 3
Real sector of the economy

3.1. Russian economy in 2025: Factors and requirements of production[1]

3.1.1. Key trends in the domestic market

Over the past three years, the Russian economy demonstrated strong growth potential. GDP growth of 10.3% and a 20.1% increase in final household demand during 2023–2025 were supported by a 16.3% rise in fixed capital investment and an 8.0% increase in government spending. Active government measures and regulatory mechanisms to adapt the interaction between domestic and foreign markets mitigated the impact of certain aspects of sanctions on the real and financial sectors of the economy and shaped the nature of structural changes.

The trajectory of the domestic economy during this period was quite uneven. A key feature was the growing role and importance of the domestic market. During the structural transformation of 2022–2023, the Russian economy demonstrated a high degree of resilience to adverse external shocks: its 4.1% growth in 2023 fully offset the 1.4% decrease in the previous year and marked a phase of active recovery driven by the expansion of the domestic market with effective government support.

In 2024, economic growth accelerated to 4.9% amid rapid growth in production, import substitution, and a fundamental shift in trade and economic relations with the outside world. Qualitative changes in the structure of the domestic market, which grew by 5.0% during this period, were driven by the outpacing growth of fixed capital formation (up 8.6%) and final household consumption (up 6.8%).

The pattern of growth in the real economy was significantly influenced by the varying conditions for adapting to new forms of interaction among economic activities. The acceleration of industrial growth in 2024 to 5.1% — up from 4.3% a year earlier — was driven by the outpacing growth of the manufacturing sector (to 9.1%), which offset the subdued overall performance in mineral extraction and production and distribution of electricity, gas, and water. Positive factors driving industrial growth in 2024 included reduced dependence on raw material exports and the dy-

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namic growth of high-tech industries: the share of the non-oil and gas sector in GDP rose to 84% in 2024, up from 80% in 2022, while the share of high-tech and knowledge-intensive products rose to 24.2%, up from 21.9%.

At the same time, despite the industry's sTable performance, 2024 saw a gradual slowdown in positive growth in core economic sectors to 5.5%, driven primarily by a slowdown in the investment and construction sector to 3.8% from 9.0% a year earlier amid changes in financial and credit conditions; second, a 3.3% decline in agricultural production rates; and third, weak growth in freight turnover (0.5%), which failed to overcome the negative trends of the previous two years. It should be particularly noted that the shift in trends and the contribution of transport to GDP, resulting from the development of new transport and logistics schemes for the movement of goods in domestic and foreign markets by geography and cargo type, opportunities for developing multimodal transport infrastructure, as well as improvements in financial and insurance services, became one of the most important characteristics of economic development during this period.

In 2025, the features of the economic situation were shaped by inertial factors: imbalances between supply and demand in the domestic and foreign market segments; a slowdown in the quarterly dynamics of the real economy; and persistent high inflationary pressure on businesses' financial and economic activities and consumer behavior; monetary and foreign exchange policy parameters.

In 2025, against the backdrop of the high base from the previous year, GDP growth slowed to 1.0% compared to 2024, and domestic demand growth slowed to 1.2%. Output growth rates across key economic sectors declined to 1.3% from 5.1% a year earlier. With a growth rate of 1.3%, industry continued to have a positive impact on the economy. Manufacturing remained the key driver of this impact in the real sector, despite a slowdown in its growth rate compared to the previous year to 3.6%.

In 2025, the overall economic situation was positively influenced by a 4.9% increase in agricultural production, which fully offset the previous year's decline in the sector.

The situation was complicated by the continuation of the trend toward a slowdown in growth rates in the construction and investment sector, which had been observed since 2024, down to 2.5%, and was linked to changes in monetary policy parameters, an increase in the key interest rate, and rising borrowing costs, as well as general economic conditions.

The economic slowdown in 2025 was accompanied by a deceleration in the development of market infrastructure sectors: wholesale trade turnover during this period amounted to 97.2% and freight turnover to 99.3% of the corresponding figures for the previous year.

Starting in H2 2024, the impact of private demand on the economy has significantly increased. The rise in interest rates on deposits exceeding the inflation rate, coupled with the continuing trend of rising household incomes, stimulated an increase in household savings while household spending on current consumption grew modestly, leading to a slowdown in retail trade turnover to 2.6% and in paid services to households — to 2.7%, compared with 7.7% and 4.3%, respectively, a year earlier (*Table 1*).

Table 1

Changes in key macroeconomic indicators from 2022 to 2025, % on corresponding period of the previous year

	Domestic market: production											
			2024					**2025**				
	2022	**2023**	**Year**	**Q1**	**Q2**	**Q3**	**Q4**	**Year**	**Q1**	**Q2**	**Q3**	**Q4**
GDP	98.6	104.1	104.9	105.4	104.3	103.3	104.5	101.1	101.4	101.1	100.6	101.0
Output by major economic sector	99.9	105.9	105.5	107.2	105.9	103.2	105.8	101.4	100.8	101.2	101.0	102.3
Industry	100.7	104.3	105.1	106.2	104.8	103.4	106.1	101.3	100.1	101.5	101.2	102.3
Agriculture	111.3	100.2	96.7	101.5	110.5	93.6	92.7	104.9	100.6	101.4	103.8	112.0
Construction	107.5	109.0	103.8	103.2	105.2	102.8	105.9	102.5	105.8	101.9	101.3	102.3
Transportation	97.7	99.4	100.5	101.5	99.1	100.4	100.9	99.3	98.7	100.7	98.3	99.5
Wholesale turnover	83.3	110.0	106.8	112.6	109.1	102.8	104.4	97.2	97.9	95.8	97.2	98.0
Retail turnover	93.5	108.0	107.7	111.5	108.5	106.3	105.1	102.6	102.6	101.6	102.1	104.0
Paid services to population	105.0	106.9	104.3	105.0	105.0	103.4	103.9	102.7	102.3	102.4	102.5	103.5
	Foreign market[a]											
Foreign trade in goods	109.2	83.8	101.0	94.2	98.4	101.6	109.4	98.2	96.6	98.6	98.1	99.3
Export of goods	119.8	91.7	102.1	97.7	102.9	100.0	107.7	96.7	94.9	94.4	99.3	97.9
Import of goods	91.8	109.6	99.5	89.8	92.3	103.9	112.0	100.4	99.0	104.9	96.5	101.1
Balance of foreign trade in goods	163.4	38.6	110.3	117.5	133.9	91.2	97.6	88.3	87.0	73.3	106.5	89.1
Ruble exchange rate (average for the period), Rb/USD	77.6	64.0	92.53	90.75	90.58	89.20	99.62	83.6	93.25	80.83	80.62	79.9
Urals price, USD/bbl	77.6	64.0	68.3	67.6	70.6	69.3	64.1	60.5	65.5	63.6	63.3	49.6

[a] According to the balance of payments methodology.

Sources: Rosstat; CB RF.

The political and economic environment in 2022–2025, which restricted Russian businesses' access to global markets for goods, services, and technologies, led to a transformation of the existing operational model and domestic market, as well as the Russian economy's export-import sector.

Despite the high dependence on export and import components at the level of individual industries, as well as final and intermediate demand, all measures adopted during these years — actions to support systemically important enterprises and small and medium-sized businesses, exports of Russian goods, imports and import substitution of general and critically important goods and technologies, and the development of alternative transport and logistics routes for the domestic economy — demonstrated continued resilience to external shocks.

The impact of sanctions on the real and financial sectors of the economy was protracted in both duration and nature, which allowed Russian businesses to respond fairly quickly to disruptions in trade, transport and logistics, and production and technology chains, and to actively refocus on establishing new business ties in friendly markets for goods and services. The intensification of import-substituting production had a dampening effect on economic activity, which made it possible to somewhat mitigate the negative impact of volatile changes in imports of goods and services in 2023–2025 against the backdrop of increasingly complex foreign trade relations and settlements, particularly transportation and financial and insurance services. Starting in H2 2024, measures to change the conditions for exchange rate policy management began to have a significant impact on the nature and structure of the foreign trade component of the economy. The dynamics of foreign trade turnover throughout 2022–2025 were extremely volatile and depended on changes in market conditions and prices for key commodities on the global market, on permanent sanctions restrictions on Russian exports and imports, and on difficulties in international settlements.

Changes in net exports of goods and services, amid existing sanctions on financial and insurance transactions and the cross-border payment system, limited the ability to transfer net revenues from foreign trade to support the domestic market. Amid difficulties in developing new directions and formats for international economic relations, the 1.1% increase in the volume of foreign trade in goods in 2024 (according to balance of payments methodology) was driven by a 2.1% rise in exports of goods, coupled with a 0.5% decline in imports compared to the previous year. In 2025, foreign trade in goods decreased by 1.8%, including a 3.7% decline in exports, while imports increased by 0.4%. Net exports in 2025, against the backdrop of divergent fluctuations in their components and amid a constantly changing political and economic situation, amounted to 88.3% of the previous year's figure, declining from 4.4% of GDP (according to the SNA methodology at current prices) in 2024 to 2.6% of GDP in 2025 (*Table 2*).

Foreign trade and financial restrictions had a significant impact on the state of the economy: its focus on the domestic market was accompanied by accelerated growth in final private and public consumption and a pickup in the pace of gross capital formation.

The shift in the balance of aggregate supply and demand and in the ratio of key factors of production — characterized by a significant increase in capacity utilization and high demand in the labor market — put pressure on prices given the prevailing level of labor productivity.

Table 2

Dynamics and structure of GDP utilization in 2021–2025

	% of total at current prices					% change on previous year in comparable prices				
	2021	**2022**	**2023**	**2024**	**2025**	**2021**	**2022**	**2023**	**2024**	**2025**
GDP	100	100	100	100		105.9	98.6	104.1	104.3	101.0
Including:										
Domestic demand	90.5	87.4	95.8	95.6	97.4	109.6	100.3	110.5	105.0	101.2
Net Exports	9.5	12.6	4.2	4.4	2.6	79.5	N/A	N/A	N/A	N/A
— exports	30.0	27.5	22.9	22.2	17.8	103.2	N/A	N/A	N/A	N/A
— imports	20.5	14.9	18.7	17.8	15.2	119.1	N/A	N/A	N/A	N/A
For reference:										
Average exchange rate, Rb/USD	73.65	68.12	85.12	92.53	83.59	102.2	92.5	125.0	108.7	90.3
Brent average price USD/bbl.	70.44	99.82	82.1	80.2	63.0	167.6	141.7	82.2	97.7	78.5

Source: Rosstat.

The gradual slowdown in the growth of industrial producer prices was reflected in consumer inflation: while the inflation rate reached 9.5% in 2024 (+2.1 percentage points compared to the previous year), it stood at 5.6% in 2025. Changes in domestic economic conditions and the pace of price increases led to a correction in monetary policy, with a gradual reduction in the Bank of Russia's key rate from its all-time high of 21% per annum (December 21, 2024) to 16.0% (December 19, 2025) (*Table 3*).

The economy's adjustment to domestic market price ratios and the ruble exchange rate occurred simultaneously with a shift in the income composition of GDP. While changes in the volume of foreign imports and the ruble exchange rate had a fairly strong impact on the increase in the share of net taxes on production and imports to 8.1% in 2025, the level of the economy's gross income was significantly influenced by fiscal and budgetary instruments for regulating business and fulfilling social obligations, which intensified the redistribution of the economy's gross profit and other mixed income within the GDP structure in favor of wages for hired workers. The share of wages for hired workers in 2025 rose to 48.1% of GDP, compared to 44.2% of GDP in 2024 and 40.6% of GDP in 2022, while nominal wage growth rates in 2024 and 2025 reached their highest levels in the past 16 years. In the context of a structural labor shortage, this allowed businesses to retain skilled personnel and maintain social stability in the labor market while keeping the overall unemployment rate at historically low levels.

At the same time, given the long-standing trend in the Russian economy of wages outpacing labor productivity, income redistribution required effective measures to restructure employment in line with shifting labor demand for specific qualifications, competencies, and skills; however, the implementation of these measures has

Table 3

Financial conditions: Key rate and price index in 2024–2025, % on previous year

	2024					2025				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Key rate (corresponding period end), % per annum	17.5	16.0	16.0	18.0	21.0	19.2	21.0	20.0	17.0	16.0
Consumer prices	109.5	102.0	101.9	101.8	103.5	105.6	102.7	101.0	100.5	101.3
Producer prices										
Industrial goods	107.9	101.9	101.9	103.1	100.8	96.7	99.9	96.1	102.5	98.3
Extraction of mineral resources	104.4	102.4	101.0	100.7	100.2	78.5	96.3	85.3	103.4	92.4
Manufacturing	108.4	101.7	102.9	102.8	100.8	99.7	100.7	98.9	100.7	99.4
Agricultural products	105.9	99.5	97.3	101.1	108.2	97.6	102.7	98.0	99.5	97.4
Capital goods	108.1	101.3	101.9	101.9	102.7	109.5	100.1	103.7	103.7	101.7
Freight transportation tariff index	113.7	103.0	108.3	108.3	94.1	104.1	93.5	108.6	105.6	97.1

Sources: Rosstat; Bank of Russia.

Table 4

Structure of GDP by revenue source in 2021–2025, % to GDP

					2025				
	2021	2022	2023	2024	Year	Q1	Q2	Q3	Q4
GDP	100	100	100	100	100	100	100	100	100
Including:									
Remuneration of employees	40.7	40.6	42.2	44.2	48.1	50.2	49.5	46.2	44.4
Net taxes on production and imports	10.1	7.7	8.8	7.3	8.1	7.9	4.9	8.9	13.0
Gross profit of the economy and gross mixed income	49.2	51.7	49.6	48.5	43.8	41.9	45.6	44.9	42.2
For reference:									
Total unemployment rate, in % of the number of the employed	4.8	4.0	3.2	2.5	2.2	2.3	2.2	2.1	2.2
Growth rate of nominal wages, in % to the previous year	111.5	114.1	114.6	119.0	113.5	113.8	114.9	114.0	111.2

Source: Rosstat.

not yet become systematic. With rising production costs, the share of gross profit and gross mixed income in the economy fell to 43.8% of GDP in 2025, while the net financial result of organizations at current prices amounted to 96.1% of the previous year's figure (*Table 4*).

The business responded to the change in profit margins by adjusting production volumes and investment plans.

3.1.2. Structural changes in domestic production

The state of the domestic market in 2024 and 2025 had a significant impact on the nature and structure of the economy: domestic demand expanded during these years to reach its highest share of GDP and grew at a faster pace. The dynamics of the domestic market as a whole during this period were linked to a sharp acceleration in the growth rate of gross fixed capital formation relative to the dynamics of final consumption and GDP growth rates. With GDP increasing by 5.9% and final consumption by 8.6% over the past two years, the 10.4% growth in gross fixed capital formation drove a 6.2% expansion of the domestic market. However, it should be noted that in 2025 the situation changed due to a sharp slowdown in the growth rate of gross fixed capital formation (to 1.7% from 8.6% a year earlier), which led to new trends in the construction and investment sector (*Table 5*).

Table 5

Dynamics and structure of domestic market in 2021–2025

	% of total in current prices					% on previous year in comparable prices				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
GDP	100	100	100	100	100	105.9	98.6	104.1	104.3	101.0
Including:										
Domestic market	90.5	87.4	95.8	95.6	97.4	109.6	100.3	110.5	105.05	101.2
Final consumption	67.7	64.4	68.4	69.0	71.0	107.8	99.1	107.4	105.5	102.9
Gross savings	22.8	23.0	27.4	26.9	26.4	115.1	103.9	119.3	103.5	97.0
Including gross saving of capital assets	19.2	20.7	22.3	22.8	23.6	109.3	106.7	111.0	108.6	101.7

Source: Rosstat.

Adaptation to the new operating conditions of the domestic market led to a fairly significant shift in the structure of economic activities. In 2023 and 2024, the longstanding trend of the services sector outpacing goods production persisted, but in 2025, as overall GDP growth slowed, the growth in gross value added in the goods sector exceeded that of the services sector by 0.8 percentage points. Following very significant average annual growth in the latter in 2023 and 2024, in 2025, growth in gross value added slowed to 2.2% for information and communication services, down from 12.1% in the previous two years; to 3.8% for financial services and insurance, down from 24.3%; public administration and defense services — to 4.8% versus 5.2%, and hospitality, culture, sports, and tourism — to 5.8% versus 10.7%, which together accounted for nearly one-third of the gross value added of services provided.

The growth of new formats for providing trade, transport, and logistics services in 2023 and 2024 — which together accounted for 18.8% of total value added in the economy and 27.8% of gross value added in the services sector during this period—outpaced the growth rate of goods production. In 2025, issues related to the decline in activity across various modes of transport, freight and passenger transportation, traffic routes, the material and technical support of rolling stock, and the condition of transportation routes remained a focus of the government's attention.

A defining feature of industrial production in 2023–2025 was the shift in the structure and contribution of industry to economic growth: external shocks and cyclical factors in the domestic market determined both annual and quarterly changes in industrial output during this period.

Imbalances between supply and demand in the markets for materials and technical resources, as well as for final investment and consumer goods, occurred alongside critically high capacity utilization, labor shortages, and the prevailing situation regarding the utilization of factors of production. In 2025, industrial growth slowed to 1.3% from 5.1% a year earlier, while output growth in the manufacturing sector stood at 3.6% compared to 9.1%, with the decline in mining deepening to 1.6% from 0.5% and in the production of electricity, gas, and water—by 1.6%.

The extractive sector continued to experience negative trends due to tighter external restrictions on exports of mineral products and goods, as well as domestic measures regulating activities in the fuel and energy sector. In particular, a change in the oil and gas sector's share of GDP was recorded: between 2022 and 2025, it declined from 20.0% to 13.1%. During this period, the non-oil and gas sector of the economy demonstrated faster growth relative to GDP and shaped the nature of the Russian economy's diversification (*Table 6*).

Structural changes in industrial growth were driven by the outpacing performance of the manufacturing sector, whose focus over the past three years has shifted from responding to immediate operational challenges toward addressing long-term strategic objectives. Production in high-tech and knowledge-intensive sectors—amid the sustained positive growth of the past three years—doubled in 2025 compared to 2022, accounting for 25.3% of GDP (*Table 7*).

Table 6

Dynamics of oil and gas and non-oil and gas sectors in 2022–2025, %

	2022	2023	2024	2025
Growth rates on previous year:				
Oil and gas sector	99.9	93.6	100.9	89.3
Non-oil and gas sector	98.3	106.7	105.7	103.2
For reference:				
Share of GDP:				
Oil and gas sector	20.0	16.5	16.0	13.1
Non-oil and gas sector	80.0	83.5	84.0	86.9

Source: Rosstat.

Table 7

Growth rates and share of GDP accounted for by high-tech and knowledge-intensive industries in 2021–2025

	2021	2022	2023	2024	2025
Growth rates, in % on previous year	115.2	106.8	126.7	128.3	126.4
Output share in GDP, %	22.9	21.9	23.7	24.2	25.3

Source: Rosstat.

The machine-building sector made a key contribution to the growth of manufacturing output in 2023–2025, demonstrating a fairly robust diversification of its system of production, technological, trade, and logistics interactions within the domestic market. At the same time, the sector saw the localization and expansion of domestic manufacturers' output capacity, as well as the development of new niches in the foreign market for suppliers and the sale of finished products. The implementation of proven mechanisms for regulating foreign trade operations and new directions for importing technologies, components, and equipment, as well as the resolution of logistical and financial issues (taking into account the role of changes in the key interest rate), was supported by increased budgetary assistance and the maintenance of business credit activity. The main trend in the machine-building sector was the localization of production, accompanied by a restructuring of activities from import-substituting production of finished goods to the substitution of materials and components, the production of which lagged behind domestic market demand.

It is worth noting the high degree of differentiation within the machine-building sector by type of activity. The production of computers, electronics, and optical devices, as well as vehicles and defense industry equipment, remained in a zone of intensive growth in 2025, with growth rates of 11.7% and 32.0%, respectively, compared to the previous year. However, the negative dynamics of motor vehicle production, with a 23.1% drop in output, machinery and equipment by 5.0%, and electrical equipment by 3.8% compared to the previous year, led to a slowdown in the sector's growth to 7.7% following rapid growth of 19.8% a year earlier and an average of 22.4% over the previous two years.

Changes in domestic demand for construction materials from the machine-building and investment-construction sectors, along with the restructuring of the economy's foreign trade component, account for the slowdown in the growth of the metallurgical sector's output in 2025 to 2.1%, compared with 6.5% a year earlier and 8.7% in 2023. In 2025, metallurgical production itself declined to 97.9% of the previous year's output, while the positive growth trend in the production of finished metal products continued (up 18.0% compared to 2024), partly due to increased exports.

In 2025, the situation in the chemical sector deteriorated, with output growth remaining extremely weak — 0.5% compared to 6.5% the previous year. Here, the production of pharmaceuticals maintained a sTable position in the domestic market, as it remained outside the scope of strict restrictions on trade in chemical and biological substances and possessed certain potential for development and import substitution due to the domestic production base for chemical products and substances. Production of pharmaceuticals and medical supplies increased by 15.4% in 2025 compared to the previous year and, given the strong growth demonstrated in 2024, exceeded the 2023 figure by 37.7%.

The state of the chemical sector was significantly influenced by the capacity of the domestic market and changes in the volume and structure of exports, while sanctions pressure persisted and challenges remained in establishing new production-technological and trade-distribution chains. Due to shifts in export destinations and the structure of exports for key commodities, the chemical industry faced intense competition from producers in friendly countries in both domestic and foreign markets. Limited access to foreign technologies and service capabilities for specialized imported equipment, as well as limited adoption of domestic technologies, negatively impacted the sector's development and economic efficiency. Production across the chemical sector as a whole was supported by the output of agrochemical products. In 2025, the production of chemicals and chemical products decreased by 0.8% compared to the previous year, and that of rubber and plastic products decreased by 6.7%, while fertilizer output increased by 5.3%.

The petrochemical sector faced a challenging situation, with output in 2025 declining by 0.4% compared to the previous year. Direct anti-Russian restrictive measures against the largest oil and gas and refining companies, as well as systematic threats of secondary sanctions, temporarily destabilized operations of the domestic producers in this sector.

In the timber industry, as in the chemical industry, a limited domestic market without adequate measures to stimulate exports hindered the restructuring of production and the development of new approaches to industry growth, particularly the formation of clusters. In 2025, production in the sector declined by 5.1%; a worsening of negative quarterly trends was observed here toward the end of the year, including a 3.5% decline in wood processing and the manufacture of wood products, a 3.9% decline in the production of paper and paper products, and a 13.7% decline in printing activities (*Table 8*).

After two years of growth in the consumer sector, a trend reversal occurred in 2025. The food industry recorded a 0.5% decline compared to the previous year, driven by instability in agricultural production over the past two years and import restrictions. In the light industry, output fell by 3.1% during this period, despite support from government orders. The contraction in the volume of domestically produced consumer goods and their imports led to a slowdown in retail trade turnover to 2.6%, including food products — to 2.2% compared to 5.9% a year earlier — and non-food

Table 8

Dynamic of extraction and manufacturing sectors 2021–2025, % on corresponding period of the previous year

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Industry	106.3	100.7	104.3	105.1	101.3	100.1	101.5	101.2	102.3
Extraction of mineral resources	104.2	101.5	99.0	99.5	98.4	95.8	98.6	99.4	99.6
Manufacturing sectors	107.4	100.3	108.7	109.1	103.6	103.9	103.6	102.5	104.3
Consumer complex:									
food industry	104.6	101.6	105.2	105.0	99.5	98.5	99.3	99.9	100.2
light industry	111.6	104.5	111.4	110.2	96.9	96.9	94.8	97.5	97.2
Timber processing complex	110.5	98.0	101.3	104.3	94.9	98.2	94.8	95.6	91.3
Chemical complex	108.7	99.7	104.9	106.5	100.5	101.9	100.6	99.7	99.8
Petrochemical complex	103.6	99.4	102.5	98.6	99.6	99.5	102.6	96.5	99.8
Construction complex (non-metal mineral products)	109.3	103.9	100.9	106.8	91.7	92.2	91.7	90.5	92.6
Metallurgical complex	104.1	102.7	108.7	106.3	102.8	104.5	102.0	99.1	106.3
Machine building complex	111.8	94.1	125.0	119.8	107.7	113.7	107.8	109.3	103.2
computers, electronics, optics	109.9	109.4	139.4	126.4	111.7	112.4	117.8	113.3	106.5
electrical equipment	107.7	101.1	120.6	109.7	96.2	100.1	94.7	96.4	94.7
Machinery and equipment not included in other groups	117.1	99.3	108.1	102.2	93.10	99.0	93.6	86.8	93.9
Road transport trailers and semi-trailers	114.6	55.8	116.0	118.5	76.9	90.1	76.8	74.5	68.5
Other means of transport and equipment	110.5	97.9	129.0	127.8	132.0	138.9	128.1	140.1	126.3
Electricity, gas and vapor supply		100.5	100.	102.4	98.4	95.5	100.1	100.1	99.0
Water supply; wastewater disposal, waste utilization		96.8	100.3	104.1	95.71	96.8	95.0	95.4	95.5

Sources: Rosstat; Ministry of Economic Development.

products — to 3.1% compared to 9.3%, respectively. Given the current growth rates of disposable household income and the limited supply of domestic and imported goods, this situation remained a factor maintaining inflationary pressure on the domestic consumer market.

3.1.3. Investment and construction business: structural features in 2025

After the investment pause of 2014–2016, restoration of the positive trend in fixed assets investment and return to the pre-crisis level in 2020 determined the phase of a sharp acceleration of dynamics and growth in the share of gross fixed capital formation in GDP: over the period 2020–2024, fixed assets investment increased by 37.9%, and its share in GDP increased from 19.2 to 22.6%.

Shaping the trend of accelerated growth of investments in fixed assets relative to the dynamics of GDP and final consumption was significantly influenced by government measures aimed to support and regulate construction and investment activities: 1) updating the main provisions of the agreement on protection of investments in terms of capital investments and special investment contracts; 2) restructuring of loans for large businesses; 3) introduction of a regional investment standard; 4) extension of support to small and medium-sized enterprises; 5) verification of prices of government contracts due to increasing cost of resources; 6) adjustment of programs of preferential business lending and preferential mortgages; 7) use of new construction technologies and reduction of document approval terms.

Changes in financial conditions had a significant impact on the nature of investment activity in 2022–2025. In 2022, H1 2023, gradual reduction in the key rate from 20% (28.02.2022–10.04.2022) to 7.5% per annum (19.09.2022–23.07.2023) amid slowing growth in prices for investment-grade products and services allowed business activity in the construction sector to be maintained at 8.2% during this period. However, when the RF Central Bank resumed the practice of raising the key rate as from H2 2023 (15.08.2023) from 12% to the maximum level for the entire 12-year observation period of 21% per annum (28.10.2024–08.06.2025), the adaptation of the construction and investment business to new realities of pricing and exchange rate policy has become more complicated. Notwithstanding that fixed capital investment in 2024 increased by 8.4% and its share in GDP increased by 0.7 p.p. compared to the previous year, given the accumulated growth potential over the previous 4 years, the quarterly dynamics of fixed capital investment and the volume of work in construction demonstrated a gradual decline in growth rates throughout the year.

Maintaining the key rate at its maximum level in H1 2025 amid weakening production growth resulted in a correction in the development path. In H2 2025, the key rate fell from 20% (June 9, 2025 — July 27, 2025) to 17% per annum by September (September 15, 2025), and reached 16% per annum by the end of the year (December 19, 2025). The impact of the key rate on investment activity typically has long lags and depends on the level of economic uncertainty, market structure, potential investor expectations, and business environment. In the macroeconomic situation developed in July–September 2025, quarterly dynamics of fixed assets investment entered negative territory for the first time in the previous five years: while GDP growth slowed to 1.1%, the decline in fixed capital investment in 2025 was 2.3% compared to the previous year. This trend was provoked by current interest rates on loans, which significantly exceeded the internal rates of return for individual current and potential investment projects of companies.

Although restructuring of floating-rate loans supported construction companies, the rising cost of debt financing and rising prices for investment-grade products and services resulted in suspension of low-margin, long-term infrastructure projects. This negatively impacted the growth of construction volumes, which amounted to 2.5% in 2025, compared to 3.8% the previous year (*Table 9*).

Table 9

Dynamics of investment and construction activity indicators in 2022–2025, % vs. corresponding period of the previous year

	2022	2023	2024	2025				
				Year	Q1	Q2	Q3	Q4
GDP	98.6	104.1	104.9	101.1	101.4	101.1	100.6	101.0
Investments in fixed assets	106.7	109.8	108.4	97.7	106.5	99.0	95.7	94.7
Volume of works in construction	105.7	109.0	103.8	102.5	105.8	101.9	101.3	102.3
Commissioning of residential space	111.0	107.5	97.6	100.4	108.9	83.8	88.1	118.6
For reference:								
Share of gross capital formation in fixed capital in GDP, %	19.7	21.9	22.6	23.2	17.8	21.1	22.2	31.0
Key rate, % per annum	10.6	9.9	17.5	19.2	21.0	20.0	17.0	16.0
Consolidated index of prices for investment products (costs, services)	114.7	110.1	108.1	109.5	100.1	103.7	103.7	101.7

Source: Rosstat.

A steady increase in the share of enterprises' own funds in the funding sources became a distinctive feature of the investments funding in fixed capital over the past five years. The increase in the volume and share of the own funds of enterprises and organizations partially offset the reduction in demand for borrowed funds amid rising interest rates. Furthermore, domestic companies' own funds offset losses from external financing — due to the near-total absence of foreign investment and foreign bank loans. In 2024–2025, the share of enterprises' and organizations' own funds in funding sources for fixed capital investments increased from 55.4 to 58.8%.

Given the specifics of economic functioning under sanctions and implementing a wide range of tasks to ensure national security, state support has become a significant source of funding for investment programs: in 2022, the share of budget funds in fixed capital investment financing reached 20.5%, the highest level in the previous 5 years. Subsequently, budget contribution to investment resources gradually declined: to 19.7% in 2023 and 15.2% in 2025.

However, the reduction in the share of federal budget funds was partially compensated by investment resources from RF regions and local budgets: in 2025, the share of federal budget funds in investment programs dropped to 6.9% against 9.8% in 2022, while for regions it fell from 9.4 to 7.2% respectively.

Introduction of an investment standard for regions and investment infrastructure budget loans had a positive impact on the change in the structure of investment financing across levels of the budget system.[1] In general for the economy, enterprises' own funds and budgetary funds provided almost 3/4 of the volume of investment resources in 2025 and at the same time compensated for the reduction in budgetary support for investment activities.

The role of bank loans in sources of financing investments in fixed capital has changed in recent years over a fairly wide range depending on the level of the key rate. If in 2024, despite the rising cost of loans, the increase in the share of Russian banks and borrowed capital in sources of financing investments in fixed capital became one of the factors in maintaining the noticeable dynamics of investments in fixed capital, then in 2025 the expansion of companies' own funds partially offset the decrease in the total contribution of bank loans and borrowed funds in sources of their funding: in 2025, the share of bank loans in companies' investment sources amounted to 13.1% (+0.7 p.p. vs. 2024) and borrowed funds from other organizations—7.3% (–1.6 p.p.) (*Table 10*).

Table 10

Investments in fixed capital by types of funding sources in 2020–2025 (excluding small businesses and investment volumes not observed by direct statistical methods), % of total

	2020	2021	2022	2023	2024	2025
Investments in fixed assets	100	100	100	100	100	100
Own funds	55.2	56.0	53.1	53.7	55.4	58.8
Attracted funds	44.8	44.0	46.9	46.3	44.6	41.2
Bank loans	9.9	11.0	10.2	9.9	12.4	13.1
Including: foreign banks	1.8	1.9	1.2	0.4	0.02	0.01
Borrowed funds of other organizations	4.9	4.5	5.9	7.6	8.9	7.3
Foreign investments	0,3	0,4	0,3	0,1	0,02	0,1
Budget funds	19.1	18.3	20.5	19.7	16.6	15.2
Including:						
federal budget	8.7	8.1	9.8	9.3	7.9	6.9
budgets of RF regions	9.2	9.0	9.4	9.3	7.6	7.2
local budgets	1.2	1.2	1.3	1.1	1.1	1.1
state extra-budgetary funds	0.2	0.2	0.2	0.1	0.1	0.1
Other	10.4	9.6	9.8	8.9	6.6	5.3

Source: Rosstat.

1. Regions confirming introduction of standard are eligible to apply for an investment tax deduction; starting in 2023, the standard's implementation will be taken into account when compiling regional national investment attractiveness ranking. Infrastructure budget loans, i.e., finance investment projects for creation of transport, engineering, and public utility infrastructure in the regions of the Russian Federation.

The share of investments in state-owned property in 2025 fell compared to the previous year to 14.3% (−1.9 p.p) in the structure of investments in fixed assets, and their share in GDP amounted to 2.8% vs, 3.2% in the previous year. Investments in fixed assets of private Russian property in 2024 and 2025 retained their leadership in terms of investment activity dynamics: the share of private investment in the structure of investment in fixed assets increased in 2025 to 69.6% (+2.8 p.p. compared to 2024) and amounted to 13.9% of GDP (+0.7 p.p.). Structural changes for institutional investors were determined in 2025 by a drop in investments with various forms of foreign ownership to 7.7% vs. 10.5% in 2022 of the total volume of investments in fixed assets, including foreign ownership, respectively to 1.4% vs. 3.6% (*Table 11*).

Table 11

Share of investments in fixed assets by type of ownership in 2021–2025 (in actual prices)

	Share in investments in fixed assets, % of total					Share in GDP, %				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Investments in fixed assets	100	100	100	100	100	17,2	18,1	19,5	19,7	20.0
Russian property	86.0	89.5	91.7	91.8	92.3	14.8	16.2	17.9	18.1	18.4
State property	16.2	17.0	17.9	16.2	14.3	2.8	3.1	3.5	3.2	2.8
Federal property	7.5	8.3	9.5	8.9	7.1	1.3	1.5	1.9	1.8	1.4
Property of RF regions	8.7	8.7	8.4	7.3	7.2	1.5	1.6	1.6	1.4	1.4
Municipal property	2.8	2.8	2.8	2.6	2.2	0.5	0.5	0.5	0.5	0.4
Private property	61.6	64.8	65.3	66.8	69.6	10.6	11.7	12.8	13.2	13.9
Mixed Russian property	4.4	3.9	4.4	4.7	4.9	0.8	0.7	0.9	0.9	1.0
State corporations' property	1.0	0.9	1.2	1.5	1.3	0.2	0.2	0.3	0.3	0.3
Foreign property	6.5	3.6	1.8	1.5	1.4	1.1	0.6	0.3	0.3	0.3
Joint Russian and foreign property	7.5	6.9	6.5	6.7	6.3	1.3	1.3	1.3	1.3	1.3

Source: Rosstat.

Creating conditions for developing the investment complex's own production and technological base is a priority task for domestic business and is accompanied by a steady increase in capital investments in intellectual property from 4.6% in 2022 to 6.6% in 2025. Nevertheless, the decline in the share of investment in machinery and equipment to 32.7% compared to 39.5% in 2021 remains an issue. This trend can be explained, first, by insufficient production capacity of the domestic mechanical engineering industry and, second, by sharp reduction in the supply of foreign investment goods to the domestic market amid strict sanctions restrictions. In 2021, the share of high-tech goods corresponding to priority areas of modernization of the Russian economy reached 76.3% of the total import volume (*Table 12*).

Table 12

Structure of investments in fixed assets by type of capital stock in 2020–2025, % of total

	2020	2021	2022	2023	2024	2025
Investments in fixed assets — total	100	100	100	100	100	100
Residential buildings and premises	14.5	12.9	14.2	14.0	14.0	14.0
Buildings (except residential) and structures	37.5	37.0	40.2	40.4	40.1	40.8
Machinery, equipment, vehicles	37.1	39.5	34.8	33.8	34.3	32.7
Intellectual property facilities	4.0	4.4	4.6	5.6	6.0	6.6
Other	6.9	6.2	6.2	6.2	5.6	5.9

Source: Rosstat.

The leading coefficients of the capital stock renewal in high-tech and medium-tech high-level types of activity, marked by a significant share of machinery and equipment in the structure of fixed assets demonstrate positive features of the capital stock reproduction and the use of capital investments in recent times.

The fixed asset renewal rate in high-tech activities increased from 9.9% in 2022 to 16.6% in 2024 and created an additional impetus to accelerate the rate of production of high-tech and science-intensive products.

In low-level medium-tech activities and low-tech activities, renewal rates increased in 2024 compared to 2022 to 11.5% (+2.6 p.p.) and 9.7% (+0.4 p.p), respectively.

Even with a decline in investments in the fixed assets in the economy as a whole in 2025, a positive trend of growth in investment activity compared to the previous year was maintained in manufacturing (1.0%), in provision of electric power (7.9%), in public administration and military security (8.4%), in real estate transactions (15.9%), the total share of which in overall volume of fixed capital investment in the economy as a whole increased in 2025 to 40.6% against 33.3% in 2024.

A drop in investment in transport and logistics infrastructure by 25.5%, in information and communication activities by 10%, in professional and scientific and technical activities by 20%, evidenced negative dynamics in 2025 vs. previous year, as well as negative investment dynamics in agriculture. A reduction in investment in fixed capital in 2025 vs. previous year was observed in the transport and storage sectors, following the dynamic growth of investment activity in 2021–2023, in almost all types of transport system activities: in the activities of freight rail transport (by 41.1%), road freight transport (by 52.9%), pipeline (by 24.3%), air and space (by 1.3%).

By all means, decline in investment volume in certain types of economic activity can be explained by a high base of 2022–2024, however, characteristics of the reproduction and technological state of fixed assets and decrease in the efficiency of their use determine a restrained assessment of the current situation in this area and prospective trends (*Table 13*).

Table 13

Dynamics of contribution of the capital stock in the fixed assets by types of economic activity in 2020–2025, % vs. previous year

	2020	2021	2022	2023	2024	2025.
Total	99.9	108.6	106.7	109.8	108.4	97.7
Agriculture, forestry, hunting, fishing and fish farming	96.0	103.4	99.3	101.0	96.9	96.4
Mining	96.9	100.7	109.9	109.1	107.4	100.9
Manufacturing industries	102.9	109.1	95.6	117.6	119.5	111.0
Provision of electricity, gas and steam	104.1	94.9	102.2	119.8	106.5	107.9
Water supply, sanitation, waste disposal, pollution control	127.2	107.9	105.9	110.0	111.1	94.7
Construction	103.9	114.0	120.1	110.4	106.6	95.1
Wholesale and retail trade	88.4	139.7	88.9	102.3	105.8	99.2
Transportation and storage	88.0	116.4	114.9	108.4	103.4	74.5
Hotel and catering activities	103.2	113.8	110	122.4	105.1	108.6
Information and communication activities	106.3	105.4	92.9	125.2	122.1	90.0
Financial and insurance activities	123.9	112	99.4	106.5	107.1	102.4
Real estate operations	94.6	100.2	19.5	103.4	111.1	115.9
Professional, scientific and technical activities	101.6	132.8	120.9	110.2	97.8	80.0
Public administration and military security	119.2	105.7	121.8	111.6	100.9	108.4
Education	109.8	100.1	102.9	108.8	106	92.9
Healthcare activities	155	95.4	94.1	90.0	107.5	100.3
Culture, sports, recreation and entertainment activities	100.8	112.3	124.6	99.0	103.1	93.6

Source: Rosstat.

Strengthening role of industry became a structural feature of investments in fixed capital in the previous five years (2021–2025) was: in 2025, the share of investments in industry in the total volume of investments in fixed assets (excluding small businesses and the volume of investments not observed by direct statistical methods) reached 42.3% and exceeded the corresponding figure for the previous year by 1.3 p.p., while the share of manufacturing industries amounted to 21.3% (+2.6 p.p.), and extractive industries showed 17.6% (−0.5 p.p.).

Slowdown in investment dynamics in the extractive sector of the economy is associated with structural transformation of mineral extraction by their type. Sustainability of investment programs of oil and gas companies is supported by the performance of service structures, fulfillment of guaranteed obligations under previously concluded contracts for supply and maintenance of process equipment, and the ongoing works on previously initiated projects. The share of investment in crude oil and gas production in 2025 amounted to 63.6% of total investment, dominating the investment dynamics in the extractive sector. As for the associated petrochemical and oil refining industries, due to high sanctions pressure and adjustments to finished product production plans in 2025, investment growth rates declined to 4.2%.

Table 14

Dynamics of capital stock in fixed assets in manufacturing in 2020–2025, % vs. previous year

	2020	2021	2022	2023	2024	2025
Manufacturing industries	102.9	109.1	95.6	117.6	119.5	111.0
Food production	107.1	109.0	86.2	101.0	106.7	118.1
Beverage production	97.7	121.5	71.2	137.3	112.6	103.4
Tobacco production	77.3	123.6	55.6	96.5	101.2	92.1
Textile production	59.2	132.1	106.2	119.8	109.6	107.5
Clothing production	123.7	76.1	87.0	101.7	99.7	89.4
Production of leather and leather goods	97.0	107.5	93.9	104.9	99.6	134.1
Wood processing and production of wood products	110.0	125.1	79.7	94.7	104.3	79.0
Production of paper and paper products	83.7	112.8	86.3	113.6	84.7	82.1
Printing and copying of information media	166.1	106.9	57.4	119.2	102.5	119.5
Production of coke and petrochemicals	115.3	86.5	93.6	82.1	115.1	101.2
Production of chemicals and foods	95.1	108.5	115.6	146.7	142.3	128.8
Production of medicines and materials	186.2	73.7	84.8	104.7	104.6	112.2
Production of rubber and plastic items	84.5	127.5	73.5	119.8	120.4	106.5
Production of other non-metallic mineral products	85.1	132.6	99.4	107.4	108.2	112.5
Metallurgical production	112.2	117.4	108.2	107.6	107.6	103.1
Production of finished metal products	80.8	129.0	90.0	154.2	124.8	117.3
Production of computers, electronic and optical items	98.3	155.1	106.6	133.6	158.3	78.8
Production of electric equipment	81.8	108.7	80.6	178.6	190.8	93.4
Production of machinery and equipment not included in other groups	77.5	116.6	107.1	114.0	127.2	95.8
Production of motor vehicles, trailers and semi-trailers	78.1	143.7	46.7	154.0	135.7	107.6
Production of other transport vehicles and equipment	107.2	111.1	102.7	104.8	119.9	148.3
Furniture production	119.3	98.3	71.8	107.1	102.1	83.2

Source: Rosstat.

The outpacing growth of investment in fixed capital in manufacturing became a factor mitigating the negative trend of falling investment volumes in 2025 across the economy as a whole.

Growth in investment in fixed assets of high-tech economic activities, which include production of medicines and materials for medical purposes, production of computers, electronic and optical equipment, production of aircraft, including spacecraft, and related equipment, to 16.9% in 2025 vs. 15.2% in 2024 and 13.3% in 2022–2023, allows to positively assess the situation in the investment sphere in terms of manufacturing industries and the economy as a whole.

Moreover, this trend is supported by the acceleration of growth in investments in fixed assets in high-tech, medium-level industries, in particular in chemical production, production of electrical equipment, and production of other transport vehicles and equipment, which account for almost 2/5 of the volume of investments in manufacturing industries.

Preconditions are being created for modernizing and reconstructing production of construction materials and components amid the accelerated growth of investment volumes in fixed assets in high- and medium-tech industries and the expansion of their demand for material and physical resources required for implementing investment plans.

In 2025, increased investment activity was observed in production of building materials (non-metallic mineral products), which grew by 12.5% compared to the previous year, in the production of finished metal products by 17.3%, and in the copying information media by 19.5%.

It should be noted that there is a high differentiation in the rates of investment activity both by the level of technological positions in types of activity and by the nature of production of capital goods. In particular, the acceleration of growth in the volume of investment in fixed capital in the mechanical engineering complex for other types of machinery and equipment that are essential for ensuring defense capability reached 48.3% in 2025 compared to the previous year, in the production of motor vehicles — 7.6%; however, a drop in investment of 6.6% was recorded in the production of electrical equipment.

Investments in fixed assets in the production of computers, electronic and optical products, increased by 3.5 times in 2021–2024, and their decline in 2025 compared to the previous year by almost 20% is most likely a correction of investment plans. High investment volumes set the basis for increasing production capacity; however, given the lag between capital investments and the commissioning of facilities, it can be assumed that their contribution to the expansion of production potential is realized gradually and depending on the specific functioning of the economy (*Table 14*).

In the current economic realities, the increasing demand for investments and modern high technologies related to investment goods presupposes formation of new mechanisms stimulating technological renewal and new configurations in investment cooperation between innovatively active Russian business structures.

3.2. Industrial Production Dynamics[1]

3.2.1. Sectoral Dynamics of Industrial Production

In 2025, the trend component of the Russian industrial production index showed signs of slowing growth. In H1 2025, stagnation emerged as a result of mixed trends' interaction in key sectors: a gradual decline in extractive industries and moderate growth in manufacturing. In H2 2025, near-zero dynamics were observed in mining.

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